

KENNET & AVON CANAL TRUST (ENTERPRISE) LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

Company Registration Number: 2679756



KENNET & AVON CANAL TRUST (ENTERPRISE) LTD

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FOR THE YEAR ENDED 31ST DECEMBER 1997

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KENNET & AVON CANAL TRUST (ENTERPRISE) LTD

COMPANY DETAILS

FOR THE YEAR ENDED 31ST DECEMBER 1997

| | |
|--------------------|--|
| Registered Office: | Wharf Centre Couch Lane Devizes Wiltshire SN10 1EB |
| Directors: | J. Sankey D.L. Lamb D.J. Saady M.E.D. Davis |
| Secretary: | Miss F. de Rhe-Philipe |
| Auditors: | David Owen & Co 17 Market Place Devizes Wiltshire SN10 1BA |
| Bankers: | Lloyds Bank Plc 38 Market Place Devizes Wiltshire |
| Company Number: | 2679756 |

KENNET & AVON CANAL TRUST (ENTERPRISE) LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 1997

The directors present their report to the members, together with the annual accounts of the company for the year ended 31st December 1997.

PRINCIPAL ACTIVITY

The principal activity of the company, which is unchanged since last year, is the promotion of the Kennet and Avon Canal. This was achieved by the operation of boat trips and the sale of gifts and souvenirs from the Canal shops.

DIRECTORS

The directors of the company and their interests in shares of the company are set out below.

| | Ordinary shares of £1 each | |
|----------------------------------|----------------------------|--------------------|
| | As at | As at |
| | 31st December 1997 | 31st December 1996 |
| J. Sankey | - | - |
| D.L. Lamb | - | - |
| D.J. Saady | - | - |
| Mrs J. Poulton -resigned 17.2.97 | - | - |
| M.E.D. Davis | - | - |

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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 and loss of the company for that period.

In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgments and estimates that are reasonable and prudent;
- (c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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.

DONATIONS

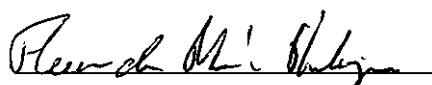
During the year a charitable covenanted donation of £5,885 (1996 £11,038) was made to the holding company, The Kennet & Avon Canal Trust.

AUDITORS

A resolution to re-appoint the auditors will be proposed at the Annual General Meeting.

The directors have taken advantage, in preparation of their report, of the special exemptions applicable to small companies.

Approved by the board of directors on 16th April 1998 and signed on their behalf by:



Miss F. de Rhe-Philippe
SECRETARY

AUDITORS' REPORT TO THE SHAREHOLDERS OF
KENNET & AVON CANAL TRUST (ENTERPRISE) LTD

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 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 judgments 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 affairs of the company as at 31st December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



DAVID OWEN & CO

**CHARTERED ACCOUNTANTS
AND REGISTERED AUDITOR**

17 Market Place
Devizes
Wiltshire
SN10 1BA

16th April 1998

KENNET & AVON CANAL TRUST (ENTERPRISE) LTD

**PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31ST DECEMBER 1997**

| | <u>Notes</u> | £ | <u>1997</u> £ | £ | <u>1996</u> £ |
|--|--------------|---------|------------------|---------|------------------|
| TURNOVER | | | 188,859 | | 145,363 |
| COST OF SALES | | | 96,682 | | 72,730 |
| GROSS PROFIT | | | 92,177 | | 72,633 |
| ADMINISTRATION COSTS | | | 87,397 | | 66,797 |
| Other operating income | | | 4,780 344 | | 5,836 85 |
| OPERATING PROFIT | 2 | | 5,124 | | 5,921 |
| Interest receivable | | 803 | | 430 | |
| Interest payable | | (2,875) | | (2,748) | |
| | | | (2,072) | | (2,318) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 3,052 | | 3,603 |
| Tax on profit on ordinary activities | 3 | | 2,343 | | 1,171 |
| PROFIT FOR THE FINANCIAL YEAR on ordinary activities after taxation | | | | | |
| transferred to reserves | 10 | | 709 | | 2,432 |

In each of the years ended 31st December 1997 and 31st December 1996 the only gain recognised by the company was the profit for the year, all activities undertaken by the company were continuing activities, and the reported profit was found under the historical cost convention.

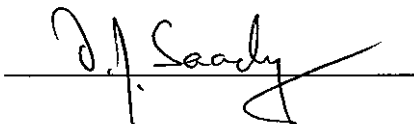
The notes on pages 6 to 9 form an integral part of these accounts.

