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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996
FOR
HIGH LARCHES LIMITED**



INDEX TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 1996

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6
Trading and Profit and Loss Account	11

HIGH LARCHES LIMITED

COMPANY INFORMATION
For The Year Ended 31 March 1996

DIRECTORS:

P Rouse
Mrs C E Krafft
R C Krafft
S Rouse

SECRETARY:

Mrs C E Krafft

REGISTERED OFFICE:

High Larches Farm
Shire Lane
Farnborough
Kent
BR6 7HH

REGISTERED NUMBER:

996839 (England and Wales)

AUDITORS:

James & Cowper
Registered Auditor and
Chartered Accountants
Phoenix House
Bartholomew Street
Newbury
Berkshire

HIGH LARCHES LIMITED

REPORT OF THE DIRECTORS For The Year Ended 31 March 1996

The directors present their report with the financial statements of the company for the year ended 31 March 1996.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of Boarding Kennels and the letting of Furnished Property.

DIRECTORS

The directors during the year under review were:

P Rouse	
Mrs M Ward	- resigned 30.9.95
Mrs C E Krafft	
L Ward	- resigned 30.9.95
R C Krafft	
S Rouse	

The beneficial interests of the directors holding office on 31 March 1996 in the issued share capital of the company were as follows:

	31.3.96	1.4.95
Ordinary £1 shares		
P Rouse	10	10
Mrs C E Krafft	5	5
R C Krafft	3	3
S Rouse	-	-

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 judgments 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.

AUDITORS

The auditors, James & Cowper, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

In preparing this report, the directors have taken advantage of special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

ON BEHALF OF THE BOARD:

..... 
Mrs C E Krafft - SECRETARY

Dated: 20.10.96

HIGH LARCHES LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF HIGH LARCHES LIMITED

We have audited the financial statements on pages four to ten which have been prepared under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors

As described on page two 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 the company's affairs as at 31 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

James & Cowper
Registered Auditor and
Chartered Accountants
Phoenix House
Bartholomew Street
Newbury
Berkshire



Dated: 21 October 1996

HIGH LARCHES LIMITED

PROFIT AND LOSS ACCOUNT For The Year Ended 31 March 1996

		31.3.96	31.3.95
	Notes	£	£
TURNOVER	2	199,342	177,219
Cost of sales		76,341	66,782
GROSS PROFIT		123,001	110,437
Administrative expenses		130,671	102,638
OPERATING (LOSS)/PROFIT	3	(7,670)	7,799
Interest payable and similar charges		1,324	4
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,994)	7,795
Tax on (loss)/profit on ordinary activities		(148)	1,970
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(8,846)	5,825
Retained profit brought forward		41,638	35,813
RETAINED PROFIT CARRIED FORWARD		£32,792	£41,638

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

HIGH LARCHES LIMITED

BALANCE SHEET 31 March 1996

		31.3.96		31.3.95	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	4		17,775		-
Tangible assets	5		27,443		33,479
			<u>45,218</u>		<u>33,479</u>
CURRENT ASSETS:					
Debtors	6	8,501		5,509	
Cash at bank and in hand		10,077		13,664	
		<u>18,578</u>		<u>19,173</u>	
CREDITORS: Amounts falling due within one year	7	22,262		10,914	
		<u></u>		<u></u>	
NET CURRENT (LIABILITIES)/ASSETS:			(3,684)		8,259
TOTAL ASSETS LESS CURRENT LIABILITIES:			41,534		41,738
CREDITORS: Amounts falling due after more than one year	8		8,642		-
			<u>£32,892</u>		<u>£41,738</u>
CAPITAL AND RESERVES:					
Called up share capital	12		100		100
Profit and loss account			32,792		41,638
			<u>£32,892</u>		<u>£41,738</u>
Shareholders' funds	14		<u>£32,892</u>		<u>£41,738</u>

In preparing these financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

.....
- DIRECTOR

Approved by the Board on 20-10-96

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 1996

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

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

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 1995, is being written off evenly over its estimated useful life of ten years.

Tangible fixed assets

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

Leasehold property	- over period of lease
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

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.

Hire purchase and leasing commitments

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

2. TURNOVER

The turnover and loss (1995 - profit) before taxation are attributable to the principal activities of the company.

