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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003
FOR
FARA ENTERPRISES LIMITED**



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Rothman Pantall & Co

FARA ENTERPRISES LIMITED

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for the Year Ended 31 December 2003

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FARA ENTERPRISES LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2003

DIRECTORS: Mrs J Nicholson
M N W Greenwood Esq
M Botibol Esq
Mrs S M Buxton
M W Nicholson Esq

SECRETARY: M Botibol Esq

REGISTERED OFFICE: Burnham House
Archer Mews
6 Windmill Road
Middlesex
TW12 1RH

REGISTERED NUMBER: 2697467 (England and Wales)

AUDITORS: Rothman Pantall & Co
Registered Auditors
Chartered accountants
10 Romsey Road
Eastleigh
Hampshire
SO50 9AL

FARA ENTERPRISES LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2003**

The directors present their report with the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale of donated goods for the purposes of making charitable donations.

DIRECTORS

The directors during the year under review were:

Mrs J Nicholson
M N W Greenwood Esq
G Ormiston
M Botibol Esq
Mrs S M Buxton
M W Nicholson Esq

- resigned 31.1.03

The directors holding office at 31 December 2003 did not hold any beneficial interest in the issued share capital of the company at 1 January 2003 or 31 December 2003.

The two shares of the company are held by Mrs J Nicholson as Trustee of The FARA Foundation.

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

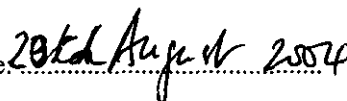
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
On behalf of the board
M Botibol Esq - Secretary

Date: 
.....

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
FARA ENTERPRISES LIMITED**

We have audited the financial statements of Fara Enterprises Limited for the year ended 31 December 2003 on pages four to ten. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

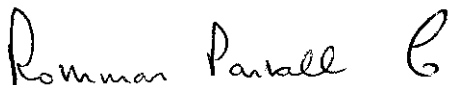
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rothman Pantall & Co
Registered Auditors
Chartered accountants
10 Romsey Road
Eastleigh
Hampshire
SO50 9AL

Date: 26 August 2004

FARA ENTERPRISES LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2003

		2003	2002
	Notes	£	£
TURNOVER		2,046,825	1,863,861
Cost of sales		25,458	-
GROSS PROFIT		2,021,367	1,863,861
Administrative expenses		1,857,363	1,644,819
		164,004	219,042
Other operating income		46,353	39,047
OPERATING PROFIT	2	210,357	258,089
Charitable donation	3	199,020	246,360
		11,337	11,729
Interest receivable and similar income		113	189
		11,450	11,918
Interest payable and similar charges		7,450	6,418
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,000	5,500
Tax on profit on ordinary activities	4	4,000	5,500
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		-	-
Deficit brought forward		(5,900)	(5,900)
DEFICIT CARRIED FORWARD		£(5,900)	£(5,900)

The notes form part of these financial statements

FARA ENTERPRISES LIMITED

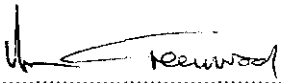
BALANCE SHEET

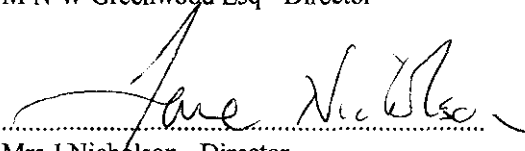
31 December 2003

		2003		2002	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	5		151,578		108,427
CURRENT ASSETS:					
Stocks		13,914		-	
Debtors	6	96,700		63,159	
Cash at bank and in hand		54,629		36,647	
		<u>165,243</u>		<u>99,806</u>	
CREDITORS: Amounts falling due within one year	7	<u>151,117</u>		<u>206,685</u>	
NET CURRENT ASSETS/(LIABILITIES):			<u>14,126</u>		<u>(106,879)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			165,704		1,548
CREDITORS: Amounts falling due after more than one year	8		(165,868)		(4,584)
PROVISIONS FOR LIABILITIES AND CHARGES:	10		<u>(5,734)</u>		<u>(2,862)</u>
			<u>£(5,898)</u>		<u>£(5,898)</u>
CAPITAL AND RESERVES:					
Called up share capital	11		2		2
Profit and loss account			<u>(5,900)</u>		<u>(5,900)</u>
SHAREHOLDERS' FUNDS:			<u>£(5,898)</u>		<u>£(5,898)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:


 M N W Greenwood Esq - Director


 Mrs J Nicholson - Director

Approved by the Board on 20th August 2004

The notes form part of these financial statements

FARA ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2003

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

This represents U.K sales of donated charity goods.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold property	- Over the length of the lease
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2003	2002
	£	£
Depreciation - owned assets	58,640	44,624
Depreciation - assets on finance leases	4,384	4,564
Loss on disposal of fixed assets	125	7
Auditors' remuneration	7,000	7,000
	<u>71,149</u>	<u>56,205</u>
Directors' emoluments and other benefits etc	2,000	2,000
	<u>73,149</u>	<u>58,205</u>

3. EXCEPTIONAL ITEMS

During the year a charitable donation of £199,020 (2002: £246,360) was paid to the parent undertaking, The FARA Foundation.

