

FORESTFERN LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

31ST MARCH 1996

REGISTERED NUMBER: 2833370



FORESTFERN LIMITED

INDEX TO THE FINANCIAL STATEMENTS

	Page
Company Information	1
Report of the Directors	2-3
Report of the Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7-13
Trading and Profit and Loss Account	14

FORESTFERN LIMITED

COMPANY INFORMATION

DIRECTORS:

K B Armstrong
M S Armstrong

SECRETARY:

Miss J Tattersall

REGISTERED OFFICE:

Radford Mills
Norton Street
Radford
NOTTINGHAM
NG7 3HL

AUDITORS:

Smith Cooper & Partners
19 Pelham Road
Sherwood Rise
NOTTINGHAM
NG5 1AP

FORESTFERN LIMITED
REPORT OF THE DIRECTORS

The Directors present their report together with the financial statements of the Company for the year ended 31st March 1996.

PRINCIPAL ACTIVITY

The Company's principal activity was that of a public house and oriental kitchen. During the year the principal activity changed to accommodate the renting and leasing of these businesses, together with their associated fixtures, fittings and equipment, to third parties.

REVIEW OF THE BUSINESS

The Company continued trading until 31st May 1995 as an oriental kitchen, and until 14th September 1995 as a public house. On these dates, the Company granted licences to third parties to operate these businesses in their own right.

FIXED ASSETS

Movements in fixed assets during the year are set out in note 8 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The Directors in office during the year and their beneficial interests in the issued share capital were as follows:

<u>Name</u>	<u>Class of Capital</u>	<u>31st March 1996 and 31st March 1995</u>
K B Armstrong	Ordinary £1	19,999
M S Armstrong	Ordinary £1	-

In accordance with the Articles of Association, the Directors are not required to retire by rotation.

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 the affairs of the Company and of the profit or loss of the Company for that year. 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.

FORESTFERN LIMITED
REPORT OF THE DIRECTORS

Continued

DIRECTORS' RESPONSIBILITIES (Continued)

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.

COMPANY STATUS

The Company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, SMITH COOPER & PARTNERS, have expressed their willingness to continue in office, and will be proposed for re-appointment in accordance with Section 385(2) of the Companies Act 1985.

BY ORDER OF THE BOARD:

J. Tattersall

Miss J Tattersall
SECRETARY

Dated: 1st July 1996

REPORT OF THE AUDITORS TO THE MEMBERS OF FORESTFERN LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies on page 7.

Respective responsibilities of Directors and auditors

As described on pages 2 and 3, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

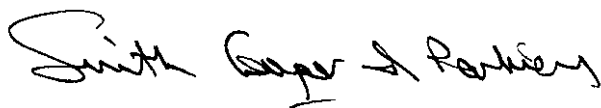
Basis of opinion

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 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 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 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SMITH COOPER & PARTNERS
Chartered Accountants and Registered Auditors
NOTTINGHAM

Dated: 1st July 1996

FORESTFERN LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1996**

		Continuing Operations <u>1996</u>	Discontinued Operations <u>1996</u>	Total <u>1996</u>	<u>1995</u>
	Notes	£	£	£	£
TURNOVER	2	16,642	154,440	171,082	223,650
Cost of sales		-	(64,257)	(64,257)	(120,123)
		<hr/>	<hr/>	<hr/>	<hr/>
GROSS PROFIT		16,642	90,183	106,825	103,527
Administration expenses		(36,151)	(72,473)	(108,624)	(175,495)
Other operating income		9,390	-	9,390	7,483
		<hr/>	<hr/>	<hr/>	<hr/>
OPERATING (LOSS)/PROFIT	4	(10,119)	17,710	7,591	(64,485)
Interest payable and similar charges	6			(13,391)	(3,935)
				<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION				(5,800)	(68,420)
Taxation on loss on ordinary activities	7			-	-
				<hr/>	<hr/>
RETAINED LOSS FOR THE YEAR				(5,800)	(68,420)
RETAINED LOSS BROUGHT FORWARD				(70,588)	(2,168)
				<hr/>	<hr/>
RETAINED LOSS CARRIED FORWARD				(76,388)	(70,588)
				<hr/>	<hr/>

