

Company
2000

ANGLO-WELSH GROUP PLC
COMPANY NUMBER 2929801
REPORT AND GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 1999



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ANGLO-WELSH GROUP PLC

COMPANY NUMBER 2929801

REPORT AND FINANCIAL STATEMENTS

31 OCTOBER 1999

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ANGLO-WELSH GROUP PLC

DIRECTORS AND ADVISORS

DIRECTORS

D L COURT OBE (NON-EXECUTIVE CHAIRMAN)
W M FURNISS
D A DAYNES
D S McCALL CBE (NON-EXECUTIVE)
S G THOMSON (NON-EXECUTIVE)
D J MEDLOCK (NON-EXECUTIVE)

SECRETARY

P D FOWLER

REGISTERED OFFICE

5 PRITCHARD STREET
BRISTOL
BS2 8RH

AUDITORS

ROBSON TAYLOR
CHARTER HOUSE
THE SQUARE
LOWER BRISTOL ROAD
BATH
BA2 3BH

SOLICITORS

LAYTONS
ST BARTHOLOMEWS
LEWINS MEAD
BRISTOL
BS1 2NH

STOCKBROKERS

ROWAN DARTINGTON & CO. LIMITED
THE COLSTON TOWER
BRISTOL
BS1 4RD

CHAIRMAN'S STATEMENT

I am pleased to present the Group's results for the year ended 31 October 1999.

These results reflect the extremely difficult trading circumstances faced by much of the domestic holiday industry during the year.

The reduced level of bookings reported in my Interim Statement was only marginally recovered, despite increased marketing activity. This resulted in decreased turnover for the core business of providing narrow boat holidays on the canals of England and Wales, with a consequent adverse effect upon profitability.

The modest increase in Group turnover for the year, from £3.05m to £3.06m includes the first five months turnover of £145,000 from Time Afloat Limited, our developing timeshare division, and external boat sales of £232,000 from Falcon Boats, our boatbuilding operation. These gains were offset by lower sales from holidays and Falcon Agricultural sales.

Our 2000 brochure shows that we ceased operating from bases at North Kilworth and New Mills. Continuing operational problems on the Cheshire Ring seriously affected bookings from New Mills to the extent that we no longer operate from that bases although we will continue to turn round our popular one-way holidays from there.

The year was not without good news, however, and I am very encouraged to report that the start up phase of Time Afloat Limited has now been successfully completed. Sales of Water Time Club membership are expected to increase this year which will reinforce the Group's strategy in developing complementary activities to build long term income streams which will make the Group less dependent upon the seasonality of the holiday boat trade.

Our boat building division too became further established during the year and turned out 12 first class steel craft for both our hire fleet and the Water Time Club, as well as a number of boats for the private market. These included a 70 feet long, wide beam, restaurant boat supplied to a private buyer in Dublin.

Our pub at Norbury, the Junction Inn, continued to make a useful contribution.

The introduction of our new top of the range Gold Class fleet of holiday narrow boats has provided very popular. Further boats of this Class are scheduled to join the fleet in the current season.

A further success during the year was the granting of planning permission to develop seven acres of land at Great Haywood, which were acquired with the Falcon Engineering purchase in 1998. Plans for developing this strategically important site for waterside leisure purposes are currently in hand.

Current Prospects

Having carefully reviewed our pricing strategy, and with a re-designed brochure, I am very pleased to report that the advance holiday bookings for the 2000 season are substantially ahead of the comparable period last year, and marginally ahead of 1998, which was a successful year. This has given us confidence that the Group will return to trading profitability in 2000.

Additionally, the continued performance of Time Afloat Limited, is particularly pleasing and as I reported in my Interim Statement, we are confident of seeing a positive contribution from the timeshare operation in the current year.

Performance prospects of both the hire fleet and timeshare operation have been enhanced by the recent appointment of a specialist manager to take charge of all the Group's marketing activities.

Plans are at an advantage stage to dispose of some under-performing non-core activities, and overhead costs are constantly under close review.

CHAIRMAN'S STATEMENT (CONTINUED)

The Group is determined to be at the forefront of electronic information and marketing, and our web site, already successful, is being upgraded.

It would be remiss of me to close this report without recording the thanks of the Board of Directors to our staff, at all levels throughout the Group, for their support and loyalty during a particularly difficult year.

David Court
Chairman, Anglo-Welsh Group Plc

17 March 2000

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report, together with the financial statements of the group for the year ended 31 October 1999.

