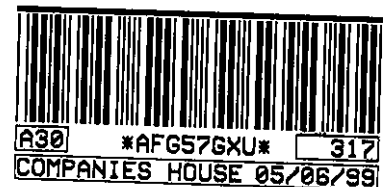


FARA ENTERPRISES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1998

Registered number: 2697467



ROTHMAN PANTALL & CO

CHARTERED ACCOUNTANTS

Eastleigh

FARA ENTERPRISES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

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The following page does not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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FARA ENTERPRISES LIMITED

COMPANY INFORMATION

31 DECEMBER 1998

NUMBER	2697467
DIRECTORS	M N W Greenwood M L Faure-Alderson J C Faure-Alderson G Ormiston (Appointed 15.12.98)
SECRETARY	M N W Greenwood
AUDITORS	Rothman Pantall & Co Chartered Accountants 10 Romsey Road Eastleigh Hants

FARA ENTERPRISES LIMITED

DIRECTORS' REPORT

31 DECEMBER 1998

The directors present their report and the audited financial statements for the year ended 31 December 1998.

Principal activity

The principal activity of the company is the sale of donated goods for the purposes of making charitable donations.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31 December 1998 Ordinary shares	1 January 1998 Ordinary shares
M N W Greenwood	-	-
M L Faure-Alderson	1	1
J C Faure-Alderson	-	-
G Ormiston (Appointed 15.12.98)	-	-

The share held by M L Faure-Alderson is on behalf of FARA the charity.

Donations

During the year the company donated £158,173 to the Faure-Alderson Romanian Appeal.

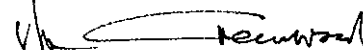
Auditors

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary Rothman Pantall & Co will continue in office.

Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



M N W Greenwood
Secretary

Dated:18.5.....1999

FARA ENTERPRISES LIMITED

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 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.

On behalf of the board



M L Faure-Alderson
Director

Rothman Pantall & Co

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CHARTERED ACCOUNTANTS

10 Romsey Road, Eastleigh, SO50 9AL
Telephone: 01703 614555 Facsimile: 01703 616558

FARA ENTERPRISES LIMITED AUDITORS' REPORT

Auditors' report to the members of Fara Enterprises Limited

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error or other irregularity. However, the evidence available to us was limited because all of the company's recorded turnover comprises cash sales which cannot be fully controlled and therefore are not susceptible to independent audit verification. There were no other satisfactory audit procedures that we could adopt to confirm the cash sales. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation of scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning cash sales, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its deficit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Rothman Pantall & Co
Registered Auditors
Chartered Accountants

Date... 27 May 1999

Resident Partners: Richard D L Showan, Carolyn S Cox

A full list of partner names is available at the above address

Aylesbury · Chandlers Ford · Fareham · Havant · London · Park Gate · Poole · Portsmouth · Ringwood · Salisbury · Southampton · Sutton · Winchester

Registered to carry on audit work and authorised to carry on investment business
by the Institute of Chartered Accountants in England and Wales.

FARA ENTERPRISES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Note	1998 £	1997 £
Turnover	1	1,279,878	992,606
Net operating expenses			
Administrative expenses		(1,117,073)	(812,000)
Other operating income		1,207	1,601
Surplus on ordinary activities	2	164,012	182,207
Charitable Donation	3	(158,173)	(176,169)
Surplus on ordinary activities before interest		5,839	6,038
Interest payable	4	(5,839)	(6,038)
Surplus on ordinary activities before taxation		-	-
Taxation	5	(754)	(533)
Deficit on ordinary activities after taxation		(754)	(533)
retained for the year	12		

Movements in reserves are shown in note 12.

FARA ENTERPRISES LIMITED

BALANCE SHEET

AT 31 DECEMBER 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	6	88,302	83,643
Current assets			
Stocks		1,321	-
Debtors	7	43,844	22,331
Cash at bank and in hand		41,643	16,633
		<u>86,808</u>	<u>38,964</u>
Creditors: amounts falling due within one year	8	<u>(76,053)</u>	<u>(83,972)</u>
Net current assets/(liabilities)		<u>10,755</u>	<u>(45,008)</u>
Total assets less current liabilities		<u>99,057</u>	<u>38,635</u>
Creditors: amounts falling due after more than one year			
	9	104,255	43,079
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	(5,200)	(4,446)
Total shareholders' funds		<u>(5,198)</u>	<u>(4,444)</u>
		<u>99,057</u>	<u>38,635</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities.

The financial statements on pages 5 to 11 were approved by the board of directors on19.5.....1999 and signed on its behalf by:

.....
M L Faure-Alderson
Director

.....
M N W Greenwood
Director

FARA ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 DECEMBER 1998

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules and in accordance with the Financial Reporting Standard for smaller entities.