There were no other recognised gains or losses
during the above two financial periods

FORESTFERN LIMITED

BALANCE SHEET AT 31ST MARCH 1996

	Notes	£	<u>1996</u> £	£	<u>1995</u> £
FIXED ASSETS					
Tangible assets	8		330,711		353,653
CURRENT ASSETS					
Stocks	9	-		7,830	
Debtors	10	18,845		5,313	
Cash at bank and in hand		50		2,446	
			<hr/>	<hr/>	
		18,895		15,589	
CREDITORS: Amounts falling due within one year	11	(146,615)		(160,079)	
			<hr/>	<hr/>	
NET CURRENT LIABILITIES			(127,720)		(144,490)
CREDITORS: Amounts falling due after more than one year	12		(259,379)		(259,751)
			<hr/>	<hr/>	
			(56,388)		(50,588)
			<hr/>	<hr/>	
CAPITAL AND RESERVES					
Called up share capital	13		20,000		20,000
Profit and loss account			(76,388)		(70,588)
			<hr/>	<hr/>	
SHAREHOLDERS' FUNDS	14		(56,388)		(50,588)
			<hr/>	<hr/>	

Approved by the Board and signed on its behalf by:

K. B. Armstrong

K B Armstrong
DIRECTOR

Dated: 1st July 1996

FORESTFERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

1 ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on the cost of tangible fixed assets in order to write off such cost after taking account of estimated residual values over the expected useful lives as follows:

Land	- Nil
Buildings	- 2% on cost
Fixtures, fittings, plant and equipment	- 25% on cost
Motor vehicles	- 30% on cost

Stock

Stock is stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for financial statement purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

2 TURNOVER

Turnover of £154,440 represents the net amounts exclusive of Value Added Tax relating to the previous principal activity of the Company. Turnover of £16,642 represents net amounts exclusive of Value Added Tax and is attributable to the present principal activity of the Company. All turnover was conducted entirely within the United Kingdom.

FORESTFERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1996

Continued

3 CONTINUING/DISCONTINUED OPERATIONS

	<u>Continuing</u>	<u>Discontinued</u>	<u>1996 Total</u>	<u>Continuing</u>	<u>Discontinued</u>	<u>1995 Total</u>
	£	£	£	£	£	£
Turnover	16,642	154,440	171,082	-	223,650	223,650
Cost of sales	-	(64,257)	(64,257)	-	(120,123)	(120,123)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	16,642	90,183	106,825	-	103,527	103,527
<u>Net operating expenses</u>						
Administrative costs	(36,151)	(72,473)	(108,624)	-	(175,495)	(175,495)
Other operating income	9,390	-	9,390	7,483	-	7,483
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating (loss)/profit	(10,119)	17,710	7,591	7,483	(71,968)	(64,485)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

4 OPERATING (LOSS)/PROFIT

	<u>1996</u>	<u>1995</u>
	£	£
This is stated after charging:		
Directors' emoluments	-	-
Auditors' remuneration	1,350	1,200
Depreciation of owned assets	27,227	13,420
Loss on sale of fixed assets	35	-
	<hr/>	<hr/>

FORESTFERN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1996**

Continued

5 STAFF COSTS

	<u>1996</u>	<u>1995</u>
	£	£
Wages and salaries	28,374	83,083
Social Security costs	1,090	4,652
	<hr/>	<hr/>
	29,464	87,735
	<hr/>	<hr/>

The average weekly number of employees during the year including Directors was as follows:

	<u>Number</u>	<u>Number</u>
Management	3	4
Administration	6	8
	<hr/>	<hr/>
	9	12
	<hr/>	<hr/>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	£	£
Bank interest	13,391	3,935
	<hr/>	<hr/>

7 TAXATION ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge in the year (1995: £Nil) due to the availability of losses.

There is no potential deferred taxation liability.

