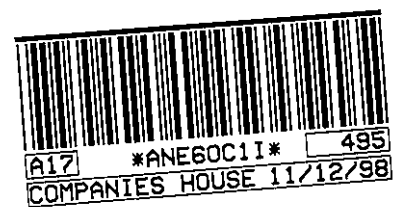

Reports and Financial Statements

Tops'l Sailcruise Limited

Year Ended 31st August 1998

211 0321



TOPS'L SAILCRUISE LIMITED
INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1998

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Company Number: 2110321

TOPS'L SAILCRUISE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST AUGUST 1998

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 31st August 1998.

Results and Dividends

The loss for the year after taxation was £214 (1997 - Profit £11,431).
The directors do not recommend payment of a dividend for the current year.

Review of the Business

The company's principal activity during the year was that of hiring sailing boats.

The trend of increasing turnover is expected to be sustained in the foreseeable future.

Directors and their Interests

The directors of the company during the year and their interest in the share capital of the company at the beginning and end of the year were as follows:

	Number of shares			
	31st August 1998		31st August 1997	
	A Shares	B Shares	A Shares	B Shares
H A Brunt	1,275	4,725	1,275	4,725
K A Brunt	1,275	3,725	1,275	3,725
R F Parker	1,275	6,243	1,275	3,663
P E Parker	1,275	5,725	1,275	5,725
I D'arcy-Bean	1,275	7,225	1,275	7,725
D Smith	1,275	4,442	1,275	4,442
A Perry	1,275	4,725	1,275	4,725

Fixed Assets

The movements in fixed assets during the year are set out in note 7 to the financial statements.

Share Capital

During the year the company increased its capital base by issuing 'B' shares at £1.55 per share.

Auditors

It is proposed that the company's present auditors, Quest Duthoit Limited, be reappointed as auditors to the company to hold office for the ensuing year.

By Order of the Board


H A Brunt
Secretary

10th Dec. 1998

**AUDITORS' REPORT TO THE MEMBERS OF
TOPS'L SAILCRUISE LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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.

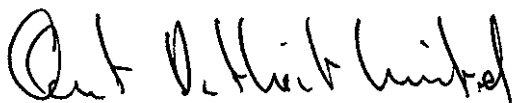
Basis of Opinion

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 judgments 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st August 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Quest Duthoit Limited
Chartered Accountants and Registered Auditor

19 Farncombe Road
Worthing
West Sussex

10/12/ 1998

TOPS'L SAILCRUISE 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 then apply them consistently;
- make judgments 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.



H A Brunt

TOPS'L SAILCRUISE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 1998

	Notes	£	1998 £	£	1997 £
Turnover	2		45,485		32,605
Administrative expenses			48,020		23,176
Operating (Loss)/Profit	3		(2,535)		9,429
Income from shares in: Other fixed asset investments			1,240		1,275
Interest receivable	4	2,399		1,186	
Interest payable	5	(486)		-	
			1,913		1,186
Profit on Ordinary Activities before Taxation			618		11,890
Tax on ordinary activities	6		832		459
Accumulated (Loss)/Retained Profit for the Year			(214)		11,431
Retained profit brought forward			34,019		22,588
Prior year adjustment			(7,207)		-
Premium on redemption of shares			(138)		-
Retained Profit Carried Forward			£ 26,460		£ 34,019

1. None of the company's activities were acquired or discontinued during the year.
2. The total of recognised gains and losses during the year comprises of the profit for the year, the prior year adjustment and the premium on redemption of shares.

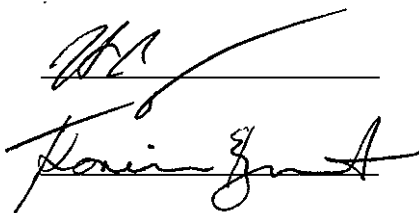
TOPS'L SAILCRUISE LIMITED
BALANCE SHEET AT 31ST AUGUST 1998

	Notes	£	1998 £	£	1997 £
Fixed Assets					
Tangible assets	7		195,503		73,443
Investments	8		9,914		29,485
			<u>205,417</u>		<u>102,928</u>
Current Assets					
Debtors	9	270		5,799	
Cash at bank and in hand		25,697		106,538	
		<u>25,967</u>		<u>112,337</u>	
Creditors - amounts falling due within one year	10	(4,440)		(3,440)	
Net Current Assets			<u>21,527</u>		<u>108,897</u>
Net Assets			<u>£ 226,944</u>		<u>£ 211,825</u>

Financed by:

Capital and Reserves

Called up share capital	11		158,396		143,854
Share premium	12		42,088		33,952
Profit and loss account			26,460		34,019
			<u>£ 226,944</u>		<u>£ 211,825</u>



} Directors

Dated: 10th Dec. 1998

TOPS'L SAILCRUISE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1998

1. Accounting Policies

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention and comply with applicable accounting standards.