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 group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

1. Select suitable accounting policies and then apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The group's principal activity during the year continued to be the provision of canal boat holidays in the United Kingdom. During the period the company created a subsidiary Time Afloat Limited to accommodate the newly formed timeshare operation. The Chairman's statement provided details on the performance for the year and the future prospects of the group and should be read as part of this report.

RESULTS AND APPROPRIATIONS

The group's profit for the year after taxation was £19,816.

The directors recommend a final dividend of 0.25p per share payable on 21 July 2000 in addition to an interim dividend of 0.25p per share already paid. The balance of profit of £4,109 will be transferred to reserves.

FIXED ASSETS

The movements in fixed assets during the period is set out in notes 9 and 10 to the financial statements.

PAYMENT POLICY

The group's payment policy is to pay its suppliers by the due date specific to each transaction. At 31 October 1999 the group's trade creditors were expressed as days were 67 days. This is by virtue of some favourable winter payment terms agreed with suppliers.

CORPORATE GOVERNANCE

The Stock Exchange requires, as a continuing obligation of listing, that your company complies throughout the accounting period with the provisions set out in Section 1 of the Combined Code of Best Practice or that it identifies those provisions with which it has not complied and gives its reasons for such non-compliance.

The board currently consists of two executive directors, and four non-executive directors, who are independent of the management of the company.

REPORT OF THE DIRECTORS (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

The board considers that, while the Code may be appropriate for larger companies, much of what it contains is not appropriate for a company of our size and nature. Your board has sought to follow the spirit of the code and complies with all requirements currently in force except the following:

- there is no formal schedule of matters specifically reserved for decision by the board;
- there has been no formal audit committee, although the board works closely together with the auditors on all key financial issues. Following the recent board appointments, it is the intention of the board to set up an audit committee during the current financial year;
- there is no nominations committee as the board is small. The board as a whole discusses appointments of directors;
- there is no formal procedure for board members to take independent professional advice, although informally all the members of the board have access to such advisers;
- there is no formal structure of external training for board members, although the directors have relevant knowledge and experience for their roles.

Your board acknowledge their responsibility for the company's and group's system of internal financial control. Although any system of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss, the group's system is designed to provide the directors with reasonable assurance that matters are identified on a timely basis and dealt with appropriately.

The key procedures that have been established are:

- established authorisation procedures for capital investment and revenue expenditure;
- key functions such as taxation, treasury, insurance risk management and legal matters controlled centrally with direct board involvement;
- insurance risk is regularly reviewed;
- regular reporting of key financial information to the board for review and comment.

The directors have reviewed the effectiveness of the system of financial control and consider that it remains appropriate for the company and group as it develops.

The directors have restricted their review of internal controls to financial controls until the draft guidance on the scope, extent, nature and review of the internal controls recently issued by the ICAEW is finalised.

GOING CONCERN

The directors confirm that, after making enquires, they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

THE REMUNERATION COMMITTEE

Throughout the year the Remuneration Committee consisted of DL Court and DS McCall, both independent non-executive directors.

REMUNERATION POLICY

The Company's executive remuneration policy is to pay individual directors a salary or fee at market levels for comparable jobs, recognising the size of the company and the business sector in which it operates.

The company has complied fully during the period under review with the remuneration principles incorporated in the Combined Code.

INTRODUCTION OF THE EURO

The directors do not consider that the group's affairs will be significantly affected by the introduction of the Euro.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS AND DIRECTORS' INTERESTS

The directors, all of whom have been directors for the whole of the year, and their beneficial interests in the share capital of the company during the year were:-

	Ordinary shares 1999 10p Shares	Ordinary shares 1998 10p shares
W M Furniss	444,050	461,200
D A Daynes	411,000	425,000
D S McCall	11,500	11,500
D L Court (Chairman)	6,000	3,000

Mr D S McCall retires by rotation, and is not seeking re-election to the board.

Since the year end S G Thomson and D J Medlock have been appointed directors to the company.

D J Medlock is deemed to be interested in 308,500 ordinary shares of the company.

SUBSTANTIAL SHAREHOLDINGS

At the date of this report, the directors have been notified of the following interests of 3% or more in the issued ordinary share capital of the company:

	%
Productive Nominees Limited (on behalf of a number of beneficiaries including D J Medlock)	22.1
AEGON UK plc	3.1

AUDITORS

The auditors, Robson Taylor, have indicated their willingness to continue in office, and a resolution for their reappointment will be submitted to the Annual General Meeting.

