

THE PAPER TRAIL PUBLISHING COMPANY LIMITED

Registered Number: 2592153 England and Wales

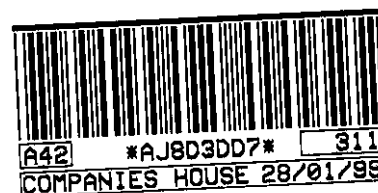
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

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THE PAPER TRAIL PUBLISHING COMPANY LIMITED

GENERAL INFORMATION

Company Registered Number 2592153 (England & Wales)

Director T.M.I. Tate

Secretary H.B.K. Tate

Registered Office 11, Bridge Wharf
OLD ISLEWORTH
Middlesex
TW7 6BS

Bankers Barclays Bank Plc
Richmond Upon Thames
RICHMOND
Surrey TW9

THE PAPER TRAIL PUBLISHING COMPANY LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 1998

The director presents her report and the financial statements for the year ended 31st March 1998.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal Activities and Review of Business

The principal activity of the company continues to be in publishing watercolour postcards of London and framed products aimed at the tourist industry.

The results for the year are shown on page 3.

Dividends

The Director does not recommend the payment of a dividend for the period under review. (1997: £NIL.)

Fixed Assets

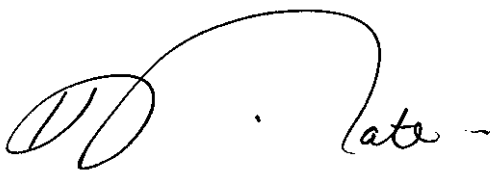
Details of movements in fixed assets are set out in note 7 to the financial statements.

Director and her Interest

The Director who served during the year and her beneficial interest in the Issued Share Capital of the company, throughout the year was:

	<u>Class of Share</u>	<u>No. of Shares Held</u>	
		<u>1998</u>	<u>1997</u>
T.M.I. Tate	Ordinary shares	75	75

This report was approved by the board on 20th January 1999 and signed on its behalf.



H.B.K. Tate
SECRETARY

THE PAPER TRAIL PUBLISHING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1998

	Notes	1998	1997
TURNOVER	(2)	338	231
Deduct: Cost of Sales		(123)	(85)
Gross Profit		215	146
Administrative Expenses		(136)	(90)
Operating Profit	(3)	79	56
Interest Receivable		-	-
Profit on Ordinary Activities before Taxation		79	56
Taxation on Profit on Ordinary Activities	(6)	-	-
Profit on Ordinary Activities after Taxation		79	56
Dividends		-	-
Retained Profit for the year		79	56
Retained Profit/(Loss) brought forward		(760)	(816)
Retained Profit/(Loss) carried forward		<u>(£ 681)</u>	<u>(£ 760)</u>

There were no recognised gains or losses for 1997 or 1998 other than those included in the Profit and Loss Account.

The notes on pages 5 to 7 form part of these financial statements.

THE PAPER TRAIL PUBLISHING COMPANY LIMITED


BALANCE SHEET AS AT 31ST MARCH 1998

	Note	1997	1997
FIXED ASSETS			
Tangible Assets	(7)	4,571	4,571
CURRENT ASSETS			
Cash at bank	(8)	164	516
Debtors	(9)	830	855
Stocks	(10)	3,208	3,331
		<hr/>	<hr/>
		4,202	4,702
CREDITORS: Amounts falling due within one year	(11)	(9,354)	(9,933)
		<hr/>	<hr/>
Net Current Assets/(Liabilities)		(5,152)	(5,231)
		<hr/>	<hr/>
Total Assets less Current Liabilities		(581)	(660)
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	(12)	-	-
PROVISIONS FOR LIABILITIES AND CHARGES		-	-
		<hr/>	<hr/>
Deferred Assets	(13)	(581)	(660)
		-	-
		<hr/>	<hr/>
Net Assets/(Liabilities)		<u>(£ 581)</u>	<u>(£ 660)</u>
CAPITAL AND RESERVES			
Called up Share Capital	(14)	100	100
Profit and Loss Account - debit balance		(681)	(760)
		<hr/>	<hr/>
Shareholders' Funds	(15)	<u>(£ 581)</u>	<u>(£ 660)</u>

As the turnover for the year was under £350,000 advantage has been taken of the Audit Exemption under sub-section (1) of section 249A of Companies Act 1985. No notice under subsection (2) of section 249B has been received from any members to request an audit in relation to the accounts for the financial year.

