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MERRIVALE (GREAT YARMOUTH) LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 JANUARY 1999

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DIRECTORS

COMPANY NO: 676708

L B Barron (chairman)
Mrs B S Holmes

SECRETARY

M D Futter

ACCOUNTANTS

REGISTERED OFFICE

A C Tooke & Co
Certified Accountants
Royal Oak Chambers
42 Baker Street
Gorleston
Great Yarmouth
Norfolk NR31 6QT

Ventureforth House
South Denes Road
Great Yarmouth
NR30 3PT

REPORT OF THE DIRECTORS

YEAR ENDED 31 January 1999

The directors submit their Annual Report and Accounts for the year ended 31 January 1999.

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit or loss for its financial period. In doing so the directors are required to:-

- * select suitable accounting policies and apply them consistently;
- * make judgments and estimates that are reasonable and prudent;
- * state whether applicable accounting procedures have been followed subject to any material departures disclosed and explained in the accounts;
- * prepare the accounts on the going concern basis unless it is inappropriate to presume the company will continue in business.

The directors are responsible for maintaining proper accounting records that disclose, with reasonable accuracy, at any time, the financial position of the company, and to enable them to ensure that the accounts 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.

REVIEW OF ACTIVITIES

The company's main activity is that of proprietors of a model village. Trading was disappointing. The directors hope for an increase in the future level of activity.

DIVIDENDS

The directors do not recommend the payment of a dividend.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The directors named on page 1 held office throughout the year.

DIRECTORS INTERESTS IN THE SHARES OF THE COMPANY

The interests of the directors of the company at 31 January 1999 in the shares of the company, according to the register required to be kept by the Companies Act were as follows:-

	At 1 February 1998		At 31 January 1999	
	Ordinary £1 Shares	Preference 50p Shares	Ordinary £1 Shares	Preference 50p Shares
L B Barron	6,825	6,285	6,825	6,285
Mrs B S Homes	-	-	-	-

In accordance with the Articles of Association, Mrs B S Holmes will retire by rotation and being eligible, offers herself for re-election.

FIXED ASSETS

Movements in fixed assets are shown in the notes to the accounts.

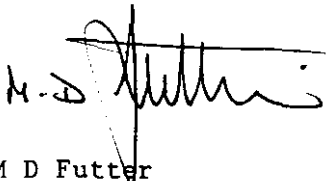
MARKET VALUE OF INTERESTS IN LAND

In the opinion of the directors, the current open market value on an existing use basis of leasehold property exceeds the amount at which is included in the Balance Sheet at 31 January 1999.

ACCOUNTANTS

A C Tooke & Co have indicated their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD


M D Futter
Secretary

TO THE SHAREHOLDERS OF

MERRIVALE (GREAT YARMOUTH) LIMITED

We report on the financial statements for the year ended 31 January 1999 set out on pages 4 to 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

As described on page 1, the company's directors are responsible for the preparation of the financial statements and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

BASIS OF OPINION

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants and so our procedures consisted of comparing the financial statements with the accounting records kept by the company and making such limited enquiries of the officers of the company as we considered necessary for the purpose of this report. These procedures provide only the assurance expressed in our opinion.

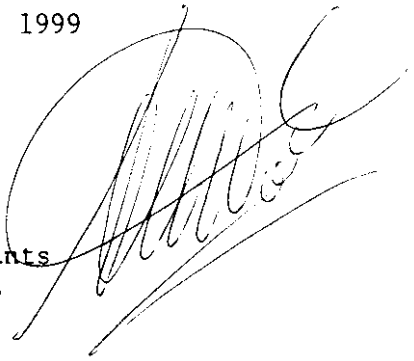
OPINION

In our opinion:-

- a) the financial statements are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- b) having regard only to, and on the basis of, the information contained in those accounting records:
 - i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - ii) the company satisfied the conditions for exemption from an audit of the financial statements for the period specified in section 249A(4) of the Act and did not, at any time within that period, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

DATED: 22 October 1999

A C Tooke & Co
Certified Accountants
Royal Oak Chambers
42 Baker Street
Gorleston
Great Yarmouth
NR31 6QT



PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 1999

	<u>NOTE</u>	<u>1999</u>	<u>1998</u>
TURNOVER		86,206	104,449
Cost of sales		<u>(7,127)</u>	<u>(8,205)</u>
GROSS PROFIT		79,079	96,244
Aministrative expenses		(88,305)	(94,422)
Other operating income		<u>5,400</u>	<u>2,000</u>
OPERATING (LOSS)/PROFIT	2	(3,826)	3,822
Interest receivable		<u>7</u>	<u>27</u>
		(3,819)	3,849
Interest payable	5	<u>(88)</u>	<u>(231)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,907)	3,618
Tax on profit on ordinary activities	6	<u>(1,053)</u>	<u>713</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITTIES AFTER TAXATION		(2,854)	2,905
Retained loss brought forward		<u>(6,712)</u>	<u>(9,617)</u>
RETAINED LOSS CARRIED FORWARD		<u><u>(9,566)</u></u>	<u><u>(6,712)</u></u>

BALANCE SHEET

31 JANUARY 1999

	<u>Note</u>	<u>1999</u>	<u>1998</u>
FIXED ASSETS			
Tangible assets	7	13,392	14,017
CURRENT ASSETS			
Stocks		4,300	2,000
Debtors	8	10,288	6,116
Cash at bank and in hand		457	4,343
		<u>15,045</u>	<u>12,459</u>
CREDITORS			
Amounts falling due within one year	9	<u>17,528</u>	<u>12,713</u>
NET CURRENT LIABILITIES		<u>(2,483)</u>	<u>(254)</u>
NET ASSETS		<u>10,909</u>	<u>13,763</u>
CAPITAL AND RESERVES			
Called up share capital	11	20,475	20,475
Profit and Loss Account		<u>(9,566)</u>	<u>(6,712)</u>
		<u>10,909</u>	<u>13,763</u>

STATEMENT BY THE DIRECTORS

For the year ended 31 January 1999 the company was entitled to the exemption from audit under sub-section (2) of section 249A of the Companies Act 1985.

No notice from members requiring an audit has been deposited under section 249B(2) of the Companies Act 1985.

In preparing these accounts we have relied upon the exemptions of individual accounts provided by section 246 (or schedule 8 para 23) and have done so on the grounds that the company is entitled to these exemptions as a small company.

We acknowledge our responsibility for:

- ensuring the company keeps accounting records which comply with section 221;
- preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period, and of its profit or loss for the financial period, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

APPROVED BY THE BOARD ON 20th October 1999

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DIRECTORS

NOTES TO THE ACCOUNTS

YEAR ENDED 31 JANUARY 1999

1. ACCOUNTING POLICIES

(a) Basis of Accounting

These accounts have been prepared under the historical cost convention.

(b) Depreciation

Depreciation is calculated to write off the cost or valuation less estimated residual values of tangible fixed assets over their expected useful lives to the business. The annual depreciation rates and methods are as follows:-

Leasehold property and buildings	- over the remaining lease period
Equipment	- 20% straight line
Model boats and amusement machines	- 25% (or more) straight line
Vehicle	- straight line to its current nil balance

(c) Stock

Stocks are stated at the lower cost and net realisable value.

(d) Deferred Taxation

No provision has been made for deferred taxation as there is no excess of tax allowances given for fixed assets over the depreciation provided.

(e) Pension Scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The charge in the Profit and Loss Account represents the contributions payable by the company to the fund for the year.

2. OPERATING PROFIT

	<u>1999</u>	<u>1998</u>
Operating profit after charging:		
Administrative expenses including		
Rental of premises	16,250	16,000
Rent increase from 01.11.93	1,021	-
Depreciation	4,425	4,419
Directors emoluments	14,084	13,814
Accountants remuneration	925	925
	<u> </u>	<u> </u>
And after crediting:		
Other operating income		
Rents receivable	5,400	2,000
	<u> </u>	<u> </u>

3. STAFF COSTS

The cost of employing staff, including directors, was:

Wages and salaries	34,962	34,552
Social security costs	1,712	1,606
Pension costs	2,016	2,016
	<u> </u>	<u> </u>
	38,690	38,174
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS

YEAR ENDED 31 JANUARY 1999

4. DIRECTORS EMOLUMENTS

	<u>1999</u>	<u>1998</u>
Management remuneration	12,068	11,798
Pension contributions	2,016	2,016
	<u>14,084</u>	<u>13,814</u>

The figure for management remuneration includes estimated taxable benefits of £3,068 (1998 - £2,798).