POST BALANCE SHEET EVENTS

On 27 March 2000 the group exchanged contracts for the disposal of the trade and assets of the Falcon Agricultural business. Completion of this contract is expected in early May 2000.

By Order of the Board



P D FOWLER
Secretary

5 Pritchard Street
Bristol

2 MAY 2000

REPORT OF THE AUDITORS

TO THE MEMBERS

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention, apart from the inclusion of certain fixed asset investments at valuation, and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 1 the group'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 statements and to report our opinion to you. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the statements on pages 1 and 2 reflects the group's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the group's corporate governance procedures or its internal controls.

We read other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

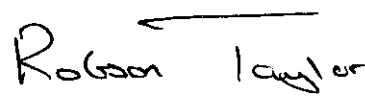
Basis of opinion

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 made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 mis-statement, 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 and of the group's affairs at 31 October 1999 and of the group's profit and cashflows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Registered Auditors
Bath, 2 May 2000

ANGLO-WELSH GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

PERIOD ENDED 31 OCTOBER 1999

	Note	12 Months 1999 £	10 Months 1998 £
TURNOVER FROM CONTINUING OPERATIONS	2	3,063,722	3,051,552
Cost of sales		<u>(1,591,704)</u>	<u>(1,574,101)</u>
GROSS PROFIT		1,472,018	1,477,451
Operating expenses		<u>(1,345,405)</u>	<u>(1,017,923)</u>
OPERATING PROFIT FROM CONTINUING OPERATIONS	2	126,613	459,528
Interest payable net of interest receivable	3	<u>(130,857)</u>	<u>(54,767)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(4,244)	404,761
Taxation	6	<u>24,060</u>	<u>(17,050)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		19,816	387,711
Dividends	7	<u>(15,707)</u>	<u>(92,745)</u>
RETAINED PROFIT FOR THE FINANCIAL PERIOD	20	<u>4,109</u>	<u>294,966</u>
BASIC EARNINGS PER SHARE (IN PENCE)	8	<u>0.6</u>	<u>12.5</u>

In the periods ended 31 October 1999 and 31 October 1998 the only gain or loss recognised by the group was the result for the period.
The reported profit was found under the historical cost convention.
The notes on pages 8 to 18 form part of these financial statements.

ANGLO-WELSH GROUP PLC

BALANCE SHEETS

31 OCTOBER 1999

	Note	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
FIXED ASSETS					
Tangible assets	9	4,695,508	4,220,345	4,695,508	4,220,345
Investments	10	<u>15,686</u>	<u>15,686</u>	<u>1,615,454</u>	<u>1,615,452</u>
		<u>4,711,194</u>	<u>4,236,031</u>	<u>6,310,962</u>	<u>5,835,797</u>
CURRENT ASSETS					
Stocks	11	742,098	625,412	689,098	625,412
Debtors: amounts falling due within one year	12	401,656	317,074	441,651	379,617
Investments	13	-	8,320	-	8,320
Cash at bank and in hand		<u>12,073</u>	<u>12,208</u>	<u>12,073</u>	<u>12,208</u>
		1,115,827	963,014	1,142,822	1,025,557
CREDITORS: amounts falling due within one year	14	<u>(1,930,712)</u>	<u>(1,474,415)</u>	<u>(2,548,420)</u>	<u>(2,826,102)</u>
NET CURRENT LIABILITIES		<u>(774,885)</u>	<u>(511,401)</u>	<u>(1,405,598)</u>	<u>(1,800,545)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,936,309	3,724,630	4,905,364	4,035,252
CREDITORS: amounts falling due after more than one year	15	(816,984)	(604,414)	(816,984)	(604,414)
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(29,550)</u>	<u>(34,550)</u>	<u>(29,550)</u>	<u>(34,550)</u>
NET ASSETS		<u>3,089,775</u>	<u>3,085,666</u>	<u>4,058,830</u>	<u>3,396,288</u>
CAPITAL AND RESERVES					
Called up share capital	19	309,145	309,145	309,145	309,145
Share premium	20	1,784,377	1,784,377	1,784,377	1,784,377
Capital redemption reserve	20	164,667	164,667	164,667	164,667
Profit and loss account	20	199,286	195,177	1,800,641	1,138,099
Capital reserve	20	<u>632,300</u>	<u>632,300</u>	-	-
EQUITY SHAREHOLDERS' FUNDS	21	<u>3,089,775</u>	<u>3,085,666</u>	<u>4,058,830</u>	<u>3,396,288</u>

