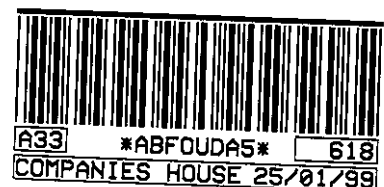


The Glass Boat Company Limited
Annual report
for the year ended 30 April 1998

Registered no: 1905310



The Glass Boat Company Limited

Annual report for the year ended 30 April 1998

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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

PricewaterhouseCoopers
Bristol

Report of the directors for the year ended 30 April 1998

The directors present their report and the audited financial statements for the year ended 30 April 1998.

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 one interim dividend in respect of the year ended 30 April 1998 totalling £20,000 (1997: £22,500). The remaining profit for the year is to be transferred to reserves.

Directors

The directors of the company at 30 April 1998, 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 1998, together with their interests at 1 May 1997, were;

Ordinary shares of £1 each	30 April 1998 Number	1 May 1997 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 1998. 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.

Year 2000

The directors have considered the potential impact and extent of the Year 2000 issue on its operations. It has taken steps to minimise any impact, and does not believe its operations will be significantly affected. The directors do not believe associated expenditure will be material

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998 and a resolution to appoint the new firm, PricewaterhouseCoopers, as auditors to the company 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors,
Bristol, 25 January 1999

Profit and loss account for the year ended 30 April 1998

	Notes	1998 £	1997 £
Turnover		756,256	741,286
Cost of sales		(488,554)	476,877
Gross profit		267,702	264,409
Net operating expenses	2	(224,827)	(223,885)
Operating profit	3	42,875	40,524
Investment income	6	15,756	15,597
Interest payable and similar charges	7	(12,727)	(13,266)
Profit on ordinary activities before taxation		45,904	42,855
Tax on profit on ordinary activities	8	(12,390)	(10,834)
Profit on ordinary activities after taxation		33,514	32,021
Dividends paid	9	(20,000)	(22,500)
Retained profit for the year		13,514	9,521
Statement of retained profits			
Retained profits at 1 May 1997		59,328	49,807
Profit for the year		13,514	9,521
Retained profits at 30 April 1998		72,842	59,328
Statement of total recognised gains and losses			
Profit for the financial year		33,514	32,021
Unrealised surplus on revaluation of investment properties		-	15,000
		33,514	47,021

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.

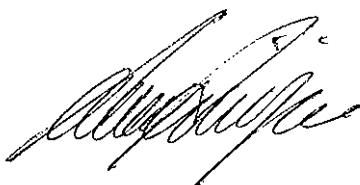
All the above profits relate to continuing activities of the company.

Balance sheet at 30 April 1998

	Notes	1998	1997
		£	£
Fixed assets			
Tangible assets	10	139,108	163,671
Investment property	10	135,000	135,000
Investment	11	20,000	-
		<u>294,108</u>	<u>298,671</u>
Current assets			
Stocks	12	17,273	14,818
Debtors	13	12,925	19,347
Cash at bank and in hand		367	367
		<u>30,565</u>	<u>34,532</u>
Creditors: amounts falling due within one year	14	<u>(133,644)</u>	<u>(163,359)</u>
Net current liabilities		<u>(103,079)</u>	<u>(128,827)</u>
Total assets less current liabilities		<u>191,029</u>	<u>169,844</u>
Creditors: amounts falling due after more than one year	15	<u>(84,187)</u>	<u>(76,516)</u>
Net assets		<u>106,842</u>	<u>93,328</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)	(45,000)
Profit and loss account		72,842	59,328
Equity shareholders' funds	21	<u>106,842</u>	<u>93,328</u>

The financial statements were approved by the board of directors on
25/1/99 and were signed on its behalf by:

Directors



Notes to the financial statements for the year ended 30 April 1998

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 £103,079. 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 £32,314 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 1999 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 (1997: £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 10.

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:

	1998 £	1997 £
Administrative expenses	228,782	229,882
Less: other operating income	(3,955)	(5,997)
Net operating expenses	<u>224,827</u>	<u>223,885</u>

3 Operating profit

Operating profit is stated after charging:

	1998 £	1997 £
Depreciation of tangible fixed assets	26,740	22,050
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

	1998 £	1997 £
Fees for management	<u>37,919</u>	<u>40,379</u>

5 Employee information

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

	1998 Number	1997 Number
By activity:		
Kitchen and cleaning	15	15
Serving	15	15
Administration	3	3
	<u>33</u>	<u>33</u>

	1998 £	1997 £
Staff costs (for the above persons)		
Wages and salaries	259,523	243,472
Social security costs	17,664	17,298
	<u>277,187</u>	<u>260,770</u>

6 Investment income

	1998 £	1997 £
Income from fixed asset investment property	<u>15,756</u>	<u>15,597</u>

7 Interest payable and similar charges

	1998 £	1997 £
Bank loans and overdrafts	<u>12,727</u>	<u>13,266</u>

8 Taxation

	1998 £	1997 £
United Kingdom corporation tax payable at 21%: (1997: 23.75%)		
Current	12,528	10,663
(Over)/under provision in respect of prior years:		
Current	(138)	171
	<u>12,390</u>	<u>10,834</u>

