

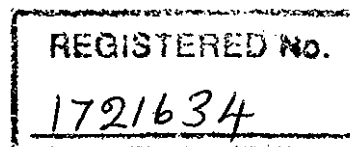
REGISTRAR'S  
COPY

MOORE STEPHENS

PATCHETTS GREEN LIMITED

REPORT AND FINANCIAL STATEMENTS

31st MARCH 1998



**Patchetts Green Limited****Directors**

D.E. McTaggart  
J.L. Skender  
A. Theodorou

**Secretary and Registered Office**

Cornhill Secretaries  
St. Paul's House, Warwick Lane, London EC4P 4BN

**Auditors**

Moore Stephens  
Chartered Accountants  
St. Paul's House, Warwick Lane, London, EC4P 4BN

**Report of the Directors**

The directors present their report and the audited financial statements for the year ended 31st March 1998.

**Report of Activities**

The principal activity during the year was that of an equestrian centre providing facilities for horse riding and keeping horses, tack shop for the necessary clothing of a rider and catering for the people visiting the premises.

The losses were substantially reduced during the year and the situation has improved further in 1998/99.

**Result for the Year**

The net loss for the financial year amounted to £37,148 (1997 - £102,336) and has been carried forward to the next year.

The directors do not recommend that a dividend is paid.

**Directors**

The directors' beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	31st March <u>1998</u>	31st March <u>1997</u>
D.E. McTaggart	70	70
J.L. Skender	30	30
A. Theodorou	-	-

**Patchetts Green Limited****Directors Report (Continued)****Year 2000**

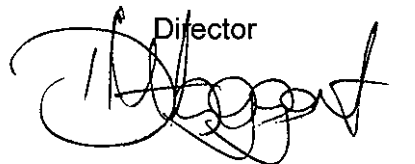
The directors are continuing to review the risks associated with the Year 2000 problem, both with regard to internal use of computer systems and embedded chips and in connection with relationships with third parties. They are satisfied that these steps will be completed in sufficient time to eliminate any potential problems. The total costs of ensuring Year 2000 compliance have not yet been quantified, but are not expected to be significant.

**Auditors**

The auditors, Moore Stephens, are willing to continue in office. A resolution confirming their appointment and authorising the directors to fix their remuneration will be submitted to the Annual General Meeting.

By Order of the Board

D.E. McTAGGART

Director  


**Patchetts Green 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In meeting the above responsibilities, the directors have taken professional advice where considered appropriate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

**Report of the Auditors to the Members of  
Patchetts Green Limited**

We have audited the financial statements on pages 5 to 12 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.

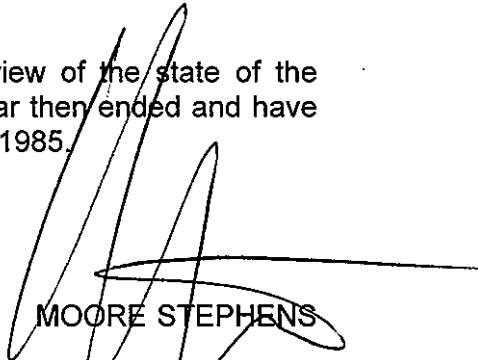
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 March 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,  
London, EC4P 4BN

*25 January 1999*

  
MOORE STEPHENS  
Registered Auditor  
Chartered Accountants

**Patchetts Green Limited****Profit and Loss Account  
For the year ended 31st March 1998**

	<u>Note</u>	<u>1998</u>	<u>1997</u>
		£	£
<b>Turnover</b>	1(b),2	1,177,117	936,545
<b>Cost of Sales</b>		(925,598)	(767,641)
<b>Gross Profit</b>		251,519	168,904
Administrative expenses		(279,605)	(267,034)
Other operating income		560	3,750
<b>Operating Loss</b>	3	(27,526)	(94,380)
Interest receivable		707	-
Interest payable	6	(10,329)	(7,956)
<b>Loss for the Year</b>		(37,148)	(102,336)
<b>Accumulated Loss Brought Forward</b>		(365,235)	(262,899)
<b>Accumulated Loss Carried Forward</b>		£ (402,383)	£ (365,235)

Turnover and operating loss derive wholly from continuing operations.