The financial statements were approved by the board on 2 MAY 2000



D L COURT

DIRECTORS



W M FURNISS

The notes on pages 8 to 18 form part of these financial statements

ANGLO-WELSH GROUP PLC

GROUP CASHFLOW STATEMENT

YEAR ENDED 31 OCTOBER 1999

	Note	1999		1998	
		£	£	£	£
NET CASH (OUTFLOW)/ INFLOW FROM OPERATING ACTIVITIES	23		384,898		(8,937)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		<u>(130,857)</u>		<u>(54,767)</u>	
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICE OF FINANCE			(130,857)		(54,767)
TAXATION			(7,187)		(42,458)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(851,509)		(1,282,653)	
Receipts from the sale of tangible fixed assets		<u>197,617</u>		<u>51,222</u>	
			(653,892)		(1,231,431)
ACQUISITIONS AND DISPOSALS	26		-		(139,018)
EQUITY DIVIDENDS PAID			(92,745)		(61,830)
FINANCING					
Repayment of bank loan		(119,238)		(33,428)	
New bank loans		384,840		734,505	
Capital element of hire purchase repayments		<u>(18,984)</u>		<u>(22,584)</u>	
NET CASH INFLOW FROM FINANCING			<u>246,618</u>		<u>678,493</u>
(DECREASE)/INCREASE IN CASH	24, 25		<u>(253,165)</u>		<u>(859,948)</u>

The notes to the cashflow statements are on pages 17 and 18 of these financial statements

ANGLO-WELSH GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 1999

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, apart from the inclusion of certain fixed asset investments at valuation, and in accordance with relevant accounting and financial reporting standards.

The principal accounting policies of the group are set out below.

1.a STOCK

Stock has been valued at the lower of cost and net realisable value on an item by item basis of first-in, first-out cost.

1.b DEPRECIATION OF TANGIBLE ASSETS

Depreciation is calculated to write off the cost of fixed assets to estimated residual value over their expected useful lives by the straight line method at the following rates per annum;

Leasehold buildings	evenly over the lease term
Plant and equipment	10% - 20%
Motor vehicles	20%

Depreciation on narrow boats is calculated on an individual basis. An estimated residual value based upon normal market condition is calculated on the boats planned retirement age of between 10 and 15 years. Depreciation is then charged on a straight line basis to achieve the planned residual value.

1.c FIXED ASSET INVESTMENTS

Fixed asset investments are stated at valuation.

1.d DEFERRED TAXATION

Provision for deferred taxation is made at the appropriate rates in respect of all material differences only to the extent that, in the opinion of the directors, there is a reasonable probability that an asset or liability will crystallise in the foreseeable future.

1.e LEASED ASSETS

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account on a straight line basis. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

1.f PENSION COSTS

The company operates a defined contribution scheme.

The assets of the scheme are held separately from the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 OCTOBER 1999

1. ACCOUNTING POLICIES (CONTINUED)

1.g GROUP FINANCIAL STATEMENTS

The group financial statements consolidate the financial statements of Anglo-Welsh Group plc and its subsidiary undertakings at 31 October 1999 using the acquisition method. Goodwill, being the excess of the costs of interests acquired over the fair value of underlying net tangible assets, is fully written off against reserves in the year of acquisition.

In the company's financial statements, investments in subsidiary undertakings are stated at valuation. Only dividends received and receivable are credited to the holding company's profit and loss account.

No company profit and loss account is presented in accordance with the exemptions provided by s230 of the Companies Act 1985. Of the consolidated profit for the financial period attributable to the shareholders of Anglo-Welsh Group plc a profit of £678,249, after intragroup dividends receivable of £643,876, (1998: £387,711) has been dealt with in the financial statements of the company.

2. TURNOVER

Turnover represents the provision of canal boat holidays and related activities within the United Kingdom during the period after the deduction of discounts and value added tax.