KENNET & AVON CANAL TRUST (ENTERPRISE) LTD
BALANCE SHEET
AS AT 31ST DECEMBER 1997

| | <u>Notes</u> | £ | <u>1997</u> £ | £ | <u>1996</u> £ |
|---|--------------|-----------------|------------------|----------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 4 | | 17,593 | | 17,116 |
| CURRENT ASSETS | | | | | |
| Stocks | | 28,825 | | 21,035 | |
| Debtors | 5 | 13,089 | | 5,318 | |
| Cash at bank and in hand | | 33,407 | | 40,299 | |
| | | <u>75,321</u> | | <u>66,652</u> | |
| CREDITORS - amounts falling due within one year | 6 | <u>(15,442)</u> | | <u>(8,824)</u> | |
| NET CURRENT ASSETS | | | <u>59,879</u> | | <u>57,828</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>77,472</u> | | <u>74,944</u> |
| CREDITORS - amounts falling due after more than one year | 7 | | (45,000) | | (45,000) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 8 | | <u>(1,819)</u> | | <u>-</u> |
| | | | <u>30,653</u> | | <u>29,944</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 9 | | 1,000 | | 1,000 |
| Profit and loss account | | | <u>29,653</u> | | <u>28,944</u> |
| SHAREHOLDERS' FUNDS | 11 | | <u>30,653</u> | | <u>29,944</u> |

The directors have taken advantage, in the preparation of the accounts, of the special exemptions applicable to small companies under Schedule 8 Part 1 of the Companies Act 1985. In the opinion of the directors the company qualifies as a small company and is entitled to make use of the special exemptions.

Approved by the board of directors on 16th April 1998 and signed on their behalf by:

 D.J. Saady (Director)

The notes on pages 6 to 9 form an integral part of these accounts.

KENNET & AVON CANAL TRUST (ENTERPRISE) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

a. Cash Flow Statement

The company qualifies as a small company under the Companies Act 1985. The directors have elected to take advantage of the exemption under Financial Reporting Standard 1 not to prepare a cash flow statement.

b. Turnover

Turnover represents the amounts derived from the provision of goods and services during the period, after the deduction of Value Added Tax.

c. Depreciation of tangible assets

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

A full period's depreciation being charged on items purchased during the period.

| | |
|--------------------|---------------------------------------|
| Boats: | 15% per annum on written down balance |
| Equipment: | 15% per annum on written down balance |
| Computer equipment | 20% straight line |

d. Stocks

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

e. Deferred taxation

Provision is made by the liability method for all timing differences which are expected to be reversed in the foreseeable future.

f. Leased assets

Fixed assets acquired under finance leases are included in the balance sheet at cost, appropriate provision being made for depreciation. The present value of the future rentals is shown as a liability. Interest payable in each period is charged to profit and loss account in proportion to the amount outstanding under the lease. Operating lease rentals are charged to profit and loss as incurred.

2. OPERATING PROFIT

This is stated after charging (crediting):

| | <u>1997</u> £ | <u>1996</u> £ |
|------------------------|-------------------|-------------------|
| Auditors' remuneration | 1,620 | 1,510 |
| Depreciation | 3,330 | 4,122 |
| | <u> </u> | <u> </u> |

KENNET & AVON CANAL TRUST (ENTERPRISE) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1997

| 3. TAX ON PROFIT ON ORDINARY ACTIVITIES | <u>1997</u> | <u>1996</u> |
|--|--------------|--------------|
| | £ | £ |
| Corporation tax at 24%/21% | 548 | 1,171 |
| Deferred taxation | 1,819 | - |
| | <u>2,367</u> | <u>1,171</u> |
| Taxation (over)/underprovided in previous years: | | |
| Corporation tax | (24) | - |
| | <u>2,343</u> | <u>1,171</u> |

4. TANGIBLE FIXED ASSETS

| | <u>Boats</u> | <u>Equipment</u> | <u>Total</u> |
|-----------------------|---------------|------------------|---------------|
| | £ | £ | £ |
| Cost: | | | |
| At 1st January 1997 | 29,900 | 5,049 | 34,949 |
| Additions | - | 3,807 | 3,807 |
| Disposals | - | (197) | (197) |
| | <u>29,900</u> | <u>8,659</u> | <u>38,559</u> |
| At 31st December 1997 | 29,900 | 8,659 | 38,559 |
| Depreciation: | | | |
| At 1st January 1997 | 15,455 | 2,378 | 17,833 |
| Charge for period | 2,168 | 1,162 | 3,330 |
| Disposals | - | (197) | (197) |
| | <u>17,623</u> | <u>3,343</u> | <u>20,966</u> |
| At 31st December 1997 | 17,623 | 3,343 | 20,966 |
| Net book value at | | | |
| 31st December 1997 | <u>12,277</u> | <u>5,316</u> | <u>17,593</u> |
| 31st December 1996 | <u>14,445</u> | <u>2,671</u> | <u>17,116</u> |

In the opinion of the directors the net book value of the assets represents the open market value.

