

The Glass Boat Company Limited

Annual report

for the year ended 30 April 1997

Registered no: 1905310



The Glass Boat Company Limited

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Directors and advisers

Executive directors

N A G Ringner

H Ringner

I M Macdonald

Secretary and registered office

N A G Ringner
2 St Paul's Road
Clifton
Bristol
BS8 1LT

Registered Auditors

Coopers & Lybrand
Bull Wharf
Redcliff Street
Bristol
BS1 6QR

Bankers

National Westminster Bank plc
72 Gloucester Road
Bishopston
Bristol
BS7 8BL

Solicitors

Batten & Co
2 St Paul's Road
Clifton
Bristol
BS8 1LT

Report of the directors for the year ended 30 April 1997

The directors present their report and the audited financial statements for the year ended 30 April 1997.

Principal activities

The principal activities of the company are unchanged from last year, and are the operation of restaurants.

The profit and loss account for the year is set out on page 6.

Review of business and future developments

The directors are satisfied with the performance of the business, and expect that the present level of activity will continue for the foreseeable future.

The company operated two restaurants throughout the year and has been collecting rent from the freehold property.

Dividends

The directors paid two interim dividends in respect of the year ended 30 April 1997 totalling £22,500 (1996: £NIL). The remaining profit for the year is to be transferred to reserves.

Directors

The directors of the company at 30 April 1997, all of whom have been directors for the whole of the year ended on that date, were:

N A G Ringner
I M Macdonald
H Ringner

Directors' interests in shares of the company

The interests of the directors of the company in the shares of the company at 30 April 1997, together with their interests at 1 May 1996, were;

Ordinary shares of £1 each	30 April 1997 Number	1 May 1996 Number
N A G Ringner	13,700	13,700
I M Macdonald	5,500	5,500
H Ringner	100	100

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 April 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



Report of the auditors to the members of The Glass Boat Company Limited

We have audited the financial statements on pages 6 to 17.

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 other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

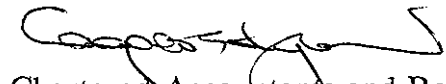
In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation.

The financial statements have been prepared on a going concern basis and the validity of this depends on the continued support of the company's bankers by providing adequate overdraft and loan facilities. The financial statements do not include any adjustments that would result from a failure to obtain such continued support.

Details of the circumstances relating to the fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors,

Bristol 15 September 1997

**Profit and loss account
for the year ended 30 April 1997**

	Notes	1997 £	1996 £
Turnover	1	741,286	739,517
Cost of sales		476,877	484,911
Gross profit		264,409	254,606
Net operating expenses	2	(223,885)	(195,237)
Operating profit	3	40,524	59,369
Investment income	6	15,597	15,549
Interest payable and similar charges	7	(13,266)	(17,356)
Profit on ordinary activities before taxation		42,855	57,562
Tax on profit on ordinary activities	8	(10,834)	(11,819)
Profit on ordinary activities after taxation		32,021	45,743
Dividends paid	9	(22,500)	-
Retained profit for the year		9,521	45,743
Statement of retained profits			
Retained profits at 1 May 1996		49,807	4,064
Profit for the year		9,521	45,743
Retained profits at 30 April 1997		59,328	49,807
Statement of total recognised gains and losses			
Profit for the financial year		32,021	45,743
Unrealised surplus on revaluation of investment properties		15,000	-
		47,021	45,743

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

All the above profits relate to continuing activities of the company.

**Balance sheet
at 30 April 1997**

	Notes	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	10	163,671		170,244	
Investment property	11	135,000		120,000	
Current assets					
Stocks	12	14,818		13,426	
Debtors	13	19,347		31,834	
Cash at bank and in hand		367		367	
		<u>34,532</u>		<u>45,627</u>	
Creditors: amounts falling due within one year	14	<u>163,359</u>		<u>169,858</u>	
Net current liabilities		(128,827)		(124,231)	
Total assets less current liabilities		169,844		166,013	
Creditors: amounts falling due after more than one year	15	<u>76,516</u>		<u>97,206</u>	
Net assets		<u>93,328</u>		<u>68,807</u>	
Capital and reserves					
Called up share capital	17	25,000		25,000	
Share premium account	18	54,000		54,000	
Investment property revaluation reserve	19	(45,000)		(60,000)	
Profit and loss account		<u>59,328</u>		<u>49,807</u>	
Equity shareholders' funds	21	<u>93,328</u>		<u>68,807</u>	

The financial statements on pages 6 to 17 were approved by the board of directors on 15 September 1997 and were signed on its behalf by:

Directors



Notes to the financial statements for the year ended 30 April 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. However, compliance with SSAP 19 'Accounting for investment properties' requires departure from the requirements of the Companies Act 1985 relating to depreciation. The effect of this departure is considered on page 9. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of preparing the financial statements

At the balance sheet date the company's current liabilities exceeded its current assets by £128,827. The company meets its day to day working capital requirements through a bank overdraft facility which, in common with all such facilities, is repayable upon demand. At the balance sheet date the overdraft was £43,893 which was within the agreed facility of £50,000.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the company's bankers continuing their support by providing adequate loan and overdraft facilities.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

The directors have prepared forecasts for the year ended 30 April 1998 and, having given consideration to the period beyond this, believe that adequate funds will be available in the foreseeable future to meet the company's debts as they fall due. Based on that forecast and the results to date in that year, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, as modified by the revaluation of investment properties.