3. INTEREST PAYABLE

	12 Months 1999	10 Months 1998
	£	£
Interest payable and similar charges:		
On bank overdraft repayable on demand	(44,877)	(33,170)
On loans repayable within 5 years	(81,333)	(20,077)
On lease and hire purchase contracts	<u>(4,647)</u>	<u>(1,520)</u>
	<u>(130,857)</u>	<u>(54,767)</u>

4. STAFF NUMBER AND COSTS

	1999	1998
	NUMBER	NUMBER
The average number of employees of the company (including executive directors) during the year was:		
Administration	18	17
Operations	<u>83</u>	<u>82</u>
	<u>101</u>	<u>99</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 OCTOBER 1999

4. STAFF NUMBER AND COSTS (CONTINUED)

	12 Months 1999	10 Months 1998
	£	£
Staff cost for the above persons		
Wages and salaries	1,026,247	978,932
Social security costs	81,247	65,712
Other pension costs	<u>8,768</u>	<u>9,999</u>
	<u>1,116,262</u>	<u>1,054,643</u>

5. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

12 Months 1999	10 Months 1998
£	£

Profit on ordinary activities before taxation is stated after charging or crediting the following:

Directors' remuneration	113,170	95,255
Auditors' remuneration for audit services	13,150	12,850
Depreciation of owned assets	162,141	140,444
Depreciation of assets subject to hire purchase contracts	3,290	4,550
Loss/(Profit) on disposal of fixed assets	<u>13,298</u>	<u>(9,761)</u>

Directors emoluments were:-

12 Months 1999	10 Months 1998
£	£

Aggregate emoluments	113,170	95,255
Company pension contributions to a money purchase scheme, 2 (1998: 2)	<u>5,284</u>	<u>4,404</u>
	<u>118,454</u>	<u>99,659</u>

In addition to the above, the Chairman D L Count received £2,500 during the year for marketing consultancy services provided. The directors consider that this transaction is at a fair market value.

Details of directors' share options are given on note 28 to these financial statements.

6. TAXATION

12 Months 1999	10 Months 1998
£	£

Tax on profit on ordinary activities

The taxation charge is based on the profit for the period and is made up as follows:

Adjustments in respect of prior years - corporation tax at 21%	24,060	-
Deferred taxation (see note 18)	<u>-</u>	<u>(17,050)</u>
	<u>24,060</u>	<u>(17,050)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 OCTOBER 1999

7. DIVIDENDS	12 Months	10 Months
	1999	1998
	£	£
Attributable to equity share capital:		
Ordinary - interim dividend payable 0.25p (1998 1p) per share	7,729	30,915
- final dividend proposed 0.25p (1998 2p) per share	<u>7,978</u>	<u>61,830</u>
Total 0.50p (1998 3p) per share	<u>15,707</u>	<u>92,745</u>

8. EARNINGS PER SHARE

Basic earnings per ordinary share of 0.6 pence (1998 12.5 pence) is calculated using the net basis on the group profit for the year after tax of £19,816 (1998 £387,711) and on the weighted average number of shares in issue of £3,091,450 (1998 : 3,091,450).

	1999	1998
	pence	pence
Basic earnings per share	<u>0.6</u>	<u>12.5</u>
Fully diluted earnings per share is the same as that shown above.		

**9. TANGIBLE FIXED ASSETS
GROUP AND COMPANY**

	Land and buildings	Narrow boats	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
COST					
At 1 November 1998	591,180	4,296,103	627,442	150,896	5,665,621
Additions	97,846	707,205	46,458	-	851,509
Disposals	-	(294,495)	-	-	(294,495)
	<u>689,026</u>	<u>4,708,813</u>	<u>673,900</u>	<u>150,896</u>	<u>6,222,635</u>
DEPRECIATION					
At 1 November 1998	100,712	983,978	255,290	105,296	1,445,276
Charge for the year	14,481	94,000	42,650	14,300	165,431
Disposals	-	(83,580)	-	-	(83,580)
	<u>115,193</u>	<u>994,398</u>	<u>297,940</u>	<u>119,596</u>	<u>1,527,127</u>
NET BOOK VALUE					
At 31 October 1999	<u>573,833</u>	<u>3,714,415</u>	<u>375,960</u>	<u>31,300</u>	<u>4,695,508</u>
At 31 October 1998	<u>490,468</u>	<u>3,312,125</u>	<u>372,152</u>	<u>45,600</u>	<u>4,220,345</u>
				1999	1998
				£	£
The net book values of land and building comprises:					
Short leasehold				<u>77,054</u>	<u>89,168</u>

The net book value of assets held under hire purchase contracts was £132,400 (1998 : £72,450).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 OCTOBER 1999

10. FIXED ASSET INVESTMENTS

	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
Investments in subsidiary undertakings (see below)	-	-	1,599,768	1,599,766
Other investments	15,686	15,686	15,686	15,686
	<u>15,686</u>	<u>15,686</u>	<u>1,615,454</u>	<u>1,615,452</u>

Other investments represent the company's long term holding of shares in co-ownership boats (see note 27).

