

EXPLOITS LIMITEDDIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 31st October 1995.

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

During the year, the company was required to meet liabilities to both Lloyds Bank and Midland Bank aggregating £211,248 in respect of guarantees given, following the receivership of Multiyork Plc. Recharges totalling £119,328 were recovered from Multiyork Plc in respect of these guarantees, leaving a shortfall of £91,920 which is charged in the enclosed accounts as an exceptional item, as set out under note 6.

The overall 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 1995 is shown on page 5.

RESULTS AND DIVIDENDS

There was a loss for the year amounting to £214,396 as set out on page 4 of the financial statements. On 31st October 1995, a dividend of £20,000 was paid (1994 £30,000).

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

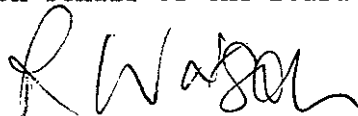
The directors who held office at the end of the financial year had the following interest in the ordinary shares of the company as recorded in the register of directors' share interests:

		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

Messrs Maurice Braganza & Co. have confirmed their agreement to continue in office and a resolution proposing their reappointment will be put before the forthcoming Annual General Meeting.

On behalf of the Board



R H Watson  
Company Secretary

29th May 1997

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 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 1995 and of the results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Maurice Braganza & Co.*  
MAURICE BRAGANZA & CO.

Chartered Accountants & Registered Auditors

Russell Chambers  
The Piazza  
Covent Garden  
London  
WC2E 8AA

29th May 1997

EXPLOITS LIMITEDPROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST OCTOBER 19951994

<u>£</u>		Notes	<u>£</u>
329,220	Turnover	1	249,026
(185,749)	Cost of sales		(123,115)
143,741	Gross Profit		125,911
(203,159)	Administrative expenses		(236,215)
(25,000)	Exceptional items	6	(91,920)
(84,688)			(202,224)
—	Other operating income		500
(84,688)	Operating loss		(201,724)
36,593	Income from participating interest		—
65,388	Other interest receivable and		
(2,332)	similar income		614
	Interest payable and similar charges	4	(13,286)
14,961	Profit/(loss) on ordinary activities		
	before taxation	2	(214,396)
7,319	Tax on ordinary activities	5	—
7,642	Profit/(loss) on ordinary activities		
	after taxation for the financial period	15	(214,396)
(30,000)	Dividend		(20,000)
(22,358)			(234,396)
891,049	RETAINED PROFITS AT 31ST OCTOBER 1994		868,691
£868,691	RETAINED PROFITS AT 31ST OCTOBER 1995		£634,295
=====			=====

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 LIMITED**

**BALANCE SHEET AS AT 31ST OCTOBER 1995**

<u>£</u>		<u>£</u>	Notes	<u>£</u>	<u>£</u>
	FIXED ASSETS				
61,681	Intangible assets	7		55,461	
846,735	Tangible assets	8		812,574	
<u>-</u>	Investments	9		<u>-</u>	
908,416				868,035	
	CURRENT ASSETS				
57,837	Stocks	10		34,761	
82,706	Debtors	11		47,053	
<u>87,179</u>	Cash at bank and in hand			<u>66,402</u>	
227,722				148,216	
(267,247)	CREDITORS: Amounts falling due within one year	12		(271,953)	
<u>(39,525)</u>	NET CURRENT LIABILITIES			(123,737)	
868,891	TOTAL ASSETS LESS CURRENT LIABILITIES			744,298	
<u>-</u>	CREDITORS: Amounts falling due after more than one year	13		(109,803)	
£868,891	NET ASSETS			634,495	
=====				=====	
	CAPITAL AND RESERVES				
194	Called up share capital	14		194	
6	Other reserves			6	
<u>868,691</u>	Profit and loss account			<u>634,295</u>	
£ 868,891	Shareholders funds	15		634,495	
=====				-----	

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

These financial statements were approved by the board of directors on 29th May 1997 and were signed on its behalf by:

D. J. Watson  
Director



**EXPLOITS LIMITED****NOTES ON ACCOUNTS****FOR THE YEAR ENDED 31ST OCTOBER 1995****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%
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 1995**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/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit/(loss) on ordinary activities before taxation is stated after charging:

	1995 £	1994 £
Staff costs (note 3)	83,439	79,673
Auditors remuneration - audit services	5,000	5,000
- other financial services	9,828	-
Amortisation of goodwill	6,220	6,220
Depreciation of tangible fixed assets	48,178	37,304
(Profit)/loss on disposal of fixed assets	9,482	(5,306)
	=====	=====

**3. STAFF COSTS**

Wages and salaries	77,019	74,482
Social security costs	6,420	5,191
	83,439	79,673
	=====	=====

No remuneration was paid to the directors for the year under review (1994 Nil)

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	£	£
On bank loans, overdrafts and other loans wholly repayable within five years	2,358	991
Finance charges payable in respect of hire purchase agreements	5,080	1,341
On agricultural mortgage repayable in ten years	5,848	-
	13,286	2,332
	=====	=====



EXPLOITS LIMITEDNOTES ON ACCOUNTSFOR THE YEAR ENDED 31ST OCTOBER 1995

## 5. TAXATION

	<u>£</u>	<u>£</u>
UK corporation tax at 25% (1994 25%) on the results for the period on ordinary activities	-	-
Tax attributable to franked investment income at 25%	<u>-</u>	<u>7,319</u>
	<u>-</u>	<u>7,319</u>
	<u>=====</u>	<u>=====</u>