There are no recognised gains or losses other than the loss for the year.

## Patchetts Green Limited

## Balance Sheet as at 31st March 1998

	Note	1998		1997	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	7		1,639,769		1,101,805
<b>Current Assets</b>					
Stocks	8	189,572		146,878	
Debtors	9	92,989		93,186	
Cash at bank and in hand		48,604		9,431	
			331,165		249,495
<b>Creditors, amounts falling due within one year</b>	10	(229,034)		(261,388)	
<b>Net Current Assets/ (Liabilities)</b>			102,131		(11,893)
<b>Total Assets less Current Liabilities</b>			1,741,900		1,089,912
<b>Creditors, amounts falling due after more than one year</b>	11		(2,144,183)		(1,455,047)
			£ (402,283)		£ (365,135)
<b>Equity Capital and Reserves</b>					
Called up share capital	12		100		100
Profit and loss account			(402,383)		(365,235)
<b>Shareholders Funds</b>	13		£ (402,283)		£ (365,135)

These financial statements were approved by the Board on 21 January 1999  
and signed on their behalf by

D.E. McTAGGART

Director

**Patchetts Green Limited****Financial Statements for the year ended 31st March 1998****Notes****1. Accounting Policies****(a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and include the results of the company's operations all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on grounds that it is a small company.

**(b) Turnover**

Turnover represents the value of goods sold and services provided during the year, net of value added tax.

**(c) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Plant and machinery	-	15% Reducing balance
Motor vehicles	-	25% Reducing balance
Fixtures and fittings	-	10% Reducing balance

Leasehold improvements are not currently depreciated as they represent assets under construction. Once completed the leasehold improvements will be depreciated over the term of the lease agreements.

**(d) Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value. The livestock, which is included at market value which is lower than cost, is revalued each year in order to take into account the age and condition of the livestock.

**(e) Going concern**

At the balance sheet date the company had net current assets of £102,131 (1997: net current liabilities of £11,893) and a deficit of assets over liabilities of £402,283 (1997: £365,135). The company is reliant upon the continued support of Exchange Limited who have provided funds of £2,144,183. Exchange Limited has confirmed that it will not ask for repayment of its loan during the next year. The directors are confident that future funding is available for the company to carry on trading for the next twelve months. On this basis, in the opinion of the directors, it is appropriate to prepare the financial statements on a going concern basis.



**Patchetts Green Limited****Financial Statements for the year ended 31st March 1998****Notes (Continued)****2. Turnover**

Turnover is attributable to the one principal activity of the company, being that of an equestrian centre, entirely within the UK.

The divisional turnover arose as follows:

	<u>1998</u>	<u>1997</u>
	£	£
Riding school	667,533	557,012
Tack shop	354,626	230,795
Clubhouse	154,958	148,738
	<hr/>	<hr/>
	£ 1,177,117	£ 936,545
	<hr/>	<hr/>

**3. Operating Loss**

Operating loss is stated after charging the following:

	<u>1998</u>	<u>1997</u>
	£	£
Depreciation of tangible fixed assets owned by the company	49,350	41,356
Auditors' remuneration	10,000	10,000
Equipment hire	635	1,306
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**4. Staff Costs**

Staff costs, including directors' remuneration, were as follows:

	<u>1998</u>	<u>1997</u>
	£	£
Wages and salaries	406,685	350,248
Social security costs	26,533	21,965
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	£ 433,218	£ 372,213
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## Patchetts Green Limited

## Financial Statements for the year ended 31st March 1998

## Notes (Continued)

## 4. Staff Costs (Continued)

The average monthly number of employees including directors, during the year was as follows:

	<u>1998</u>	<u>1997</u>
	No.	No.
Office and management	6	8
Operations	47	47
	<hr/>	<hr/>
	53	55
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## 5. Directors' Remuneration

	<u>1998</u>	<u>1997</u>
Aggregate emoluments	£ 10,906	£ 16,058
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No retirement benefits are accruing to directors under a money purchase pension scheme or defined benefit scheme.