1.2 Turnover

This represents the invoiced amounts of goods sold and provided, net of value added tax.

1.3 Depreciation of tangible assets

Provision is made for depreciation on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation less estimated residual value, of each asset over its expected useful life, as follows:

Plant and machinery:	25.00 %	per annum on reducing balance
Yachts and boats:	5.00 %	per annum on cost

1.4 Deferred taxation

Provision is made by the liability method for all timing differences which are expected to be reversed in the foreseeable future.

2. Turnover

The turnover and pre-tax profit are wholly attributable to the company's main activity.

The turnover arises entirely in the U.K.

3. Operating (Loss)/Profit

1998	1997
£	£

This is stated after (crediting)/charging:

Auditors' remuneration	1,174	950
Depreciation	11,296	6,705
Adjustment on disposal of listed investments	(387)	21
	<u> </u>	<u> </u>

TOPS'L SAILCRUISE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1998

4.	Interest Receivable	1998 £	1997 £
	Bank interest	<u>2,399</u>	<u>1,186</u>
5.	Interest payable	1998 £	1997 £
	Other Interest	<u>486</u>	<u>-</u>
6.	Taxation	1998 £	1997 £
6.1	The tax charge on the profit on ordinary activities for the year was as follows:		
	U.K corporation tax at 21% (1997 - 24%)	764	492
	Taxation (over)/underprovided in previous years:		
	Corporation tax	<u>68</u>	<u>(33)</u>
		<u>£ 832</u>	<u>£ 459</u>

TOPS'L SAILCRUISE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1998

7. Tangible Fixed Assets

	Plant and equipment £	Yachts and boats £	Total £
Cost:			
At 1st September 1997	11,400	102,267	113,667
Additions	-	133,356	133,356
	<u>11,400</u>	<u>235,623</u>	<u>247,023</u>
At 31st August 1998	11,400	235,623	247,023
Depreciation:			
At 1st September 1997	6,625	33,599	40,224
Charge for year	1,194	10,102	11,296
	<u>7,819</u>	<u>43,701</u>	<u>51,520</u>
At 31st August 1998	7,819	43,701	51,520
Net book value at 31st August 1998	<u>£ 3,581</u>	<u>£ 191,922</u>	<u>£ 195,503</u>
Net book value at 31st August 1997	<u>£ 4,775</u>	<u>£ 68,668</u>	<u>£ 73,443</u>

8. Fixed Asset Investments

	Listed in GB	
	1998 £	1997 £
Cost:		
At 1st September 1997	29,485	10,048
Additions	-	19,437
Disposals	(19,571)	-
	<u>£ 9,914</u>	<u>£ 29,485</u>
At 31st August 1998	£ 9,914	£ 29,485

TOPS'L SAILCRUISE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1998

9. Debtors	1998 £	1997 £
Social security and other taxes	-	694
Other debtors	-	5,105
Prepayments	270	-
	<u>£ 270</u>	<u>£ 5,799</u>

10. Creditors - Amounts Falling Due Within One Year	1998 £	1997 £
Corporation tax	764	492
Director's current account	2,901	2,901
Other creditors	775	-
Accruals	-	47
	<u>£ 4,440</u>	<u>£ 3,440</u>

11. Share Capital	Authorised £	Allotted, Issued and fully paid 1998 £	1997 £
10,200 Voting A shares of £1 each	50,000	10,200	10,200
148,196 Non-voting B shares of £1 each	200,000	148,196	133,654
	<u>£250,000</u>	<u>£ 158,396</u>	<u>£143,854</u>

The share capital has increased due to additional members being introduced to the company.

12. Share Premium Reserve	1998 £	1997 £
Balance as at 1st September 1997	33,952	12,020
Increase in year	8,136	21,932
At 31st August 1998	<u>£42,088</u>	<u>£33,952</u>

TOPS'L SAILCRUISE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1998

13. Reconciliation Of Movement In Shareholders Funds

	1998 £	1997 £
Loss for the financial year	(214)	11,431
New share capital subscribed	22,928	71,770
Share capital redeemed	(388)	-
Prior year adjustment	(7,207)	-
	15,119	83,201
Opening shareholders funds	211,825	128,624
Closing shareholders funds	£ 226,944	£ 211,825

14. Share Redemption

The 148,196 non-voting B shares of £1 each are redeemable at the shareholders option providing that the redemption can be made from company profits in excess of 5% of the company's net assets. The premium will depend upon the value of the shares at the date of redemption.

The shares may be redeemed in the following years:

1999	11,025
2000	37,511
2001	7,079
2002	1,250
2003	4,232
2004	12,456
2005	5,800
2006	3,938
2007	49,838
2008	15,067
	£ 148,196

15. Prior Year Adjustment

A VAT inspection during the year highlighted that the partial exemption rules had been misapplied. An amount of £7,207 had been overclaimed in previous years and was therefore repaid in the current year.