Tangible fixed assets

In accordance with SSAP 19, (i) the investment property is revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of the freehold investment property. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as this property is not held for consumption but for investment, to depreciate this property would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the financial year would have been reduced by depreciation on the revalued property of £3,600 (1996: £3,600).

Full valuations are made by independent professionally qualified valuers at least every five years and in the intervening years these valuations are updated by the directors with the assistance of independent professional advice as required. The basis of valuation is explained in note 11.

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%	
Motor vehicles	25%	reducing balance
Short leasehold property improvements	5%	straight line
The Glass Boat	5%	straight line
Plant and machinery	33 ¹ / ₃ %	straight line
Fixtures and fittings	12 ¹ / ₂ %	reducing balance

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Investment income

Investment income is included in the profit and loss account on an accruals basis.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. All turnover derives from sales in the United Kingdom.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Investment income

Rents receivable are accounted for on an accruals basis.

Cash flow statement

In accordance with the exemptions offered to small companies by FRS 1, the company does not present a cash flow statement.

2 Net operating expenses

Net operating expenses are made up as follows:

	1997 £	1996 £
Administrative expenses	229,882	197,691
Less: other operating income	(5,997)	(2,454)
Net operating expenses	<u>223,885</u>	<u>195,237</u>

3 Operating profit

Operating profit is stated after charging:

	1997 £	1996 £
Depreciation of tangible fixed assets	22,050	15,913
Auditors' remuneration	3,800	3,800
Profit on disposal of fixed assets	4,292	-
Operating lease rentals - leasehold property	<u>17,000</u>	<u>17,000</u>

4 Directors' emoluments

	1997 £	1996 £
Fees for management	<u>36,960</u>	<u>28,684</u>

5 Employee information

The average weekly number of persons employed by the company, including executive directors, during the year was;

	1997 Number	1996 Number
By activity:		
Kitchen and cleaning	15	16
Serving	15	26
Administration	3	3
	<u>33</u>	<u>45</u>
	<u>33</u>	<u>45</u>
	1997 £	1996 £
Staff costs (for the above persons)		
Wages and salaries	242,467	239,419
Social security costs	17,298	15,963
	<u>259,765</u>	<u>255,382</u>

6 Investment income

	1997 £	1996 £
Income from fixed asset investment property	<u>15,597</u>	<u>15,549</u>

7 Interest payable and similar charges

	1997 £	1996 £
Bank loans and overdrafts	<u>13,266</u>	<u>17,356</u>

8 Taxation

	1997 £	1996 £
United Kingdom corporation tax payable at 23.75%: (1996: 24.75%)		
Current	10,663	13,639
(Over)/under provision in respect of prior years:		
Current	171	(1,820)
	<u>10,834</u>	<u>11,819</u>

9 Dividends

	1997 £	1996 £
Interim paid of £0.90 per share (1996: £Nil)	22,500	-
	<u>22,500</u>	<u>-</u>

10 Tangible fixed assets

	Motor Vehicles £	Short leasehold property improve- ments £	The Glass Boat £	Plant and machinery £	Fixtures and fittings £	Total £
Cost						
At 1 May 1996	1,000	33,376	120,140	19,939	182,427	356,882
Additions	25,000	-	-	-	2,435	27,435
Disposals	(14,000)	-	-	-	-	(14,000)
At 30 April 1997	12,000	33,376	120,140	19,939	184,862	370,317
Depreciation						
At 1 May 1996	-	12,590	52,107	16,092	105,849	186,638
Charge for year	3,292	1,842	6,007	1,281	9,628	22,050
Disposals	(2,042)	-	-	-	-	(2,042)
At 30 April 1997	1,250	14,432	58,114	17,373	115,477	206,646
Net book value						
At 30 April 1997	10,750	18,944	62,026	2,566	69,385	163,671
At 30 April 1996	1,000	20,786	68,033	3,847	76,578	170,244

11 Investment property

	Freehold Property £
Valuation	
At 1 May 1996	120,000
Change in market value (see note 21)	15,000
At 30 April 1997	135,000

The investment property was purchased in October 1990, after being valued at £180,000 by a professionally qualified valuer at open market value.

