

EXPLOITS LIMITEDDIRECTORS' REPORT

1894782

The directors present their annual report and the audited financial statements for the year ended 31st October 1994.

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;

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.

PRINCIPAL ACTIVITIES

The principal activities of the company were that of growing and dealing in wine, restaurateurs, farming and providing management services.

BUSINESS REVIEW

The results for the period are set out on page 4 of these financial statements and the balance sheet showing the state of affairs of the company as at 31st October 1994 is shown on page 5.

Subsequent to the year end, in February 1995, Multiyork PLC in which the company owns a participating interest of one third was placed into receivership. The investment in Multiyork PLC of £25,000 has been fully written off in the enclosed accounts.

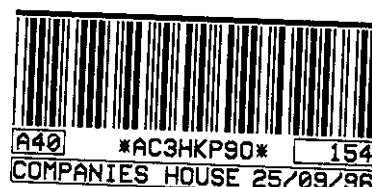
PROPOSED DIVIDEND AND TRANSFER TO RESERVES

The profit for the year amounted to £7,642 as set out on page 4 of the financial statements.

A dividend of £30,000 was paid on 31st October 1994 (1993 £45,000).

SIGNIFICANT CHANGES IN FIXED ASSETS

The movement in tangible fixed assets during the year is shown in note 8 to the financial statements.



EXPLOITS LIMITEDDIRECTORS' REPORT (CONTINUED)

## DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:

D. J. Watson  
R. H. S. Watson

The director retiring by rotation is Mrs R H S Watson who, being eligible, offers herself for re-election.

The directors who held office at the end of the financial year had the following interest in the ordinary shares of the company as recorded in the register of directors' share interests:

		Interest at end of period	Interest at beginning of period
D J Watson	£1 ordinary shares	97	97
R H S Watson	£1 ordinary shares	97	97

## AUDITORS

During the year Messrs KPMG Peat Marwick resigned as auditors to the company and Messrs Maurice Braganza & Company were appointed in their place.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Maurice Braganza & Company as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



R H S Watson  
Company Secretary

19th September 1996

EXPLOITS LIMITEDAUDITORS REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 have 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 as at 31st October 1994 and of the results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

.....*Maurice Braganza Company*.....  
MAURICE BRAGANZA & CO.  
Chartered Accountants & Registered Auditors

Russell Chambers  
The Piazza  
Covent Garden  
London  
WC2E 8AA

19th September 1996



EXPLOITS LIMITEDPROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST OCTOBER 199410 Months  
to 31.10.93

<u>£</u>	<u>£</u>	Notes	<u>£</u>	<u>£</u>
270,162	Turnover	1		329,220
(111,460)	Cost of sales			(185,749)
158,702	Gross Profit			143,471
(200,113)	Administrative expenses			(203,159)
(4,373)	Exceptional items	6		(25,000)
(45,784)	Operating loss			(84,688)
60,000	Income from participating interest			36,593
13,037	Other interest receivable and			65,388
(9,276)	similar income			(2,332)
17,977	Interest payable and similar charges	4		
	Profit on ordinary activities			
	before taxation	2		14,961
(32,729)	Tax on ordinary activities	5		7,319
50,706	Profit on ordinary activities			
	after taxation for the financial period	16		7,642
(45,000)	Dividend			(30,000)
5,706				(22,358)
885,343	RETAINED PROFITS AT 31ST OCTOBER 1993			891,049
£891,049	RETAINED PROFITS AT 31ST OCTOBER 1994			£868,691
=====				=====

The company has no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 6 to 12 form part of these financial statements.

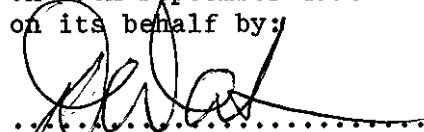


EXPLOITS LIMITEDBALANCE SHEET AS AT 31ST OCTOBER 1994

<u>£</u>	<u>£</u>	Notes	<u>£</u>	<u>£</u>
FIXED ASSETS				
67,901		Intangible assets	7	61,681
764,245		Tangible assets	8	846,735
<u>25,000</u>		Investments	9	<u>-</u>
857,146				908,416
CURRENT ASSETS				
	122,682	Stocks	10	57,837
	169,698	Debtors	11	82,706
	<u>158,369</u>	Cash at bank and in hand		<u>87,179</u>
	450,749			227,722
	(415,535)	CREDITORS: Amounts falling due within one year	12	(267,247)
<u>35,214</u>		NET CURRENT ASSETS/(LIABILITIES)		<u>(39,525)</u>
892,360		TOTAL ASSETS LESS CURRENT LIABILITIES		868,891
<u>(1,111)</u>		CREDITORS: Amounts falling due after more than one year	13	<u>-</u>
£891,249		NET ASSETS		£868,891
=====				=====
CAPITAL AND RESERVES				
194		Called up share capital	14	194
6		Other reserves		6
<u>891,049</u>		Profit and loss account		<u>868,691</u>
£ 891,249		Shareholders funds	16	£ 868,891
=====				=====

The notes on pages 6 to 12 form  
part of these financial statements

These financial statements were  
approved by the board of directors  
on 19th September 1996 and were signed  
on its behalf by:

  
.....  
Director

**EXPLOITS LIMITED****NOTES ON ACCOUNTS****FOR THE YEAR ENDED 31ST OCTOBER 1994****1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

**Basis of Preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Exploits Limited has not prepared group financial statements as the group is entitled to exemption by qualifying as a small sized group under section 248 of the Companies Act 1985.