	Company 1999 £	Company 1998 £
Investments in subsidiary undertakings:		
Cost brought forward	1,599,766	1,459,848
Additions	2	139,918
	<u>1,599,768</u>	<u>1,599,766</u>

The company's principal subsidiary undertakings, all of which have been consolidated, are as follows:

Name of undertaking	Principal Activity	Interest in Ordinary Share capital at 31 October 1999
Time Afloat Limited	Timeshare	100%
Anglo-Welsh Overseas Limited	Dormant	100%
Boating Bargains Limited	Dormant	100%
Harborough Marine Limited	Dormant	100%
Anglo-Welsh Waterways Holidays Limited	Dormant	100%
Trevor Wharf Services Limited	Dormant	100%
Dartline Boatbuilders (Bunbury) Limited	Dormant	100%
Dartline Cruisers Limited	Dormant	100%
Dartline Tardebigge Limited	Dormant	100%
Shropshire Union Cruises Limited	Dormant	100%
New Mills Wharf Limited	Dormant	100%
Falcon Agricultural Machinery Limited	Dormant	100%

All principal subsidiary undertakings are incorporated in England and Wales.

11. STOCKS

	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
Raw materials, consumables and goods for resale	671,538	568,303	618,538	568,303
Work in progress	<u>70,560</u>	<u>57,109</u>	<u>70,560</u>	<u>57,109</u>
	<u>742,098</u>	<u>625,412</u>	<u>689,098</u>	<u>625,412</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 OCTOBER 1999

12. DEBTORS	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
Trade debtors	109,318	112,978	109,318	112,978
Amounts owed by group undertakings	-	-	62,543	62,543
Taxes and social security	-	400	-	400
Other debtors	54,839	23,900	54,839	23,900
Prepayments and accrued income	186,472	128,769	163,924	128,769
ACT recoverable (see below)	<u>51,027</u>	<u>51,027</u>	<u>51,027</u>	<u>51,027</u>
	<u>401,656</u>	<u>317,074</u>	<u>441,651</u>	<u>379,617</u>

ACT recoverable includes £NIL (1998 £7,729) due more than one year after the balance sheet date.

13. INVESTMENTS	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
Other investments (see note 27)	<u>-</u>	<u>8,320</u>	<u>-</u>	<u>8,320</u>

Other investments represent the company's short term holding of shares in co-ownership boats.

14. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
Bank loan and overdraft (see note 16)	1,066,716	799,728	991,716	799,728
Trade creditors	547,111	337,578	532,008	337,578
Amounts owed to group undertakings	-	-	707,811	1,351,687
Corporation tax	500	31,747	500	31,747
Other taxes and social security	137,004	27,223	137,004	27,223
Other creditors	40,950	30,722	40,950	30,722
Accruals and deferred income	58,784	110,822	58,784	110,822
Dividends payable	15,707	92,745	15,707	92,745
ACT payable	30,917	30,917	30,917	30,917
Obligations under hire purchase contracts	<u>33,023</u>	<u>12,933</u>	<u>33,023</u>	<u>12,933</u>
	<u>1,930,712</u>	<u>1,474,415</u>	<u>2,548,420</u>	<u>2,826,102</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 OCTOBER 1999

15. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
Bank loans (see note 16)	733,963	597,159	733,963	597,159
Obligations under hire purchase contracts	<u>83,021</u>	<u>7,255</u>	<u>83,021</u>	<u>7,255</u>
	<u>816,984</u>	<u>604,414</u>	<u>816,984</u>	<u>604,414</u>

16. BORROWINGS	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
The aggregate amount of borrowings was as follows:				
<u>Bank loan and overdraft</u>				
Due within one year, or on demand	1,066,716	799,728	991,716	799,728
Due between one and two years	122,969	108,357	122,969	108,357
Due between two and five years	436,139	322,087	436,139	322,087
Due after more than five years	<u>174,855</u>	<u>166,715</u>	<u>174,855</u>	<u>166,715</u>
	<u>1,800,679</u>	<u>1,396,887</u>	<u>1,725,679</u>	<u>1,396,887</u>
<u>Hire purchase obligations</u>				
Due within one year	33,023	12,933	33,023	12,933
Due between one and two years	25,768	7,255	25,768	7,255
Due between two and five years	<u>57,253</u>	<u>-</u>	<u>57,253</u>	<u>-</u>
	<u>116,044</u>	<u>20,188</u>	<u>116,044</u>	<u>20,188</u>

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the group. The bank loans carry interest at rates between 1.75 and 2.5% over LIBOR.