## 6. Interest Payable

	<u>1998</u>	<u>1997</u>
	£	£
On bank loans and overdrafts	9,799	7,824
On other loans	530	132
	<hr/>	<hr/>
	£ 10,329	£ 7,956
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## Patchetts Green Limited

## Financial Statements for the year ended 31st March 1998

## Notes (Continued)

## 7. Tangible Assets

	<u>Leasehold Improvements</u>	<u>Plant and Machinery</u>	<u>Fixtures and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£
Cost					
At 1st April 1997	881,011	74,812	208,204	76,789	1,240,816
Additions	481,415	8,498	71,861	25,540	587,314
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1998	1,362,426	83,310	280,065	102,329	1,828,130
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Depreciation					
At 1st April 1997	26,885	43,591	43,481	25,054	139,011
Charge for the year	-	5,958	24,073	19,319	49,350
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1998	26,885	49,549	67,554	44,373	188,361
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31st March 1998	£ 1,335,541	£ 33,761	£ 212,511	£ 57,956	£1,639,769
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1997	£ 854,126	£ 31,221	£ 164,723	£ 51,735	£1,101,805
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## 8. Stocks

	<u>1998</u>	<u>1997</u>
	£	£
Horses and ponies	46,781	48,951
Horse and pony food	3,968	7,072
Finished goods	138,823	90,855
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	£ 189,572	£ 146,878
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## Patchetts Green Limited

## Financial Statements for the year ended 31st March 1998

## Notes (Continued)

## 9. Debtors

	<u>1998</u>	<u>1997</u>
	£	£
Due within one year:		
Trade debtors	79,611	68,356
Other debtors	1,244	9,230
Prepayments and accrued income	12,134	15,600
	<u>£ 92,989</u>	<u>£ 93,186</u>

## 10. Creditors, amounts falling due within one year

	<u>1998</u>	<u>1997</u>
	£	£
Bank loans and overdrafts	1,775	94,545
Trade creditors	131,367	118,183
Social security and other taxes	22,917	13,391
Other creditors	27,921	3,126
Accruals and deferred income	45,054	32,143
	<u>£ 229,034</u>	<u>£ 261,388</u>

## 11. Creditors, amounts falling due after more than one year

	<u>1998</u>	<u>1997</u>
Loans	<u>£ 2,144,183</u>	<u>£ 1,455,047</u>

Included within the above amounts falling due as follows:

In 2-5 years on demand	<u>£ 2,144,183</u>	<u>£ 1,455,047</u>
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No interest is chargeable on this loan.

## 12. Called up Share Capital

	<u>1998</u>	<u>1997</u>
Authorised		
100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>

**Patchetts Green Limited****Financial Statements for the year ended 31st March 1998****Notes (Continued)****13. Shareholders Funds**

Reconciliation of movements on shareholders' funds

	<u>1998</u>	<u>1997</u>
	£	£
Loss for the year	(37,148)	(102,336)
Opening shareholders' funds	(365,235)	(262,799)
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Closing shareholders' funds	£ (402,383)	£ (365,135)
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**14. Lease Commitments**

The company has signed a lease to rent the land and buildings at Hilfield Lane, Aldenham, Watford until 22nd December 2012.

Rent of £30,000 per annum is to be paid from 1st April 1998.

**15. Related Party Transactions**

At the balance sheet date, McTaggart Shipping Company Limited owed to Patchetts Green Limited £34,163 (1997: creditor £10,057) being a debt in the ordinary course of the business. The two companies have Mr. D.E. McTaggart as a common director and controlling shareholder.