3. OPERATING (LOSS)/PROFIT

The operating loss (1995 - operating profit) is stated after charging/(crediting):

	31.3.96	31.3.95
	£	£
Depreciation - owned assets	8,904	8,279
Profit on disposal of fixed assets	(618)	-
Goodwill written off	1,975	-
Auditors' remuneration	3,506	3,312
	<u> </u>	<u> </u>
Directors' emoluments	44,320	42,932
Compensation to directors for loss of office	20,000	-
	<u> </u>	<u> </u>

HIGH LARCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 1996

4. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST:	
Additions	19,750
At 31 March 1996	19,750
AMORTISATION:	
Charge for year	1,975
At 31 March 1996	1,975
NET BOOK VALUE:	
At 31 March 1996	17,775

5. TANGIBLE FIXED ASSETS

	Leasehold property	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
COST:					
At 1 April 1995	50,889	8,540	2,574	1,750	63,753
Additions	-	-	-	3,000	3,000
Disposals	-	-	-	(1,750)	(1,750)
At 31 March 1996	50,889	8,540	2,574	3,000	65,003
DEPRECIATION:					
At 1 April 1995	19,875	6,392	2,389	1,618	30,274
Charge for year	7,822	304	28	750	8,904
Eliminated on disposals	-	-	-	(1,618)	(1,618)
At 31 March 1996	27,697	6,696	2,417	750	37,560
NET BOOK VALUE:					
At 31 March 1996	23,192	1,844	157	2,250	27,443
At 31 March 1995	31,014	2,148	185	132	33,479

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.96	31.3.95
	£	£
Other debtors	4,046	3,295
Prepayments & accrued income	4,455	2,214
	8,501	5,509

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 1996

7. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	31.3.96 £	31.3.95 £
Bank loans and overdrafts (see note 9)	12,583	-
Trade creditors	862	-
Social security & other taxes	4,908	4,200
Taxation	-	1,969
Accrued expenses	3,909	4,745
	<u>22,262</u>	<u>10,914</u>

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

	31.3.96 £	31.3.95 £
Bank loans (see note 9)	<u>8,642</u>	<u>-</u>

9. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.3.96 £	31.3.95 £
Amounts falling due within one year or on demand:		
Bank loans	<u>12,583</u>	<u>-</u>
Amounts falling due between one and two years:		
Bank loans	<u>8,642</u>	<u>-</u>

HIGH LARCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 1996

10. OBLIGATIONS UNDER LEASING AGREEMENTS

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

	31.3.96	Land and buildings operating leases	31.3.95
	£		£
Expiring:			
Between one and five years	2,050		-
In more than five years	-		2,050
	<u>2,050</u>		<u>2,050</u>

11. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.96	31.3.95
	£	£
Bank loans	<u>21,225</u>	<u>-</u>

The bank loans have been secured on:

- i) First legal charge over 57-59 Old Dover Road, Canterbury - a leasehold property.
- ii) First legal charge over a life assurance policy taken out by the company on behalf of Mr R Krafft - limited to £35000.

12. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.96	31.3.95
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

HIGH LARCHES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 1996

13. TRANSACTIONS WITH DIRECTORS

During the year the Company entered into the following arrangements in which the Directors and other connected persons had an interest.

- i) The Company rented the following properties at a total nominal annual rental of £2050 from High Larches Discretionary Trust:

Flats 1-5, 57 Old Dover Road
Flats 1-5, 59 Old Dover Road
Flats 1-9, 12 Tankerton Road
High Larches Farm, Shire Lane, Farnborough

- ii) Subletting part of High Larches Farm to director Mrs C E Krafft for an annual rental of £1000.

- iii) Subletting part of High Larches Farm to director Mrs M Ward (retired - 30.09.95) trading as Tubbendon Dogs, for rental of £583. Tubbendon Dogs was acquired by High Larches Ltd on 31.10.95.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.96	31.3.95
	£	£
(Loss)/Profit for the financial year	(8,846)	5,825
NET (REDUCTION)/ADDITION TO SHAREHOLDERS' FUNDS	(8,846)	5,825
Opening shareholders' funds	41,738	35,913
CLOSING SHAREHOLDERS' FUNDS	32,892	41,738
Equity interests	32,892	41,738