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REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998
FOR
PETHERICKS & GILLARD LIMITED



Pethericks
& Gillard

Chartered Accountants



PETHERICKS & GILLARD LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 1998**

DIRECTORS: M J Petherick F.C.A.
I D Gillard F.C.A.

SECRETARY: I D Gillard F.C.A.

REGISTERED OFFICE: Stow Cottage,
Park Road,
Paulton,
BRISTOL,
BS39 7NG

REGISTERED NUMBER: 03164392 (England and Wales)

ACCOUNTANTS: Pethericks & Gillard Limited
Chartered Accountants
124 High Street
Midsomer Norton
Bath BA3 2DA

PETHERICKS & GILLARD LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 1998**

The directors present their report with the financial statements of the company for the year ended 31 March 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of audit and accountancy services.

DIRECTORS

The directors during the year under review were:

M J Petherick F.C.A.

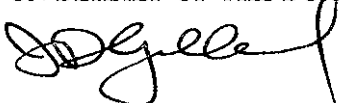
I D Gillard F.C.A.

The beneficial interests of the directors holding office on 31 March 1998 in the issued share capital of the company were as follows:

	31.3.98	1.4.97
Ordinary shares £1 shares		
M J Petherick F.C.A.	10,000	10,000
I D Gillard F.C.A.	10,000	10,000

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:



I D Gillard F.C.A. - DIRECTOR

Dated: 11 May 1998

PETHERICKS & GILLARD LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1998**

		Year Ended 31.3.98	Period 10.4.96 to 31.3.97
	Notes	£	£
TURNOVER	2	264,400	227,613
GROSS PROFIT		264,400	227,613
Administrative expenses		299,197	185,539
OPERATING (LOSS)/PROFIT	3	(34,797)	42,074
Interest payable and similar charges		1,487	12
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(36,284)	42,062
Tax on (loss)/profit on ordinary activities	4	(5,670)	12,495
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(30,614)	29,567
Retained profit brought forward		29,567	-
(DEFICIT)/RETAINED PROFIT CARRIED FORWARD		£(1,047)	£29,567

The notes form part of these financial statements

PETHERICKS & GILLARD LIMITED

BALANCE SHEET
31 MARCH 1998

		1998		1997	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	5		227,500		190,000
Tangible assets	6		24,523		27,856
			<u>252,023</u>		<u>217,856</u>
CURRENT ASSETS:					
Stocks		91,100		93,742	
Debtors	7	87,442		42,135	
Cash at bank		-		3,023	
		<u>178,542</u>		<u>138,900</u>	
CREDITORS: Amounts falling due within one year	8	<u>161,612</u>		<u>57,189</u>	
NET CURRENT ASSETS:			<u>16,930</u>		<u>81,711</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>268,953</u>		<u>299,567</u>
CREDITORS: Amounts falling due after more than one year	9		<u>250,000</u>		<u>250,000</u>
			<u>£18,953</u>		<u>£49,567</u>
CAPITAL AND RESERVES:					
Called up share capital	10		20,000		20,000
Profit and loss account			(1,047)		29,567
Shareholders' funds			<u>£18,953</u>		<u>£49,567</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ending 31 March 1998.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

PETHERICKS & GILLARD LIMITED

BALANCE SHEET
31 MARCH 1998

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.

ON BEHALF OF THE BOARD:



I D Gillard F.C.A. - DIRECTOR



M J Petherick F.C.A. - DIRECTOR

Approved by the Board on 11 May 1998

PETHERICKS & GILLARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

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.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 1996, is being written off evenly over its estimated useful life of twenty years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. TURNOVER

The turnover and loss (1997 - profit) before taxation are attributable to the one principal activity of the company.

3. OPERATING (LOSS)/PROFIT

The operating loss (1997 - operating profit) is stated after charging:

	Year Ended 31.3.98 £	Period 10.4.96 to 31.3.97 £
Depreciation - owned assets	8,175	9,285
Goodwill written off	12,500	10,000
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	-	-
	<u> </u>	<u> </u>

PETHERICKS & GILLARD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

4. TAXATION

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	Year Ended 31.3.98	Period 10.4.96 to 31.3.97
	£	£
UK Corporation Tax	(5,720)	12,495
Underprovision in prior year	50	-
	<u>(5,670)</u>	<u>12,495</u>

UK Corporation Tax has been charged at 21 % (1997 - 24 %).

5. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST:	
At 1 April 1997	200,000
Additions	50,000
	<u>250,000</u>
At 31 March 1998	
	<u>250,000</u>
AMORTISATION:	
At 1 April 1997	10,000
Charge for year	12,500
	<u>22,500</u>
At 31 March 1998	
	<u>22,500</u>
NET BOOK VALUE:	
At 31 March 1998	227,500
	<u>227,500</u>
At 31 March 1997	190,000
	<u>190,000</u>

PETHERICKS & GILLARD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

6. TANGIBLE FIXED ASSETS

	Plant and machinery etc
	£
COST:	
At 1 April 1997	37,142
Additions	4,841
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At 31 March 1998	41,983
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DEPRECIATION:	
At 1 April 1997	9,285
Charge for year	8,175
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At 31 March 1998	17,460
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NET BOOK VALUE:	
At 31 March 1998	24,523
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At 31 March 1997	27,856
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**7. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1998 £	1997 £
Trade debtors	76,195	39,378
Prepayments	5,527	2,757
Corporation tax	5,720	-
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	87,442	42,135
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**8. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1998 £	1997 £
Bank loans and overdrafts	19,123	-
Directors current accounts	65,240	39,168
Management fees	70,000	-
Corporation tax	-	12,495
Social security & other taxes	5,537	4,585
Accrued expenses	1,712	941
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	161,612	57,189
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**9. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1998 £	1997 £
Directors loans	250,000	250,000
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PETHERICKS & GILLARD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

10. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	1998 £	1997 £
100,000	Ordinary shares	£1	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	1998 £	1997 £
20,000	Ordinary shares	£1	<u>20,000</u>	<u>20,000</u>

11. RELATED PARTY DISCLOSURES

The company was under the control of the two directors and shareholders throughout the current and previous year, and management fees totalling £70,000 (1997 £0) were charged to the company, by their service companies.