REPORT AND ACCOUNTS

31 MARCH 1998

UNAUDITED

COMPANY NUMBER: 2249318

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#### DIRECTOR'S REPORT

#### FOR THE YEAR ENDED 31 MARCH 1998

DIRECTOR

G S Welsh

Chairman

The director presents his report and accounts for the year ended 31 March 1998.

#### ACTIVITIES

The company's principal activity is that of a butterfly farm.

#### DIRECTORS AND THEIR INTERESTS

The directors holding office during the year had the following interests in the share capital of the company:

			•	31 March 1998	1.	April	1997
G	S	Welsh		50			50
_	-	Hill	(resigned 14.2.98)	-			50
J	С	Hill	(resigned 14.2.98)	-			-

#### YEAR 2000

The director has undertaken but has not yet completed an assessment of the risk that the company's business and operations will be adversely affected by what is known as the Year 2000 problem (or millennium bug). He is currently identifying the primary areas of risk and how they will affect each area of the business.

Once he has completed his assessment of the risks, he will replace or modify, as appropriate, the company's systems and equipment; and, where necessary identify alternative customers, suppliers and service providers to ensure that there is no significant disruption to the company's operations.

When the director has completed his assessment of the risks and formulated his compliance programme, he will quantify the cost associated with that programme. Any necessary resources are expected to be made available from the company's normal operating budgets and, in view of the importance of the Year 2000 compliance programme, those resources, if necessary, will be reallocated from other planned expenditure.

#### AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint Waltons Clark Whitehill as the company's auditors will be proposed at the Annual General Meeting, although at present no audit is required by virtue of Section 249A(2) of the Companies Act 1985.

#### SPECIAL PROVISIONS FOR SMALL COMPANIES

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

By order of the board

G'S Welsh

27.1.99 Xdate

# BUTTERFLY WORLD LIMITED PROFIT AND LOSS ACCOUNT - UNAUDITED FOR THE YEAR ENDED 31 MARCH 1998

	Notes	1998 £	1997 £
TURNOVER Cost of sales		78,998 (25,973)	94,907 (28,988)
GROSS PROFIT		53,025	65,919
Administrative expenses		(60,628)	(54,885)
OPERATING (LOSS)/PROFIT	2	(7,603)	11,034
Interest payable and similar charges		(2,764)	(3,038)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(10,367)	7,996
Tax on (loss)/profit on ordinary activities	3	-	
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	10	(10,367)	7,996

There are no recognised gains or losses other than as shown above.

The notes on pages 4 to 7 form part of these accounts.

# BUTTERFLY WORLD LIMITED BALANCE SHEET - UNAUDITED 31 MARCH 1998

	Notes	1998		1997
		£	£	£
FIXED ASSETS				
Tangible assets	4		113,207	117,899
CURRENT ASSETS				
Stocks		4,799		7,476
Debtors	5	143		· -
Cash at bank and in hand		36		2
CONTROL CO. 131		4,978		7,478
CREDITORS: amounts falling due within one year	6	(85,139)		(43,323)
NET CURRENT (LIABILITIES)			(80,161)	(35,845)
TOTAL ASSETS LESS CURRENT LIABILITIES			33,046	82,054
CREDITORS: amounts falling due after			,	
more than one year	7		(24,058)	(62,699)
NET ASSETS			8,988	19,355
CANAMAT AND DESCRIPTION				
CAPITAL AND RESERVES Called up share capital	9		100	100
Profit and loss account	10		8,888	19,255
	<b>3.</b> 0			
SHAREHOLDERS' FUNDS	10		8,988	19,355

In the director's opinion the company was entitled under Section 249A(1) of the Companies Act 1985 to exemption from the audit of its accounts for the year ended 31 March 1998. No notice from members requiring an audit has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its accounts for the financial year.

The director is responsible for ensuring that the company keeps accounting records which comply with Section 221 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each year in accordance with the requirements of Section 226 of the Act and which otherwise comply with its requirements, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

G S Welsh Director x asw

The notes on pages 4 to 7 form part of these accounts.