9 Dividends

	1998 £	1997 £
Interim paid of £0.80 per share (1997: £0.90)	<u>20,000</u>	<u>22,500</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 1997	12,000	33,376	120,140	19,939	184,862	370,317
Additions	-	-	-	1,175	1,002	2,177
At 30 April 1998	<u>12,000</u>	<u>33,376</u>	<u>120,140</u>	<u>21,114</u>	<u>185,864</u>	<u>372,494</u>
Depreciation						
At 1 May 1997	1,250	14,432	58,114	17,373	115,477	206,646
Charge for year	2,688	961	6,007	2,213	14,871	26,740
At 30 April 1998	<u>3,938</u>	<u>15,393</u>	<u>64,121</u>	<u>19,586</u>	<u>130,348</u>	<u>233,386</u>
Net book value						
At 30 April 1998	<u>8,062</u>	<u>17,983</u>	<u>56,019</u>	<u>1,528</u>	<u>55,516</u>	<u>139,108</u>
At 30 April 1997	<u>10,750</u>	<u>18,944</u>	<u>62,026</u>	<u>2,566</u>	<u>69,385</u>	<u>163,671</u>

Investment property

	Freehold Property £
Valuation	
At 1 May 1997	135,000
Change in market value (see note 21)	-
At 30 April 1998	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.

At 30 April 1997 the directors obtained an external professional valuation of the property from Vale Services, Chartered Surveyors in Bristol, 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:

	1998 £	1997 £
Cost	180,000	180,000
Aggregate depreciation based on cost	(27,300)	(23,700)
Net book value based on cost	152,700	156,300

11 Fixed asset investment

	Associated undertaking £
Cost and net book value	
At 1 May 1997	-
Addition	20,000
At 30 April 1998	20,000

Associated undertaking

The company acquired 11.43% of the issued £1 ordinary share capital of Byzantium Limited which runs a restaurant in Bristol. That company prepares its accounts at 30 April each year, having begun trading on 1 May 1998. No group accounts are prepared as the company qualifies as a small company under the Companies Act 1985.

12 Stocks

The amounts attributable to different categories are as follows:

	1998 £	1997 £
Consumables	17,273	14,818

13 Debtors: amounts falling due within one year

	1998 £	1997 £
Trade debtors	5,867	5,360
Other debtors	352	4,845
Prepayments and accrued income	6,706	9,142
	12,925	19,347

14 Creditors: amounts falling due within one year

	1998 £	1997 £
Directors' loans	-	5,449
Bank loans and overdraft (see note 15)	42,314	57,446
Trade creditors	41,807	48,432
Other creditors including:		
Taxation and Social security costs (see below)	33,894	31,469
Other creditors	8,835	7,139
Accruals	6,794	13,424
	133,644	163,359

Directors' loans were repaid in full during the year.

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

Taxation and Social security is made up as follows:

	1998 £	1997 £
United Kingdom corporation tax payable	7,541	5,038
PAYE and Social security	5,186	5,293
VAT	21,167	21,138
	33,894	31,469

15 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Bank overdraft	32,314	43,893
Secured bank loan at 2½% above bank base rate repayable by monthly instalments expiring in 2007	94,187	-
Secured bank loan at 2½% above bank base rate repayable by monthly instalments expiring in 2000	-	23,503
Secured bank loan at 2½% above bank base rate (minimum rate of 6.5%) repayable by monthly instalments expiring in 2010	-	66,566
	<u>126,501</u>	<u>133,962</u>
Less: amounts due within one year	(42,314)	(57,446)
Bank loans	<u>84,187</u>	<u>76,516</u>

Bank loans and overdrafts

	1998 £	1997 £
Bank loans and overdrafts are repayable as follows:		
In one year or less	42,314	57,446
Between one and two years	10,000	10,000
Between two and five years	30,000	30,000
In five years or more	44,187	36,516
	<u>126,501</u>	<u>133,962</u>

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

Secured bank loan (see above)	94,187	66,566
	<u>94,187</u>	<u>66,566</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.

During the year the two secured bank loans stated as at 30 April 1997 were replaced by a new loan agreement. The new loan is repayable by June 2007 in monthly instalments with interest charged at 2.5% above bank base rate.

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	
	1998	1997	1998	1997
	£	£	£	£
Accelerated capital allowances	-	-	7,319	8,586
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There is no movement on the provision for deferred taxation.

17 Called up share capital

	1998	1997
	£	£
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

	1998	1997
	£	£
At 30 April 1997 and 1998	54,000	54,000
	<u> </u>	<u> </u>

19 Investment property revaluation reserve

	1998	1997
	£	£
Temporary deficit in market value of freehold property (see note 10)	(45,000)	(45,000)
	<u> </u>	<u> </u>

20 Operating leases

At 30 April 1998 the company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:-

	1998 £	1997 £
Expiring in over five years	17,000	17,000

21 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Opening shareholders' funds	93,328	68,807
Profit for the financial year	13,514	9,521
Movement in investment property valuation (see note 10)	-	15,000
Closing shareholders' funds	106,842	93,328

22 Related party transaction

During the year the company paid rent, for use of office space on commercial terms, totalling £3,800 to NAG Ringner (director). In addition, the company paid £2,000 to I M Macdonald (director) in respect of repair services.

23 Controlling party

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