

Company Registration No. 2769849

GENESIS VENTURES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

2462-1996

Registered Office
60 Welbeck Street
London
W1M 8BH



GENESIS VENTURES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

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

Principal Activities and Review of the Business

The principal activity of the company continued to be that of an investment company.

Results and Dividends

The results for the year are set out on page 4.

It is proposed that the retained loss of £ 14,418 is transferred to reserves.

Directors

The following directors have held office since the beginning of the year

J Butterfield	(Appointed 20 August 1997 and resigned 1 June 1998)
F M Forrai	(Appointed 20 August 1997 and resigned 1 June 1998)
D. Rudge	(Appointed 31 October 1996)
S.J. Townsend	(Appointed 31 October 1996 and resigned 20 August 1997)
J.R. Beardsley	(Resigned 31 October 1996)
M.W. Denton	(Resigned 31 October 1996)
A M Taylor	(Appointed 1 June 1998)
L R Taylor	(Appointed 1 June 1998)

The Directors had no interest in the issued share capital of the company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Matthew Edwards & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

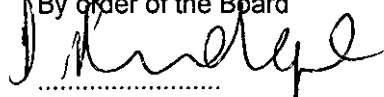
Directors' Responsibilities

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.

By order of the Board



D. Rudge

Date: 12/08/98

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

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GENESIS VENTURES LIMITED

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF GENESIS VENTURES LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below. 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. However, the evidence available to us was limited because we were unable to verify the ownership and valuation of the investment stated at £839,110 as at the balance sheet date. Also we could not confirm that the company is entitled to exemption from Financial Reporting Standard No. 2 by way of Section 248 of the Companies Act 1985 as no audited accounts for the subsidiary were available. There were no other satisfactory audit procedures that we could adopt to confirm these issues.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

GENESIS VENTURES LIMITED

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF GENESIS VENTURES LIMITED**

Qualified Opinion arising from limitation in audit scope

Except for any adjustments or additional disclosures that may have been found to be necessary had we complied with FRS 2 and obtained independent confirmation of the investments, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our audit work relating to the above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

In all other respects, we have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

Matthew Edwards & Co

Matthew Edwards & Co.

Chartered Accountants
Registered Auditor

12/08/98

Clinch's House, Lord Street
Douglas
Isle Of Man
IM99 1RZ

GENESIS VENTURES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996**

	Notes	1996 £	1995 £
Administrative expenses		(12,843)	(9,892)
Operating loss	2	(12,843)	(9,892)
Other interest receivable and similar income	3	-	847
Interest payable and similar charges	4	(1,575)	(20)
Loss on ordinary activities before taxation		(14,418)	(9,065)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	10	(14,418)	(9,065)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

GENESIS VENTURES LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 1996**

	Notes	1996 £	£	1995 £	£
Fixed Assets					
Investments	6		839,110		3,932,741
Current Assets					
Cash at bank and in hand		-		50	
Creditors: amounts falling due within one year	7	<u>(9,112)</u>		<u>(2,586)</u>	
Net Current Liabilities			(9,112)		(2,536)
Total Assets Less Current Liabilities			<u>829,998</u>		<u>3,930,205</u>
Creditors: amounts falling due after more than one year	8		<u>(573,826)</u>		<u>(3,659,615)</u>
			<u>256,172</u>		<u>270,590</u>
Capital and Reserves					
Called up share capital	9		300,000		300,000
Profit and loss account	10		(43,828)		(29,410)
Shareholders' Funds - equity interests	11		<u>256,172</u>		<u>270,590</u>

The financial statements were approved by the Board on 12/08/98



D. Rudge
Director

GENESIS VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

1 Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis. This is considered appropriate as the ultimate beneficial shareholders will continue to provide financial support to the company for the foreseeable future.

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

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Foreign currency translation

The company's accounting records are maintained in Pounds Sterling.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Current assets and liabilities are converted at the rate of exchange ruling at the balance sheet date. Any material gains or losses resulting from the conversion are taken to the profit and loss account.

1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

1.6 Comparatives

The 1995 accounts overstated the cost of investment in subsidiary undertakings. The 1996 amounts are now correct and the 1995 comparatives have been restated.

2 Operating Loss

	1996	1995
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	600	500
	<u> </u>	<u> </u>

3 Other Interest Receivable and Similar Income

	1996	1995
	£	£
Profit on Exchange	-	847
	<u> </u>	<u> </u>

GENESIS VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

4 Interest Payable and Similar Charges	1996	1995
	£	£
On bank loans and overdrafts	-	20
Loss on exchange	1,575	-
	<u>1,575</u>	<u>20</u>

5 Taxation

In view of the tax allowable losses incurred during the year no provision has been made for corporation tax.

6 Fixed Asset Investments

	Shares in subsidiary undertakings	Loans in subsidiary undertakings	Total
	£	£	£
Cost			
At 1 January 1996	839,110	3,093,631	3,932,741
Disposals	-	(3,093,631)	(3,093,631)
	<u>839,110</u>	<u>-</u>	<u>839,110</u>
At 31 December 1996	839,110	-	839,110
	<u>839,110</u>	<u>3,093,631</u>	<u>3,932,741</u>
At 31 December 1995	839,110	3,093,631	3,932,741

The investment represents a holding of 99.9% of the issued share capital of S.C. du Chateau de Berville, a company incorporated in France.

No audited accounts for this company were available at the date of this report.

The loan to the subsidiary has been assigned to the shareholders on 25th March 1996.

7 Creditors: amounts falling due within one year	1996	1995
	£	£
Other creditors	6,069	-
Accruals and deferred income	3,043	2,586
	<u>9,112</u>	<u>2,586</u>

GENESIS VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

8 Creditors: amounts falling due after more than one year	1996	1995
	£	£
Loan from shareholder	573,826	3,659,615
	<u>573,826</u>	<u>3,659,615</u>
Analysis of Loans		
Not wholly repayable within five years other than by instalments:	573,826	3,659,615
	<u>573,826</u>	<u>3,659,615</u>

The shareholders loan is interest free, unsecured and repayable in over one year.

9 Share Capital

The authorised share capital of the Company comprises 300000 ordinary £1 shares of which 300000 have been issued and are fully paid up (1995 - 300000).

10 Statement of Movements on Profit and Loss Account

	Profit and loss account
	£
Balance at 1 January 1996	(29,410)
Retained loss for the year	(14,418)
	<u>(43,828)</u>
Balance at 31 December 1996	<u>(43,828)</u>

11 Reconciliation of Movements in Shareholders' Funds	1996	1995
	£	£
Loss for the financial year	(14,418)	(9,065)
Opening shareholders' funds	270,590	279,655
	<u>270,590</u>	<u>279,655</u>
Closing shareholders' funds	256,172	270,590
	<u>256,172</u>	<u>270,590</u>

12 Contingent liabilities

There were no contingent liabilities as at the balance sheet date.

13 Capital Commitments

There were no major capital commitments as at the balance sheet date.

GENESIS VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

14 Employees

Number of employees

There were no employees during the year apart from the directors

15 Ultimate Controlling Party and Related Party Transactions

The directors are not aware of the ultimate controlling party, transactions related thereto and any other related party transactions.