

VSO TRADING LIMITED

Report and Financial Statements

31 March 1996



**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**

REPORT AND FINANCIAL STATEMENTS 1996

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REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Barnett
G Bird
C Paxton
J Merchant

SECRETARY

J Merchant

REGISTERED OFFICE

317 Putney Bridge Road
London
SW15 2PN

BANKERS

Midland Bank plc

REGISTERED AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their report and the annual financial statements for the year ended 31 March 1996.

ACTIVITIES

The principal activity of the company is conducting trading for the purpose of raising funds for Voluntary Service Overseas.

REVIEW OF DEVELOPMENTS

The company's profit before tax for the year under review of £18,438 (1995 - £121,461) has been transferred to Voluntary Service Overseas by deed of covenant. The financial position of the company at 31 March 1996 is set out in the balance sheet on page 5. There is no transfer to reserves.

FUTURE PROSPECTS

The directors intend to continue with the present activities of the company.

DIRECTORS

The present membership of the Board is set out on page 1. The directors who served during the year were as follows:

J Stewart (resigned 23 April 1996)
G Barnett
G Bird
J Merchant
C Paxton
A Poffley (resigned 25 August 1995)

J Merchant holds one issued share in the company as nominee for Voluntary Service Overseas. The other directors have no beneficial interests in the share capital of the company.

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

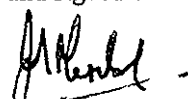
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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. 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.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


Secretary
8 July 1996

VSO TRADING LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 31 March 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

16 August 1996

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1996

	Note	1996 £	1995 £
TURNOVER	2	148,689	251,366
Cost of sales		(90,337)	(105,855)
Gross profit		58,352	145,511
Administrative expenses		(41,932)	(38,902)
OPERATING PROFIT		16,420	106,609
Interest receivable and similar income		2,052	16,480
Interest payable	4	(34)	(1,628)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	18,438	121,461
Deed of Covenant to VSO		(18,438)	(121,461)
Tax on profit on ordinary activities	6	-	-
Profit for the year		-	-
Profit and loss account brought forward		(2)	(2)
Profit and loss account carried forward		(2)	(2)

All items of income and expenditure for the financial year and preceding financial year are derived from continuing operations.

There are no recognised gains or losses or movements in shareholders' funds for the financial year or preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET**31 March 1996**

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible fixed assets	7	27,461	36,615
CURRENT ASSETS			
Trade debtors		9,384	3,041
Amounts owed by Voluntary Service Overseas	8	8,671	7,424
Inland Revenue debtors		2,135	5,748
Accrued income		2,592	-
Cash at bank		140,452	19,562
		163,234	35,775
CREDITORS: amounts falling due within one year			
Other creditors including taxation and social security	9	8,208	70,390
Amounts owed to Voluntary Service Overseas	10	182,487	-
Accruals		-	2,000
		190,695	72,390
NET CURRENT LIABILITIES		(27,461)	(36,615)
NET ASSETS		-	-
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account		(2)	(2)
EQUITY SHAREHOLDERS' FUNDS		-	-

These financial statements were approved by the Board of Directors on 8 July 1996.

Signed on behalf of the Board of Directors



J Merchant

Director

NOTES TO THE ACCOUNTS

Year ended 31 March 1996

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention on the accruals basis.

Tangible fixed assets

The cost of tangible fixed assets is depreciated using the 25% reducing balance method.

2. TURNOVER

Turnover comprises the following, which are included net of value added tax:

	1996 £	1995 £
Sales of Christmas cards and other merchandise	25,314	7,500
Sponsorship income	-	53,633
Raffle income	85,618	89,580
Bike ride	6,712	49,658
Gala	31,045	50,995
	<u>148,689</u>	<u>251,366</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There are no employees. None of the directors received any remuneration during the year (1995 - £nil).

4. INTEREST PAYABLE

	1996 £	1995 £
Bank interest	<u>34</u>	<u>1,628</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996 £	1995 £
Profit on ordinary activities before taxation is after charging:		
Audit fee	<u>2,100</u>	<u>2,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

No liability to corporation tax arises since all profits have been transferred by deed of covenant to Voluntary Service Overseas.

7. TANGIBLE FIXED ASSETS

	Motor vehicles £
Cost	
At 1 April 1995	48,376
Additions	-
	<hr/>
At 31 March 1996	48,376
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Accumulated depreciation	
At 1 April 1995	11,761
Charge for the year	9,154
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At 31 March 1996	20,915
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Net book value	
At 31 March 1996	27,461
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At 31 March 1995	36,615
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8. AMOUNT OWED BY VOLUNTARY SERVICE OVERSEAS

The amount owed by Voluntary Service Overseas includes the balance of the deed of covenant overpaid by VSO Trading Limited before the end of the financial year of £8,671 (1995 - £7,424).

9. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1996 £	1995 £
This heading includes:		
Taxation and social security	4,609	30,365
	<hr/>	<hr/>

10. AMOUNT OWED TO VOLUNTARY SERVICE OVERSEAS

This amount includes a current account which is repayable on demand of £62,487. It also includes a non-interest bearing loan of £120,000 from VSO which is repayable on demand.

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

11. CALLED UP SHARE CAPITAL

	1996	1995
	£	£
Authorised:		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted and fully paid:		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

12. ULTIMATE PARENT COMPANY

In the opinion of the directors, the ultimate and only parent company is Voluntary Service Overseas, a company registered in England and Wales. Copies of the financial statements of Voluntary Service Overseas are available from its registered office at 317 Putney Bridge Road, London SW15 2PN.