The Directors ensure that the accounting records of the Company comply with section 221 of the Companies Act 1985 and that the accounts give a true and fair view of the state of affairs of the Company as at 31st March 1998 and of its profit for the year to 31st March 1998, and are in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the Company.

The Financial Statements were approved by the board on 20th January 1999 and signed on its behalf.


 _____ Director
 T.M.I. Tate.

The notes on pages 5 to 7 form part of these Financial Statements.

THE PAPER TRAIL PUBLISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

1. ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention, and include the results of the company's operations which are described in the Directors' Report, and all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cashflow statement, on the grounds that it is a small company.

(b) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less depreciation. The cost of tangible fixed assets is written off by equal instalments over their estimated useful lives, as follows:

Equipment	-	4 years
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(c) Deferred Taxation

There is no provision for deferred taxation.

2. TURNOVER

Turnover represents the invoiced value of goods provided, excluding Value Added Tax.

3. OPERATING PROFIT

	1998	1997
The operating profit is stated after charging:		
Directors remuneration	-	-
Depreciation	-	-

4. DIRECTORS' REMUNERATION

Emoluments for services as Director.	NIL	NIL
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5. INTEREST PAYABLE

On bank loans and overdrafts	NIL	NIL
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6. UK CURRENT YEAR TAXATION

UK corporation tax @ 21% (1997 - 23%)	-	-
Prior years: UK Corporation Tax	-	-
	<hr/>	<hr/>
	<u>£NIL</u>	<u>£NIL</u>

THE PAPER TRAIL PUBLISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31ST MARCH 1998

7. TANGIBLE FIXED ASSETS

	Original Paintings	Office Equipment	Total
Cost at 1st April 1997	4,571	340	4,911
Additions during the year	-	-	-
Cost at 31st March 1998	<u>£ 4,571</u>	<u>£ 340</u>	<u>£ 4,911</u>
Aggregate Depreciation at 1st April 1997	-	340	340
Depreciation for the year	-	-	-
Depreciation at 31st March 1998	-	<u>£ 340</u>	<u>£ 340</u>
NET BOOK VALUE AT 31ST MARCH 1997	<u>£ 4,571</u>	<u>NIL</u>	<u>£ 4,571</u>
NET BOOK VALUE AT 31ST MARCH 1998	<u>£ 4,571</u>	<u>NIL</u>	<u>£ 4,571</u>

8. CASH AT BANK AND IN HAND

	1998	1997
Bank Current Account	164	516
Cash in Hand	-	-
	<u>£ 164</u>	<u>£ 516</u>

9. DEBTORS Due within one Year

Trade Debtors	130	130
Prepayments	700	725
	<u>£ 830</u>	<u>£ 855</u>

10. STOCK HELD

Postcards	2,917	3,040
Display Stands	141	141
Framed Pictures	150	150
	<u>£ 3,208</u>	<u>£ 3,331</u>

THE PAPER TRAIL PUBLISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31STMARCH 1998

	1998	1997
11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Corporation Tax Payable	-	-
Value Added Tax	42	70
PAYE and NIC	-	-
Director's Loan Accounts	9,312	9,863
Trade Creditors	-	-
Sundry Creditors	-	-
	<u>£ 9,354</u>	<u>£ 9,933</u>
12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	NIL	NIL
13. DEFERRED ASSETS	NIL	NIL
14. CALLED UP SHARE CAPITAL		
(a) Authorised		
10,000 ordinary shares £ 1 each	<u>£ 10,000</u>	<u>£ 10,000</u>
(b) Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
15. SHAREHOLDERS' FUNDS		
Profit for the Year	79	56
Opening Shareholders' Funds	(660)	(716)
	<u> </u>	<u> </u>
Closing Shareholders' Funds	<u>(£ 581)</u>	<u>(£ 660)</u>