5. INTEREST PAYABLE

On bank loans, overdrafts and other loans wholly repayable within five years:

Bank overdraft	88	231
	<u> </u>	<u> </u>

6. TAXATION

UK corporation tax (refundable) payable	(1,053)	713
	<u> </u>	<u> </u>

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

7. TANGIBLE FIXED ASSETS

	<u>Leasehold Property and Buildings</u>	<u>Equipment</u>	<u>Models Boats and Amusement Machines</u>	<u>Vehicles</u>	<u>Total</u>
COST					
At 1 February 1998	69,330	31,188	71,930	13,895	186,343
Additions	-	3,800	-	-	3,800
At 31 January 1999	69,330	34,988	71,930	13,895	190,143
DEPRECIATION					
At 1 February 1998	58,539	30,792	69,100	13,895	172,326
Charge for the year	1,711	880	1,834	-	4,425
At 31 January 1999	60,250	31,672	70,934	13,895	176,751
NET BOOK VALUE					
At 31 January 1999	9,080	3,316	996	-	13,392
At 31 January 1998	10,791	396	2,830	-	14,017

NOTES TO THE ACCOUNTS

YEAR ENDED 31 JANUARY 1999

8. DEBTORS

	<u>1999</u>	<u>1998</u>
Amounts falling due within one year:		
Prepayments and accrued income	9,235	6,116
UK corporation tax refund	1,053	-
	<u>10,288</u>	<u>6,116</u>

9. CREDITORS

Amounts falling due within one year:		
Bank overdraft	5,994	-
Trade creditors	7,070	7,096
UK corporation tax	-	713
Tax and social security costs	884	1,080
Other creditors	2,500	2,500
Accruals and deferred income	1,080	1,324
	<u>17,528</u>	<u>12,713</u>

Secured creditors included above are as follows:-

Bank overdrafts - secured by a fixed charge
over the leasehold property of the company

<u>5,994</u>	<u>-</u>
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10. OPERATING LEASE COMMITMENTS

	<u>Land and Buildings</u>	<u>Land and Buildings</u>
Annual commitments under Operating leases		
Operating leases expiring: Within five years	16,250	16,250
	<u>16,250</u>	<u>16,250</u>
Annual commitments at 31 January 1999	<u>16,250</u>	<u>16,250</u>

11. SHARE CAPITAL

	<u>Number 1999</u>	<u>Value 1999</u>	<u>Number 1998</u>	<u>Value 1998</u>
Authorised:				
Ordinary Shares of £1 each	18,175	18,175	18,175	18,175
3.00% preference shares of 50p each	13,650	6,825	13,650	6,825
	<u>31,825</u>	<u>25,000</u>	<u>31,825</u>	<u>25,000</u>
Issued and fully paid:				
Ordinary shares of £1 each	13,650	13,650	13,650	13,650
3.00% preference shares of 50p each	13,650	6,825	13,650	6,825
	<u>27,300</u>	<u>20,475</u>	<u>27,300</u>	<u>20,475</u>

TRADING AND PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 1999

	<u>1999</u>	<u>1998</u>
SALES	86,206	104,449
Cost of sales	<u>(7,127)</u>	<u>(8,205)</u>
GROSS PROFIT	79,079	96,244
OTHER INCOME		
Deposit interest receiveable	7	27
Rent receivable	<u>5,400</u>	<u>2,000</u>
	5,407	2,027
	<u>84,486</u>	<u>98,271</u>
OVERHEAD EXPENSES		
Distribution	4,033	5,699
Establishment	30,691	36,907
Office and administration	52,757	50,965
Finance	<u>912</u>	<u>1,082</u>
	88,393	(94,653)
NET (LOSS)/PROFIT BEFORE TAXATION	<u>(3,907)</u>	<u>3,618</u>

SCHEDULE OF OVERHEAD EXPENSES

YEAR ENDED 31 JANUARY 1999

	<u>1999</u>	<u>1998</u>
DISTRIBUTION		
Advertising	4,033	5,699
	<u> </u>	<u> </u>
ESTABLISHMENT		
Rent	17,271	16,000
Rates	850	7,989
Insurance	3,001	2,949
Light and heat	4,438	3,775
Repairs and maintenance	5,131	6,194
	<u> </u>	<u> </u>
	30,691	36,907
	<u> </u>	<u> </u>
OFFICE AND ADMINISTRATION		
Wages	25,962	25,552
Employers NIC	1,112	983
Motor and travelling	3,369	2,816
General expenses	834	1,159
Professional and legal fees	4,165	3,047
Accountancy	925	925
Postage and telephone	349	215
Depreciation - leasehold property and buildings	1,711	1,712
equipment	880	570
models, boats, amusement machines	1,834	1,837
vehicles	-	300
Licences and permits	-	210
Directors remuneration - L B Barron	9,000	9,000
pension contributions	2,016	2,016
national insurance contributions	600	623
	<u> </u>	<u> </u>
	52,757	50,965
	<u> </u>	<u> </u>
FINANCE		
Bank charges	824	851
Bank overdraft interest	88	231
	<u> </u>	<u> </u>
	912	1,082
	<u> </u>	<u> </u>