**Fixed assets and depreciation**

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Leasehold property	-	Life of lease
Motor vehicles	-	25%
Cookbooks	-	5%
Fittings, equipment and plant	-	25%

No depreciation is charged on freehold land and buildings.

Contrary to the requirements of Statement of Standard Accounting Practice No.12 (SSAP 12), freehold buildings are not depreciated as the buildings are maintained by the company in their present condition with the cost of maintenance being written off to revenue as incurred. Where however a permanent diminution in value arises this is provided in full.

**Hire purchase**

The cost of assets acquired under hire purchase agreements are capitalised and written off over the estimated useful life of the asset or over the period of the agreement when such period approximates to the estimated useful life. The finance costs are charged to revenue in the period in which they accrue on a sum of digits basis.

**Stocks**

Goods for resale are valued by the directors at the lower of cost, including applicable overheads, and net realisable value.

**Taxation**

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.



EXPLOITS LIMITEDNOTES ON ACCOUNTSFOR THE YEAR ENDED 31ST OCTOBER 1994**Turnover**

Turnover represents the amounts, excluding value added tax, derived from the provision of goods and services to customers during the year.

**Goodwill and Amortisation**

Goodwill relating to the purchase of other businesses is amortised and written off in equal instalments over the life of the related lease.

**Cashflow Statement**

The company has taken advantage of the exemption from preparing a cash flow statement conferred on it by the Financial Report Standard 1 since it qualifies as a small sized company for the purposes of filing abbreviated financial statements under Sections 246 to 249 of the Companies Act 1985.

**2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities before taxation is stated after charging:

	1994	1993
	£	£
Auditors' remuneration	5,000	5,000
Staff costs (note 3)	79,673	25,047
Amortisation of goodwill	6,220	2,073
Depreciation of tangible fixed assets	37,304	20,153
(Profit)/loss on disposal of fixed assets	(5,306)	544
	=====	=====

**3. STAFF COSTS**

Wages and salaries	74,482	23,415
Social security costs	<u>5,191</u>	<u>1,632</u>
	79,673	25,047
	=====	=====

No remuneration was paid to the directors for the year under review (1993 Nil)

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	£	£
On bank loans, overdrafts and other loans wholly repayable within five years	991	4,845
Finance charges payable in respect of hire purchase agreements	<u>1,341</u>	<u>4,431</u>
	2,332	9,276
	=====	=====



EXPLOITS LIMITEDNOTES ON ACCOUNTSFOR THE YEAR ENDED 31ST OCTOBER 1994

## 5. TAXATION

	<u>£</u>	<u>£</u>
UK corporation tax at 25% (1993 25%) on the results for the period on ordinary activities	-	(2,934)
Deferred tax credit	-	(2,156)
Tax attributable to franked investment income at 25%	7,319	15,000
Adjustments relating to prior years		
Corporation tax	-	(36,172)
Deferred tax	-	(6,467)
	<u>7,319</u>	<u>(32,729)</u>
	=====	=====

## 6. EXCEPTIONAL ITEM

Provision against investment in a company in which a participating interest is held	25,000	-
Provision against amounts owed by subsidiary undertakings	-	4,373
	<u>25,000</u>	<u>4,373</u>
	=====	=====

## 7. INTANGIBLE FIXED ASSETS

## Goodwill

	<u>£</u>
Cost	
At 1st November 1993 and 31st October 1994	85,524
	=====
Amortisation	
At 1st November 1993	17,623
Charge for the year	6,220
At 31st October 1994	23,843
	=====
Net Book Value	
At 31st October 1994	61,681
	=====
At 31st October 1993	67,901
	=====



EXPLOITS LIMITEDNOTES ON ACCOUNTSFOR THE YEAR ENDED 31ST OCTOBER 1994

## 8. TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u>	<u>Motor Vehicles</u>	<u>Fittings &amp; Equipment</u>	<u>Total</u>
	£	£	£	£
Cost				
At 1st November 1993	677,131	25,556	162,636	865,323
Additions	104,507	6,880	37,295	148,682
Disposals	-	(25,556)	(19,663)	(45,219)
At 31st October 1994	<u>781,638</u>	<u>6,880</u>	<u>180,268</u>	<u>968,786</u>
Depreciation and diminution in value				
At 1st November 1993	44,552	5,324	51,202	101,078
Charge for the year	5,623	1,720	29,961	37,304
Eliminated on disposals	-	(5,324)	(11,007)	(16,331)
At 31st October 1994	<u>50,175</u>	<u>1,720</u>	<u>70,156</u>	<u>122,051</u>
Net Book Value				
At 31st October 1994	<u>731,463</u>	<u>5,160</u>	<u>110,112</u>	<u>846,735</u>
At 31st October 1993	<u>632,579</u>	<u>20,232</u>	<u>111,434</u>	<u>764,245</u>