FARA ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2003**

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2003 £	2002 £
Current tax:		
UK corporation tax	1,278	7,898
CT over/under provision	(150)	-
	<u>1,128</u>	<u>7,898</u>
Total current tax	1,128	7,898
Deferred taxation	<u>2,872</u>	<u>(2,398)</u>
	<u>4,000</u>	<u>5,500</u>
Tax on profit on ordinary activities	<u>4,000</u>	<u>5,500</u>

5. TANGIBLE FIXED ASSETS

	Leasehold property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST:				
At 1 January 2003	44,629	175,170	33,475	253,274
Additions	17,268	93,532	-	110,800
Disposals	(2,001)	(23,315)	(15,220)	(40,536)
	<u>59,896</u>	<u>245,387</u>	<u>18,255</u>	<u>323,538</u>
At 31 December 2003	59,896	245,387	18,255	323,538
DEPRECIATION:				
At 1 January 2003	21,066	99,495	24,286	144,847
Charge for year	9,383	49,077	4,564	63,024
Eliminated on disposals	(2,001)	(23,315)	(10,595)	(35,911)
	<u>28,448</u>	<u>125,257</u>	<u>18,255</u>	<u>171,960</u>
At 31 December 2003	28,448	125,257	18,255	171,960
NET BOOK VALUE:				
At 31 December 2003	<u>31,448</u>	<u>120,130</u>	<u>-</u>	<u>151,578</u>
At 31 December 2002	<u>23,564</u>	<u>75,675</u>	<u>9,188</u>	<u>108,427</u>

FARA ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2003**

5. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under finance leases are as follows:

	Motor vehicles
	£
COST:	
At 1 January 2003	
and 31 December 2003	18,075
DEPRECIATION:	
At 1 January 2003	13,691
Charge for year	4,384
At 31 December 2003	18,075
NET BOOK VALUE:	
At 31 December 2003	-
At 31 December 2002	4,383

6. DEBTORS

	2003 £	2002 £
Amounts falling due within one year:		
V.A.T.	19,037	11,253
Prepayments & accrued income	53,677	34,935
	<u>72,714</u>	<u>46,188</u>
Amounts falling due after more than one year:		
FARA Properties Limited	<u>23,986</u>	<u>16,971</u>
Aggregate amounts	<u>96,700</u>	<u>63,159</u>

**7. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2003 £	2002 £
Bank loans and overdrafts	29,255	26,304
Finance leases	801	4,574
Social security & other taxes	23,025	20,480
Taxation	1,278	9,195
Accrued expenses	96,758	146,132
	<u>151,117</u>	<u>206,685</u>

FARA ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2003**

**8. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2003	2002
	£	£
FARA current account	165,868	3,783
Finance leases	-	801
	<u>165,868</u>	<u>4,584</u>

9. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year:

	2003	2002
	£	£
Expiring:		
Within one year	62,250	52,000
Between one and five years	272,500	195,250
In more than five years	198,250	117,000
	<u>533,000</u>	<u>364,250</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

	2003	2002
	£	£
Deferred tax	<u>5,734</u>	<u>2,862</u>

	Deferred tax
	£
Balance at 1 January 2003	2,862
Deferred taxation	<u>2,872</u>
Balance at 31 December 2003	<u>5,734</u>

Deferred tax provision

	2003	2002
	£	£
Deferred taxation	<u>5,734</u>	<u>2,862</u>
	<u>5,734</u>	<u>2,862</u>

FARA ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2003

11. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	2003	2002
Number:	Class:			
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:		Nominal value:	2003	2002
Number:	Class:			
2	Ordinary	£1	<u>2</u>	<u>2</u>

12. RELATED PARTY DISCLOSURES

During the year consultancy fees in the sum of £47,000 (2002: £51,000) were paid to M N W Greenwood, a director of the company.

Also during the year consultancy fees in the sum of £32,427 (2002: £30,651) were paid to M Botibol, a director of the company.

The company owed the parent undertaking, The FARA Foundation, £165,868 (2002: £3,783) at the balance sheet date. Interest is charged on the loan at a rate of 3% above the bank base rate.

13. CHARITABLE DONATION

The charitable donation of £199,020 (2002: £246,360) is paid to the parent undertaking, The FARA Foundation, under the Gift Aid rules.

14. ULTIMATE CONTROLLING PARTY

The company is under the control of the Trustees of the Charity, The FARA Foundation.