KENNET & AVON CANAL TRUST (ENTERPRISE) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1997

| 5. DEBTORS | <u>1997</u> £ | <u>1996</u> £ |
|---------------------------------|------------------|------------------|
| Trade debtors | - | 4 |
| Amounts owed by group companies | 9,497 | 857 |
| Other debtors | 3,592 | 4,457 |
| | <u>13,089</u> | <u>5,318</u> |

| 6. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR | <u>1997</u> £ | <u>1996</u> £ |
|---|------------------|------------------|
| Trade creditors | 2,774 | - |
| Corporation tax | 548 | 1,171 |
| Other creditors | 12,120 | 7,653 |
| | <u>15,442</u> | <u>8,824</u> |

| 7. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | <u>1997</u> £ | <u>1996</u> £ |
|--|------------------|------------------|
| Loan from group company | 45,000 | 45,000 |

8. DEFERRED TAXATION

Analysis of provision made and amount unprovided:

| | <u>1997</u> | | <u>1996</u> | |
|--------------------------------|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| | <u>Provision made</u> £ | <u>Amount unprovided</u> £ | <u>Provision made</u> £ | <u>Amount unprovided</u> £ |
| Accelerated capital allowances | <u>1,819</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Movements on the provision for deferred taxation are:-

| | £ |
|-----------------------|--------------|
| At 1st January 1997 | - |
| Charge for the year | (1,819) |
| At 31st December 1997 | <u>1,819</u> |

KENNET & AVON CANAL TRUST (ENTERPRISE) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1997

9. CALLED UP SHARE CAPITAL

| | <u>1997</u> £ | <u>1996</u> £ |
|---|------------------|------------------|
| <u>Authorised</u> | | |
| 1000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| <u>Allotted, called up</u> <u>and fully paid</u> | | |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

10. RESERVES

| | |
|------------------------------|------------------------------------|
| | Profit and loss account £ |
| At 1st January 1997 | 28,944 |
| Retained profit for the year | 709 |
| At 31st December 1997 | <u>29,653</u> |

11. SHAREHOLDERS FUNDS

A separate movement of shareholders funds statement is not provided as there are no changes for the current or previous year other than the retained profit in the profit and loss account.

12. ULTIMATE HOLDING COMPANY

The company regards Kennet & Avon Canal Trust, incorporated in England, as its ultimate holding company.

KENNET & AVON CANAL TRUST (ENTERPRISE) LTD
DETAILED TRADING PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1997

| | £ | 1997 £ | £ | 1996 £ |
|--|----------|-----------|----------|-----------|
| SALES | | | | |
| Sale of Goods | | 106,891 | | 77,457 |
| Catering | | 36,221 | | 27,035 |
| Boat fares and hire | | 39,354 | | 35,786 |
| Rents and moorings | | 3,587 | | 2,857 |
| Wharf services | | 2,806 | | 2,228 |
| | | <hr/> | | <hr/> |
| | | 188,859 | | 145,363 |
| COST OF SALES | | | | |
| Opening stock | 21,035 | | 23,623 | |
| Purchases of retail goods | 87,296 | | 57,240 | |
| Catering costs | 17,176 | | 12,902 | |
| | <hr/> | | <hr/> | |
| | 125,507 | | 93,765 | |
| Less: Closing stock | (28,825) | | (21,035) | |
| | <hr/> | (96,682) | <hr/> | (72,730) |
| GROSS PROFIT | | <hr/> | | <hr/> |
| | | 92,177 | | 72,633 |
| OTHER INCOME | | | | |
| Bank interest | 803 | | 430 | |
| Sundry income | 344 | | 85 | |
| | <hr/> | 1,147 | <hr/> | 515 |
| | | <hr/> | | <hr/> |
| | | 93,324 | | 73,148 |
| ADMINISTRATIVE EXPENSES | | | | |
| Wages and salaries | 38,835 | | 20,832 | |
| Covenanted donation to group company | 5,885 | | 11,038 | |
| Rent and rates | 1,483 | | (221) | |
| Insurances | 2,296 | | 2,200 | |
| Electricity and heating | 2,100 | | 1,618 | |
| Property maintenance | 5,651 | | 2,887 | |
| Office equipment repairs and maintenance | 756 | | 125 | |
| Computer software | 1,211 | | - | |
| Stationery and printing | 3,153 | | 2,630 | |
| Postage and telephone | 3,452 | | 2,528 | |
| Advertising | 1,288 | | 964 | |
| Boat fuel | 742 | | 803 | |
| Boat maintenance | 4,939 | | 6,994 | |
| Boat and crew licences | 6,261 | | 7,022 | |
| Travelling expenses | 830 | | 464 | |
| Audit and accountancy | 1,620 | | 1,510 | |
| Legal and professional fees | 1,505 | | - | |
| Bank charges | 541 | | 366 | |
| Sundry expenses | 1,519 | | 915 | |
| Interest payable to group company | 2,875 | | 2,748 | |
| Depreciation: | | | | |
| Boats | 2,168 | | 3,113 | |
| Equipment | 1,162 | | 1,009 | |
| | <hr/> | | <hr/> | |
| TOTAL OVERHEAD EXPENSES | | 90,272 | | 69,545 |
| | | <hr/> | | <hr/> |
| NET PROFIT FOR THE PERIOD | | 3,052 | | 3,603 |
| | | <hr/> | | <hr/> |