## Land and buildings comprise:

	<u>Freehold land and buildings</u>	<u>Short leasehold property</u>	<u>Total</u>
	£	£	£
Cost			
At 1st November 1993	648,203	28,928	677,131
Additions	<u>104,507</u>	-	<u>104,507</u>
At 31st October 1994	<u>752,710</u>	<u>28,928</u>	<u>781,638</u>
Depreciation and diminution in value			
At 1st November 1993	38,825	5,727	44,552
Charge for the year	<u>3,575</u>	<u>2,048</u>	<u>5,623</u>
At 31st October 1994	<u>42,400</u>	<u>7,775</u>	<u>50,175</u>
Net Book value			
At 31st October 1994	<u>710,310</u>	<u>21,153</u>	<u>731,463</u>
At 31st October 1993	<u>609,378</u>	<u>23,201</u>	<u>632,579</u>

EXPLOITS LIMITEDNOTES ON ACCOUNTSFOR THE YEAR ENDED 31ST OCTOBER 1994

## 9. FIXED ASSET INVESTMENTS

	Shares in Subsidiary Undertakings £	Partici- pating Interests £	Total £
Cost			
At 1st November 1993 and 31st October 1994	9,246 =====	25,000 =====	34,246 =====
Provisions			
At 1st November 1993	9,246	-	9,246
Charge for the year	-	25,000	25,000
At 31st October 1994	9,246 =====	25,000 =====	34,246 =====
Net Book Value			
At 31st October 1994	-	-	-
At 31st October 1993	- =====	25,000 =====	25,000 =====

The companies in which the company's interest is more than 10% are as follows:

	Country of Registration	Principal Activity	Class and Percentage of shares held
Subsidiary undertakings:			
Mosaic Systems Limited	England	Design and manu- facture of computer peripheral equipment	Ordinary shares 75%
Fox and Goose Limited	England	Dormant	Ordinary shares 100%
Participating interest:			
Multiyork PLC	England	Design and manufact- ure of furniture	Class A Shares 33 1/3%

Mosaic Systems Limited made a profit of £24,278 for the year ended 31st October 1994 (1993 £32,989) and the deficit on share capital and reserves as at that date was £12,817 (1993 £37,098). The company's audit report for the year ended 31st October 1994 was not qualified.

On 23rd February 1995, Multiyork PLC went into receivership. During the year to 31st October 1994, the company received a dividend, including tax credit, of £36,593 (1993 £60,000).



EXPLOITS LIMITEDNOTES ON ACCOUNTSFOR THE YEAR ENDED 31ST OCTOBER 1994

## 10. STOCKS

	1994	1993
	£	£
Goods for resale - Wine	24,959	90,646
- Restaurant	29,241	28,139
Farming crop costs	<u>3,637</u>	<u>3,897</u>
	57,837	122,682
	=====	=====

## 11. DEBTORS

	£	£
Trade debtors	4,544	2,239
Amounts owed by subsidiary undertakings	65,189	134,614
Other debtors	342	-
Corporation tax recoverable	-	29,993
Preparayments and accrued income	<u>12,631</u>	<u>2,852</u>
	82,706	169,698
	=====	=====

The amount owed by subsidiary undertakings includes £60,000 which is recoverable after more than one year.

## 12. CREDITORS: Amounts falling due within one year

	£	£
Bank overdrafts	9,399	581
Obligations under hire purchase agreements	3,618	14,350
Trade creditors	29,554	34,281
Amounts owed to companies in which the company has a participating interest	113,453	115,831
Taxation and social security costs	6,622	22,942
Directors current account	5,102	54,180
Other creditors	77,450	147,450
Accruals and deferred income	<u>22,049</u>	<u>25,920</u>
	267,247	415,535
	=====	=====

The amount shown in other creditors is secured by way of a charge given on certain freehold land of the company.

## 13. CREDITORS: Amounts falling due after more than one year

Obligations under hire purchase agreements (due within two to five years)	£ -	£ 1,111
	=====	=====

The hire purchase obligations are secured on the related assets.



EXPLOITS LIMITEDNOTES ON ACCOUNTSFOR THE YEAR ENDED 31ST OCTOBER 1994

14.	CALLED UP SHARE CAPITAL	1994	1993
		£	£
	Authorised		
	Ordinary shares of £1 each	10,000	10,000
		=====	=====
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	194	194
		=====	=====

## 15. DIRECTORS TRANSACTIONS

During the year the company acquired from Mr D J Watson, a director of the company, land and buildings for the sum of £33,000.

## 16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£	£
Shareholders' funds at 1st November 1993	891,249	885,543
Profit for the period	7,642	50,706
Dividend	(30,000)	(45,000)
Shareholders' funds at 31st October 1994	868,891	891,249
	=====	=====

## 17. GUARANTEE

The company provided limited guarantees to certain banks in response to the banks providing facilities to a related undertaking, Multiyork Plc. The guarantees were secured on certain of the freehold properties of the company.

Following the year end, these guarantees were called and payments totalling approximately £200,000 have been made.