The reduction in the investment property's book value in the year ended 30 April 1995, resulted from the directors having taken external professional advice. At 30 April 1997 the directors obtained another external professional valuation of the property on an open market value basis.

The property is used to generate the rental income disclosed in note 6 to the accounts, and the fall in value of the property is not expected to be permanent.

If the investment property had not been revalued it would have been included at the following amounts:

	1997 £	1996 £
Cost	180,000	180,000
Aggregate depreciation based on cost	(23,700)	(20,100)
Net book value based on cost	156,300	159,900

12 Stocks

The amounts attributable to different categories are as follows:

	1997 £	1996 £
Consumables	14,818	13,426

13 Debtors: amounts falling due within one year

	1997 £	1996 £
Trade debtors	5,360	21,264
Other debtors	4,845	981
Prepayments and accrued income	9,142	9,589
	19,347	31,834

14 Creditors: amounts falling due within one year

	1997 £	1996 £
Directors' loans	5,449	10,611
Bank loans and overdraft (see note 15)	57,446	48,092
Trade creditors	48,432	56,089
Other creditors including:		
Taxation and Social security costs (see below)	31,469	42,442
Other creditors	7,139	6,746
Accruals	13,424	5,878
	<u>163,359</u>	<u>169,858</u>

Directors' loans are unsecured, repayable on demand and bear interest at current market rates.

See note 15 below for details of security on bank loans and overdrafts.

Taxation and Social security is made up as follows:

	1997 £	1996 £
United Kingdom corporation tax payable	5,038	13,639
PAYE and Social security	5,293	6,528
VAT	21,138	22,275
	<u>31,469</u>	<u>42,442</u>

15 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Bank overdraft	43,893	32,222
Secured bank loan at 8% repayable by monthly instalments expiring in 1996	-	2,250
Secured bank loan at 2½% above bank base rate repayable by monthly instalments expiring in 2000	23,503	37,994
Secured bank loan at 2½% above bank base rate (minimum rate of 6.5%) repayable by monthly instalments expiring in 2010	66,566	72,832
	<u>133,962</u>	<u>145,298</u>
Less: amounts due within one year	57,446	48,092
Bank loans	<u>76,516</u>	<u>97,206</u>

Bank loans and overdrafts

	1997 £	1996 £
Bank loans and overdrafts are repayable as follows:		
In one year or less	57,446	48,092
Between one and two years	10,000	13,620
Between two and five years	30,000	36,854
In five years or more	36,516	46,732
	<u>133,962</u>	<u>145,298</u>

Included in bank loans and overdrafts above are loans repayable by instalments, partly in more than five years:

Secured bank loan at 2½% above bank base rate (minimum rate of 6.5%) repayable by monthly instalments expiring in 2010	66,566	72,832
	<u>66,566</u>	<u>72,832</u>

The bank loans and overdraft are secured by a ships mortgage over the Glass Boat and by fixed and floating charges over the other properties and assets of the company.

The corresponding figures for bank loans repayable within one year and greater than one year have been restated to more properly reflect the likely repayment periods.

The figures for bank loans repayable in greater than one year have been restated to reflect the terms of a new loan agreement issues in June 1997 which replaces the existing loans above. The new loan is repayable by June 2007 in monthly instalments with interest charged at 2.5% above bank base rate. Security for the new loan remains unchanged from that above.

16 Provisions for liabilities and charges

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability, are as follows:

	Amount provided		Amount unprovided	
	1997	1996	1997	1996
	£	£	£	£
Accelerated capital allowances	-	-	8,586	9,202
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There is no movement on the provision for deferred taxation.

17 Called up share capital

	1997	1996
	£	£
Authorised		
25,000 ordinary shares of £1 each	25,000	25,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
25,000 ordinary shares of £1 each	25,000	25,000
	<u> </u>	<u> </u>

18 Share premium account

	1997	1996
	£	£
At 30 April 1996 and 1997	54,000	54,000
	<u> </u>	<u> </u>

19 Investment property revaluation reserve

	1997	1996
	£	£
Temporary deficit in market value of freehold property (see note 11)	(45,000)	(60,000)
	<u> </u>	<u> </u>

20 Operating leases

At 30 April 1997 the company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:-

	1997 £	1996 £
Expiring in over five years	<u>17,000</u>	<u>17,000</u>

21 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Opening shareholders' funds	68,807	23,064
Profit for the financial year	9,521	45,743
Movement in investment property valuation (see note 11)	<u>15,000</u>	<u>-</u>
Closing shareholders' funds	<u>93,328</u>	<u>68,807</u>

22 Related party transaction

During the year the company paid rent, for use of office space on commercial terms, and business travel expenses totalling £5,410 to NAG Ringner (director).

23 Controlling party

Mr NAG Ringer is the controlling party by virtue of his controlling interest in the company's share capital.