

FARA ENTERPRISES LIMITED

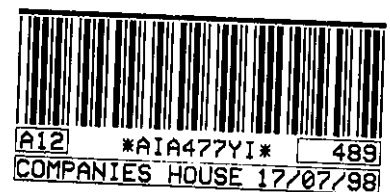
FINANCIAL STATEMENTS

31 DECEMBER 1997

Registered number: 2697467

ROTHMAN PANTALL & CO

CHARTERED ACCOUNTANTS



FARA ENTERPRISES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

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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 1997

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

FARA ENTERPRISES LIMITED

DIRECTORS' REPORT

31 DECEMBER 1997

The directors present their report and the audited financial statements for the year ended 31 December 1997.

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 1997 Ordinary shares	1 January 1997 Ordinary shares
M N W Greenwood	-	-
M L Faure-Alderson	1	1
J C Faure-Alderson	-	-

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

Donations

During the year the company donated £176,169 to the Faure-Alderson Romanian Appeal.

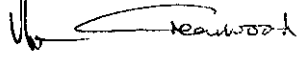
Auditors

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: 30th June 1998.

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 10 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 1997 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

.....30 June.....1998

Resident Partners: Richard D L Showan, Carolyn S Cox

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

Aylesbury · Chandlers Ford · Farnham · 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

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1997

	Note	1997 £	1996 £
Turnover	1	992,606	689,044
Net operating expenses			
Administrative expenses		(812,000)	(547,875)
Other operating income		1,601	769
Surplus on ordinary activities	2	182,207	141,938
Charitable donation	3	(176,169)	(135,973)
Surplus on ordinary activities before interest		6,038	5,965
Interest payable	4	(6,038)	(2,603)
Surplus on ordinary activities before taxation		-	3,362
Taxation	5	(533)	(1,752)
(Deficit)/surplus on ordinary activities after taxation		(533)	1,610
retained for the year	12		

Movements in reserves are shown in note 12.

FARA ENTERPRISES LIMITED

BALANCE SHEET


AT 31 DECEMBER 1997

	Note	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	6		83,643		52,416
Current assets					
Debtors	7	22,331		31,392	
Cash at bank and in hand		16,633		12,351	
		<u>38,964</u>		<u>43,743</u>	
Creditors: amounts falling due within one year	8	<u>(83,972)</u>		<u>(73,428)</u>	
Net current liabilities			<u>(45,008)</u>		<u>(29,685)</u>
Total assets less current liabilities			<u>38,635</u>		<u>22,731</u>
Creditors: amounts falling due after more than one year					
	9		43,079		26,642
Called up share capital	11	2		2	
Profit and loss account	12	<u>(4,446)</u>		<u>(3,913)</u>	
Total shareholders' funds			<u>(4,444)</u>		<u>(3,911)</u>
			<u>38,635</u>		<u>22,731</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 10 were approved by the board of directors on.....*30th June*.....1998 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 1997

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.

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 qualifies as a small company under the Companies Act 1985.

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 entity 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.

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.

2 Surplus on ordinary activities

	1997 £	1996 £
The surplus is stated after crediting		
Interest receivable	1,601	769
and after charging		
Directors emoluments (including fees)	31,667	28,000
Auditors' remuneration	3,700	3,550
Operating leases - Rent	230,809	164,085
Loss on sale of assets	1,500	-
Depreciation of tangible fixed assets owned assets (note 6)	27,065	16,546

FARA ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 DECEMBER 1997

3 Interest payable

	1997 £	1996 £
Interest payable	6,038	2,603

4 Charitable donations

	1997 £	1996 £
Charitable donation	176,169	135,973

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

5 Taxation

	1997 £	1996 £
Corporation tax on profit on ordinary activities at 21% (1996 24%)	681	1,752
Overprovision in previous years	(148)	-
	533	1,752

6 Tangible fixed assets

Cost	Motor Vehicles £	Fixtures and Fittings £	Land and Buildings £	Total £
1 January 1997	13,630	45,041	22,644	81,315
Additions	17,342	31,497	10,953	59,792
Disposals	(2,000)	-	(3,578)	(5,578)
31 December 1997	28,972	76,538	30,019	135,529
Depreciation				
1 January 1997	3,408	14,352	11,139	28,899
Charge for year	7,243	15,307	4,515	27,065
Disposals	(500)	-	(3,578)	(4,078)
31 December 1997	10,151	29,659	12,076	51,886
Net book amount				
31 December 1997	18,821	46,879	17,943	83,643

FARA ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 DECEMBER 1997

7 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Other debtors	22,331	31,392
	<u>22,331</u>	<u>31,392</u>

8 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	10,819	18,382
Corporation tax	681	1,752
Taxation and social security	54,068	40,675
Other creditors	18,404	12,619
	<u>83,972</u>	<u>73,428</u>

9 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Bank loans	9,920	6,516
Other creditors	33,159	20,126
	<u>43,079</u>	<u>26,642</u>

The bank loans are fully repayable within 5 years.

An amount of £33,159 (1996: £20,126), 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

	1997		1996	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by accelerated capital allowances	943	-	392	-
	<u>943</u>	<u>-</u>	<u>392</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate of 21% (1996 24%).

FARA ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 DECEMBER 1997

11 Called up share capital

	1997		1996	
	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

	1997 £
1 January 1997	(3,913)
Retained deficit for the year	<u>(533)</u>
31 December 1997	<u>(4,446)</u>

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 1998

	1997 Land and Buildings £	1996 Land and Buildings £
Expiring		
Within one year	37,875	34,890
Within two to five years	57,750	104,750
After five years	<u>141,650</u>	<u>43,500</u>
	<u>237,275</u>	<u>183,140</u>

14 Related party transactions

During the year consultancy fees in the sum of £37,667 (1996: £33,000) 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, £33,159 at the balance sheet date (1996: £20,126). Interest is charged on the loan at a rate of 3% above the base rate.

FARA ENTERPRISES LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR 31 DECEMBER 1997

	1997		1996	
	£	£	£	£
Turnover				
Sales		973,961		681,548
Rent received		18,645		7,496
		<u>992,606</u>		<u>689,044</u>
 Other operating income				
Bank deposit interest		1,601		769
		<u>994,207</u>		<u>689,813</u>
 Less overheads				
Salaries and wages	361,612		212,989	
Motor expenses	13,822		9,362	
Telephone charges	6,330		4,932	
Shop costs	14,861		9,291	
Warehouse costs	3,402		3,447	
Office costs	22,691		19,492	
Bags, tickets and labels	4,454		6,402	
Printing postage and stationery	3,841		2,102	
Advertising and publicity	3,818		3,171	
(Profit)/loss on sale of tangible asse	1,500		-	
Heating and lighting	13,505		9,518	
Repairs and renewals	10,766		19,754	
Other insurances	19,412		14,293	
Rent	230,809		164,085	
General rates	17,003		10,848	
Sundry expenses	2,238		1,929	
Bank charges	3,409		2,331	
Bank loan interest	1,602		842	
Other interest	4,436		1,761	
Consultancy	46,388		33,000	
Legal and professional fees	1,374		833	
Auditors' remuneration	3,700		3,550	
Depreciation short leasehold	4,515		4,130	
Depreciation motor vehicles	7,243		3,408	
Depreciation fixtures and fittings	15,307		9,008	
Charitable donation	176,169		135,973	
		<u>994,207</u>		<u>686,451</u>
 Net profit for the year		<u>-</u>		<u>3,362</u>