# NOTES TO THE ACCOUNTS - UNAUDITED

#### FOR THE YEAR ENDED 31 MARCH 1998

#### 1. ACCOUNTING POLICIES

#### (a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards except as stated in note 1(C). The director has prepared the accounts in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

#### (b) Turnover

Turnover represents amounts receivable in respect of sales and services made by the company, excluding VAT.

#### (c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Plants and livestock - Nil
Freehold buildings - 21 years straight line
Fixtures and fittings - 10% reducing balance
Plant and machinery - 10% reducing balance

Plants and livestock in the display areas of the company's premises are included at the directors estimated cost, using the base stock method. The purchase of new stock lines is capitalised at cost and not depreciated in accordance with Statement of Standard Accounting Practice 12. Replacements are written off against profit in the accounting period in which they occur.

#### (d) Leasing

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

#### (e) Stocks

Stocks of goods for resale are stated at the lower of cost and net realisable value.

#### (f) Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

2.	OPERATING (LOSS) / PROFIT is stated after charging:	1998	1997
		£	£
	Depreciation of fixed assets	6,496	6,720
	Directors' remuneration	3,103	5,581
	Operating lease rentals	11,000	10,000

#### 3. TAXATION

The company has no liability for corporation tax due to losses arising in the year.

# BUTTERFLY WORLD LIMITED NOTES TO THE ACCOUNTS - UNAUDITED (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1998

4.	TANGIBLE FIXED ASSETS	b longaer'	Fixtures, fittings, plant, machinery &	
			livestock	Total
		£	£	£
	Cost			
	1 April 1997	108,952	41,066	150,018
	Additions	-	1,804	1,804
	31 March 1998	108,952	42,870	151,822
	Depreciation			<del></del>
	1 April 1997	25,537	6,582	32,119
	Charge for the year	5,189	1,307	6,496
			<u> </u>	<del></del>
	31 March 1998	30,726	7,889	38,615
	Net book value		4	
	31 March 1998	78,226	34,981	113,207
	31 March 1997	83,415	34,484	117,899
5.	DEBTORS		1998	1997
			£	£
	Sundry debtors .		143	-
				<del></del>
6.	CREDITORS: amounts falling due within one ye	ear	1998	1997
			£	£
	Bank loans - secured		7,987	8,898
	Bank overdraft - secured		7,892	17,252
	Trade creditors		7,322	1,264
	Other creditors		60,172	13,202
	Taxation and social security		1,766	2,707
			85,139	43,323
			<del></del>	2 <del>22.00</del>
7.	CREDITORS: amounts falling due after more th	nan one y	ear 1998	1997
	_	2	£	£
	Bank loans (secured)		2,758	7,022
	Other creditors		21,300	55,677
			24,058	62,699

# NOTES TO THE ACCOUNTS - UNAUDITED (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1998

			P		
8.	LOANS		1998	1997	
	Maturity		£	£	
	In one year or less		7,987	8,898	
	Between one and two years Between two and five years		2,758 -	4,200 2,822	
			10,745	15,920	
9.	SHARE CAPITAL				
-		<b>Authorised 1998</b> 1997 £ £	Allotted, and fully 1998 £		
	£1 Ordinary shares	20,000,000 20,000,000	100	100	
10.	SHAREHOLDERS' FUNDS				
		Share capital £	Profit and loss account £	Total £	
	1 April 1996 Retained profit for year	100	11,259 7,996	11,359 7,996	
	31 March 1997	100	19,255	19,355	
	Retained (loss) for year	-	(10,367)	(10,367)	
	31 March 1998	100	8,888	8,988	
11.	FINANCIAL COMMITMENTS				
	At 31 March 1998 the company had annual commitments under non-cancellable operating leases of land and buildings as follows:				
	operating leases of land and	i buildings as follows:	1998 £	1997 £	
	Expiry date: In over five years		10,000	10,000	

# NOTES TO THE ACCOUNTS - UNAUDITED (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1998

### 12. RELATED PARTY TRANSACTIONS

### (i) Directors accounts

At the year end the company owed G S Welsh, a director £23,300, (1.4.97 £26,219).

### (ii) Security

The company's bank loans are secured by the director personally.

### (iii)Loans

The company owes £31,458 (1.4.97 £31,458) to P Hill a former director and shareholder.