FORESTFERN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1996**

Continued

8 TANGIBLE FIXED ASSETS

	<u>Freehold Land and Buildings</u>	<u>Fixtures and Fittings</u>	<u>Motor Vehicle</u>	<u>Total</u>
	£	£	£	£
Cost				
At 1st April 1995	282,451	79,127	5,495	367,073
Additions	-	5,200	-	5,200
Disposals	-	-	(995)	(995)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1996	282,451	84,327	4,500	371,278
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1st April 1995	4,529	8,136	755	13,420
Charge for the year	5,684	20,643	900	27,227
Eliminated on disposal	-	-	(80)	(80)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1996	10,213	28,779	1,575	40,567
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31st March 1996	272,238	55,548	2,925	330,711
	<hr/>	<hr/>	<hr/>	<hr/>
At 1st April 1995	277,922	70,991	4,740	353,653
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of land and buildings at 31st March 1996 comprised :

	£
Freehold	272,238
	<hr/>

The cost of depreciable assets included in land and buildings at 31st March 1996 was £226,450 (1995: £226,450).

FORESTFERN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1996**

Continued

9	STOCKS	<u>1996</u> £	<u>1995</u> £
	Bar stocks	-	7,830
		<u> </u>	<u> </u>
 10	 DEBTORS		
	Amounts due from related undertakings	1,974	-
	Other debtors	16,040	3,581
	Prepayments and accrued income	831	1,732
		<u> </u>	<u> </u>
		18,845	5,313
		<u> </u>	<u> </u>
 11	 CREDITORS: Amounts falling due within one year		
	Trade creditors	4,259	17,359
	Bank overdraft	128,487	116,726
	Accruals and deferred income	13,674	6,488
	Taxation and social security	195	18,388
	Other creditors	-	1,118
		<u> </u>	<u> </u>
		146,615	160,079
		<u> </u>	<u> </u>

The bank overdraft is secured by a fixed and floating charge dated 12th October 1994 over the assets of the Company and by a legal charge over the Company's freehold property.

FORESTFERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

Continued

12 CREDITORS: Amounts falling due after more than one year

	<u>1996</u>	<u>1995</u>
	£	£
Director's loan account	73,284	73,359
Loan	186,095	186,392
	<hr/>	<hr/>
	259,379	259,751
	<hr/>	<hr/>

The loan is from J B Armstrong and Co Limited, is interest free and has no fixed terms for repayment. The loan is secured on the freehold property.

K Armstrong and J B Armstrong & Co Limited have both undertaken to continue to support the Company and not to seek repayment of the loans within the next 24 months. The Director's loan has been subordinated to the claims of other creditors.

13 SHARE CAPITAL

	£	£
Authorised:		
100,000 ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>
Allotted, called up and fully paid:		
20,000 ordinary shares of £1 each	20,000	20,000
	<hr/>	<hr/>

14 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company had no capital commitments at 31st March 1996 (1995: £Nil). The Company has entered into a multilateral guarantee with its bankers in respect of its own borrowings and the borrowings of J B Armstrong & Co Limited and M Leavey & Sons Limited, both related companies. The group facilities amount to £275,000.

FORESTFERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

Continued

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
Opening shareholders' funds at 1st April 1995	(50,588)	(2,166)
Share capital issued during the year	-	19,998
Loss for the year	(5,800)	(68,420)
	<hr/>	<hr/>
Closing shareholders' funds at 31st March 1996	(56,388)	(50,588)
	<hr/>	<hr/>

16 RELATED PARTY TRANSACTIONS

During the year ended 31st March 1996 the Company reduced the loan by £297 from J B Armstrong & Co Limited, a company in which K B Armstrong is a Director and shareholder. The loan is on an arm's length basis. The amount outstanding at the balance sheet date was £186,095 (1995: £186,392).

On 1st June 1995, the Company granted the Thai kitchen franchise to the brother in law of K B Armstrong. During the year, rentals of £7,000 were charged and at the balance sheet date, the balance outstanding was £1,974. The Thai kitchen franchise agreement was on an arm's length basis.

17 CASHFLOW STATEMENT

The financial statements do not include a cashflow statement because the Company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cashflow Statements".