

FARA ENTERPRISES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1996

Registered number: 2697467



ROTHMAN PANTALL & CO

CHARTERED ACCOUNTANTS

FARA ENTERPRISES LIMITED

DIRECTORS' REPORT

31 December 1996

The directors present their report and the audited financial statements for the year ended 31 December 1996.

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 1996 Ordinary shares	1 January 1996 Ordinary shares
M N W Greenwood	-	-
M L Faure-Alderson	1	1
J C Faure-Alderson	-	-

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

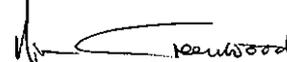
Auditors

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

Advantage has been taken in the preparation of this report of special exemptions applicable to small companies provided by Part II of Schedule 8 to the Companies Act 1985.

On behalf of the board



M N W Greenwood
Secretary

.....3rd July.....1997

FARA ENTERPRISES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the board



M N W Greenwood Esq
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 4 to 10 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, 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 in 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 1996 and of its surplus 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

.....3rd July...1997

Resident Partners: Richard D L Showan, Carolyn S Cox

Consultant: David L Morgan

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

FARA ENTERPRISES LIMITED
 INCOME AND EXPENDITURE ACCOUNT
 for the year ended 31 December 1996

	Note	1996 £	1995 £
Turnover	1	689,044	416,399
Net operating expenses			
Administrative expenses		(547,875)	(358,928)
Interest receivable and similar income		769	34
Surplus on ordinary activities	2	141,938	57,505
Charitable donation	3	(135,973)	(59,203)
Surplus/(deficit) on ordinary activities before interest		5,965	(1,698)
Interest payable		(2,603)	(1,424)
Surplus/(deficit) on ordinary activities before taxation		3,362	(3,122)
Taxation		(1,752)	196
Surplus/(deficit) on ordinary activities after taxation		£ 1,610	£ (2,926)
retained for the year	11	£ 1,610	£ (2,926)

Movements in reserves are shown in note 11.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1996 or 1995 other than the surplus/(deficit) for the year.

The notes on pages 6 to 10 form part of these financial statements.

FARA ENTERPRISES LIMITED

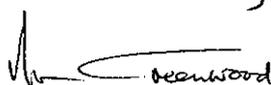
BALANCE SHEET

at 31 December 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	4		52,416		22,558
Current assets					
Debtors	5	31,392		13,529	
Cash at bank and in hand		12,351		28,685	
		<u>43,743</u>		<u>42,214</u>	
Creditors: amounts falling due within one year	6	<u>(73,428)</u>		<u>(34,356)</u>	
Net current (liabilities)/assets			<u>(29,685)</u>		<u>7,858</u>
Total assets less current liabilities			<u>22,731</u>		<u>30,416</u>
Creditors: amounts falling due after more than one year	7		26,642		35,937
Called up share capital	9		2		2
Income and expenditure account	11	<u>(3,913)</u>		<u>(5,523)</u>	
			<u>(3,911)</u>		<u>(5,521)</u>
Total shareholders' funds	8		<u>22,731</u>		<u>30,416</u>

The directors have taken advantage in the preparation of these financial statements of special exemptions provided by Part I of Schedule 8 to the Companies Act 1985 on the basis that, in their opinion, the company qualifies as a small company.

The financial statements on pages 4 to 10 were approved by the board of directors on *3rd July* 1997



M N W Greenwood
Director

The notes on pages 6 to 10 form part of these financial statements.

FARA ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Section 246 to 247 of the Companies Act 1985 for small companies.

Format of accounts

The format of the Profit and Loss Account has not been prepared in accordance with the prescribe formats given in Schedule 4 Companies Act 1985. The Profit and Loss Account has been described as the Income and Expenditure Account and no reference has been made to 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 entity of a Charitable Trust.

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.

Deferred Taxation

Provision is made in respect of accelerated capital allowances and other short term timing differences to the extent that a liability is expected to crystallise in the foreseeable future.

Turnover

This represents UK sales of donated charity goods.

2 Surplus on ordinary activities

	1996	1995
	£	£
The surplus is stated after crediting		
Interest receivable	769	34
and after charging		
Auditors' remuneration	3,550	2,105
Operating leases		
Rent	164,085	110,376
Depreciation of tangible fixed assets (note 4)		
owned assets	16,546	7,584

FARA ENTERPRISES LIMITED
 NOTES ON FINANCIAL STATEMENTS
 31 December 1996

3 Charitable donations	1996	1995
	£	£
Charity donations	<u>135,973</u>	<u>59,203</u>

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

4 Tangible fixed assets

	Motor Vehicles £	Fixtures and Fittings £	Land and Buildings £	Total £
Cost or valuation				
1 January 1996	-	20,422	14,489	34,911
Additions	13,630	24,619	8,155	46,404
31 December 1996	<u>13,630</u>	<u>45,041</u>	<u>22,644</u>	<u>81,315</u>
Depreciation				
1 January 1996	-	5,344	7,009	12,353
Charge for year	3,408	9,008	4,130	16,546
31 December 1996	<u>3,408</u>	<u>14,352</u>	<u>11,139</u>	<u>28,899</u>
Net book amount				
31 December 1996	<u>10,222</u>	<u>30,689</u>	<u>11,505</u>	<u>52,416</u>

Land and buildings are in respect of short term leaseholds.

5 Debtors	1996	1995
	£	£
Amounts falling due within one year		
Other debtors	<u>31,392</u>	<u>13,529</u>
	<u>31,392</u>	<u>13,530</u>

FARA ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

6 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	18,382	-
Corporation tax	1,752	-
Taxation and social security	40,675	18,999
Other creditors	12,619	15,357
	<u>73,428</u>	<u>34,356</u>

7 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Bank loans	6,516	-
Other creditors	20,126	35,937
	<u>26,642</u>	<u>35,937</u>

The bank loan is fully repayable within five years.

An amount of £20,126 (1995: £35,937), 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.

8 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Surplus/(deficit) for the financial year representing a Net addition to/(subtraction from) shareholders' funds	1,610	(2,927)
Opening shareholders' funds	(5,521)	(2,594)
Closing shareholders' funds	<u>(3,911)</u>	<u>(5,521)</u>

FARA ENTERPRISES LIMITED
 NOTES ON FINANCIAL STATEMENTS
 31 December 1996

9 Called up share capital

	1996		1995	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary share capital	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted called up and fully paid				
Ordinary share capital	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

11 Income and expenditure account

	1996 £
1 January 1996	(5,523)
Retained surplus for the year	<u>1,610</u>
31 December 1996	<u>(3,913)</u>

12 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 1997.

	1996 Land and Buildings £	1995 Land and Buildings £
Expiring		
Within one year	25,641	11,850
Within two to five years	104,750	109,140
After five years	43,500	13,500
	<u>173,891</u>	<u>134,490</u>

12 Director's Transactions

During the year consultancy fees in the sum of £33,000 (1995: £28,998) were paid to Mr M N W Greenwood, a director of the company.

FARA ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

13 Ultimate parent undertaking

The company's ultimate parent undertaking at the balance sheet date was the Faure-Alderson Romanian Appeal. This undertaking is a charitable trust and is a registered charity-number 1004911.

At the balance sheet date the company owes the charity £20,126 (1995: £35,937). Interest is charged on the loan at a rate of 3% above the base rate. The total repaid to the charity during the year amounts to £15,811.

14 Capital commitments

There were no capital commitments at the balance sheet date(1995:Nil)

15 Contingent liabilities

There were no contingent liabilities at the balance sheet date(1995:Nil)