## 6. EXCEPTIONAL ITEMS

Payments under guarantee less fees recharged	(91,920)	-
Provision against investment in a company in which a participating interest is held	<u>-</u>	<u>(25,000)</u>
	<u>(91,920)</u>	<u>(25,000)</u>
	<u>=====</u>	<u>=====</u>

## 7. INTANGIBLE FIXED ASSETS

## Goodwill

	<u>£</u>
Cost	
At 1st November 1994 and 31st October 1995	<u>85,524</u>
Amortisation	
At 1st November 1994	23,843
Charge for the year	<u>6,220</u>
At 31st October 1995	<u>30,063</u>
Net Book Value	
At 31st October 1995	<u>55,461</u>
At 31st October 1994	<u>61,681</u>
	<u>=====</u>



EXPLOITS LIMITEDNOTES ON ACCOUNTSFOR THE YEAR ENDED 31ST OCTOBER 1995

## 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 1994	781,638	6,880	180,268	968,786
Additions	-	43,495	10,522	54,017
Disposals	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>
At 31st October 1995	741,638	50,375	190,790	982,803
	=====	=====	=====	=====
Depreciation and diminution in value				
At 1st November 1994	50,175	1,720	70,156	122,051
Charge for the year	<u>5,687</u>	<u>9,344</u>	<u>33,147</u>	<u>48,178</u>
At 31st October 1995	55,862	11,064	103,303	170,229
	=====	=====	=====	=====
Net Book Value				
At 31st October 1995	685,776	39,311	87,487	812,574
	=====	=====	=====	=====
At 31st October 1994	731,463	5,160	110,112	846,735
	=====	=====	=====	=====

Land and buildings comprise:

	<u>Freehold land and buildings</u>	<u>Short leasehold property</u>	<u>Total</u>
	£	£	£
Cost			
At 1st November 1994	752,710	28,928	781,638
Disposals	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>
At 31st October 1995	712,710	28,928	741,638
	=====	=====	=====
Depreciation and diminution in value			
At 1st November 1994	42,400	7,775	50,175
Charge for the year	<u>3,639</u>	<u>2,048</u>	<u>5,687</u>
At 31st October 1995	46,039	9,823	55,862
	=====	=====	=====
Net Book value			
At 31st October 1995	666,671	19,105	685,776
	=====	=====	=====
At 31st October 1994	710,310	21,153	731,463
	=====	=====	=====

EXPLOITS LIMITEDNOTES ON ACCOUNTSFOR THE YEAR ENDED 31ST OCTOBER 1995

## 9. FIXED ASSET INVESTMENTS

	Shares in Subsidiary Undertakings £	Partici- pating Interests £	Total £
Cost			
At 1st November 1994 and 31st October 1995	9,246 =====	25,000 =====	34,246 =====
Provisions			
At 1st November 1994 and at 31st October 1995	9,246 =====	25,000 =====	34,246 =====
Net Book Value			
At 31st October 1995	- =====	- =====	- =====
At 31st October 1994	- =====	- =====	- =====

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 loss of £12,304 for the year ended 31st October 1995 (1994 profit £24,278) and the deficit on share capital and reserves as at that date was £25,121 (1994 £12,817). The company's audit report for the year ended 31st October 1995 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.



EXPLOITS LIMITEDNOTES ON ACCOUNTSFOR THE YEAR ENDED 31ST OCTOBER 1995

## 10. STOCKS

	1995	1994
	£	£
Goods for resale - Wine	3,000	24,959
- Restaurant	29,241	29,241
Farming crop costs	<u>2,520</u>	<u>3,637</u>
	<u>34,761</u>	<u>57,837</u>
	=====	=====

## 11. DEBTORS

	£	£
Trade debtors	3,008	4,544
Amounts owed by subsidiary undertakings	44,045	65,189
Other debtors	-	342
Prepayments and accrued income	<u>-</u>	<u>12,631</u>
	<u>47,053</u>	<u>82,706</u>
	=====	=====

The amount owed by subsidiary undertakings includes £44,045 (1994 £60,000) which is recoverable after more than one year.

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

	£	£
Bank overdrafts	33,500	9,399
Obligations under hire purchase agreements	13,332	3,618
Trade creditors	57,521	29,554
Amounts owed to companies in which the company has a participating interest	-	113,453
Taxation and social security costs	5,822	6,622
Directors current account	123,727	5,102
Other creditors	29,054	77,450
Accruals and deferred income	<u>8,997</u>	<u>22,049</u>
	<u>271,953</u>	<u>267,247</u>
	=====	=====

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

Agricultural mortgage	90,000	-
Obligations under hire purchase agreements (due within two to five years)	<u>19,803</u>	<u>-</u>
	<u>109,803</u>	<u>-</u>
	=====	=====



EXPLOITS LIMITEDNOTES ON ACCOUNTSFOR THE YEAR ENDED 31ST OCTOBER 1995

The hire purchase obligations are secured on the related assets.

The agricultural mortgage is secured on the property of the company and is for a fixed term of ten years, repayable in the year 2005. Interest is charged at 9.95%.

14.	CALLED UP SHARE CAPITAL	1995	1994
		£	£
	Authorised		
	Ordinary shares of £1 each	10,000	10,000
		=====	=====
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	194	194
		=====	=====
15.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
		£	£
	Shareholders' funds at 1st November 1994	868,891	891,249
	Profit/(Loss) for the period	(214,396)	7,642
	Dividend	(20,000)	(30,000)
	Shareholders' funds at 31st October 1995	634,495	868,891
		=====	=====