Format of accounts

The format of the Profit and Loss account has not been prepared in accordance with the prescribed formats given in schedule 4 of the Companies Act 1985. The Profit and Loss account has been described as the Income and Expenditure account and no reference has been made to the profit or loss which have been described as a surplus or deficit. The directors are of the opinion that this presentation reflects more fairly the activity of the company which is the trading subsidiary of a charitable trust.

Turnover

This represents U.K sales of donated charity goods.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Leasehold land and buildings	Over the period of the lease
Motor vehicles	25% straight line basis
Fixtures and fittings	20% straight line basis

Operating leases

Rentals paid under operating leases are charged to income as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

FARA ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 DECEMBER 1998

2 Surplus on ordinary activities

	1998 £	1997 £
The surplus is stated after charging		
Interest receivable	1,207	1,601
and after charging		
Directors emoluments	34,000	31,667
Auditors' remuneration	7,863	3,700
Operating leases		
Rent	316,915	230,809
Loss on sale of assets	-	1,500
Depreciation of tangible fixed assets (note 6)		
Owned assets	37,162	27,065

3 Charitable Donation

	1998 £	1997 £
Charitable donation	158,173	176,169

The donation is paid to the parent undertaking, the Faure-Alderson Romanian Appeal, under a Deed of Covenant.

4 Interest payable

	1998 £	1997 £
Interest payable	5,840	6,038
	5,840	6,038

5 Taxation

	1998 £	1997 £
Corporation tax on profit on ordinary activities at 21% (1997 21%)	585	681
Over/(under)provision in prior years	169	(149)
	754	533

FARA ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 DECEMBER 1998

6 Tangible fixed assets

Cost	Motor Vehicles £	Fixtures and Fittings £	Land and Buildings £	Total £
1 January 1998	28,972	76,538	30,019	135,529
Additions	3,408	23,315	15,098	41,821
Disposals	-	(1,395)	(2,734)	(4,129)
31 December 1998	<u>32,380</u>	<u>98,458</u>	<u>42,383</u>	<u>173,221</u>
Depreciation				
1 January 1998	10,151	29,659	12,076	51,886
Charge for the year	7,993	19,691	9,478	37,162
Disposals	-	(1,395)	(2,734)	(4,129)
31 December 1998	<u>18,144</u>	<u>47,955</u>	<u>18,820</u>	<u>84,919</u>
Net book amount				
31 December 1998	<u>14,236</u>	<u>50,503</u>	<u>23,563</u>	<u>88,302</u>

7 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Other debtors	43,844	22,331
	<u>43,844</u>	<u>22,331</u>

8 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts	4,984	10,819
Corporation tax	585	681
Other taxation and social security	53,992	54,068
Other creditors	16,492	18,404
	<u>76,053</u>	<u>83,972</u>

PARA ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 DECEMBER 1998

9 Creditors: amounts falling due
after more than one year

	1998 £	1997 £
Other liabilities		
Bank loans	5,145	9,920
Other creditors	99,110	33,159
	<u>104,255</u>	<u>43,079</u>

The bank loans are fully repayable within 5 years.

An amount of £99,110 (1997: £33,159), is owed to the ultimate parent undertaking the Faure-Alderson Romanian Appeal. The parent undertaking has given assurances that its support will not be withdrawn in the foreseeable future. In the directors' opinion, the company can and will be able to meet its liabilities as they fall due. Therefore, it is considered reasonable to prepare the financial statements on a going concern basis.

10 Deferred taxation

Deferred taxation is based on a corporation tax rate of 21% (1997 21%). No provision has been made at the year end as the timing differences do not produce a significant likelihood of a liability arising. The unprovided deferred tax at the year end is £492 (1997: £943).

11 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
£1 Ordinary shares	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted called up and fully paid				
£1 Ordinary shares	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

12 Income and expenditure account

	1998 £
1 January 1998	(4,446)
Retained deficit for the year	<u>(754)</u>
31 December 1998	<u>(5,200)</u>

FARA ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 DECEMBER 1998

13 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 1999

	1998 Land and Buildings £	1997 Land and Buildings £
Expiring		
Within one year	26,167	37,875
Within two to five years	107,750	57,750
After five years	226,400	141,650
	<u>360,317</u>	<u>237,275</u>

14 Related parties

During the year consultancy fees in the sum of £34,000 (1997: £31,667) were paid to M N W Greenwood Esq, a director of the company.

The company also owed the parent undertaking, the Faure-Alderson Romanian Appeal, £99,110 at the balance sheet date (1997: £33,159). Interest is charged on the loan at a rate of 3% above the bank base rate.