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
Deferred tax (see note 18)	29,550	29,550	29,550	29,550
Other provisions	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
	<u>29,550</u>	<u>34,550</u>	<u>29,550</u>	<u>34,550</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 OCTOBER 1999

18. DEFERRED TAXATION

Deferred taxation provided in the financial statements and the potential amounts, including the amounts for which provision has not been made, are as follows:

GROUP AND COMPANY	Provided		Unprovided	
	1999	1998	1999	1998
	£	£	£	£
Accelerated capital allowances	<u>29,550</u>	<u>29,550</u>	<u>460,594</u>	<u>490,048</u>

In 1996 the directors reviewed their policy in respect of narrow boats. On set up of the group in 1994 it was the directors' intention to dispose of narrow boats to its franchisees. It is now their intention to retain the fleet. The deferred tax charge was released in 1996 as the directors are of the opinion that a liability to taxation will not crystallise in the foreseeable future.

19. CALLED UP SHARE CAPITAL

	1999	1998
	£	£
Authorised:		
10,000,000 ordinary shares of 10 pence each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted issued and fully paid:		
3,091,450 ordinary shares of 10 pence each	<u>309,145</u>	<u>309,145</u>

On 1 March 2000 the company issued and allotted 100,000 Ordinary shares for cash at 46.5 pence per share. The capital raised was for working capital.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 OCTOBER 1999

20. RESERVES

	GROUP			
	Profit and loss account	Share premium account	Capital redemption reserve	Capital reserve
	£	£	£	£
At 1 November 1998	195,177	1,784,377	164,667	632,300
Retained profit for the year	<u>4,109</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 October 1999	<u>199,286</u>	<u>1,784,377</u>	<u>164,667</u>	<u>632,300</u>

The capital reserve arose from the acquisition of Harborough Marine Limited on 12 October 1994.

	COMPANY		
	Profit and loss account	Share premium account	Capital redemption reserve
	£	£	£
At 1 November 1998	1,138,099	1,784,377	164,667
Retained profit for the year	<u>662,542</u>	<u>-</u>	<u>-</u>
At 31 October 1999	<u>1,800,641</u>	<u>1,784,377</u>	<u>164,667</u>

21. RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit for the financial year	19,816	387,711
Dividends paid and proposed	(15,707)	(92,745)
Goodwill written off	-	(15,119)
	<u>4,109</u>	<u>279,847</u>
Net increase in shareholders' funds	<u>4,109</u>	<u>279,847</u>
Opening shareholders' funds	<u>3,085,666</u>	<u>2,805,819</u>
Closing shareholders' funds	<u>3,089,775</u>	<u>3,085,666</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 OCTOBER 1999

22. LEASING COMMITMENTS

Future commitments under various operating leases were £2,134,650

	Property £	Other £
Annual amounts under leases expiring:		
Within one year	<u>72,050</u>	<u>-</u>
Within 2 to 5 years	<u>30,000</u>	<u>3,882</u>
After 5 years	<u>86,300</u>	<u>-</u>

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit	126,613	459,528
Profit on disposal of fixed assets	13,298	(9,761)
Depreciation	165,431	144,994
Increase in stock	(116,686)	(394,204)
Decrease/(increase) in debtors	(84,582)	8,154
(Decrease)/increase in creditors	277,504	(186,508)
Working capital re acquisition	-	3,948
(Decrease)/increase in provisions	(5,000)	(35,088)
Decrease in investments	<u>8,320</u>	<u>-</u>
	<u>384,898</u>	<u>(8,937)</u>

24. RECONCILIATION OF CASHFLOW TO MOVEMENTS IN NET DEBT

	1999 £	1998 £
Decrease in cash in the period	(253,165)	(859,948)
Increase in debt due to new loan finance acquired	(384,840)	(734,505)
Capital element of loan finance repaid	119,238	33,428
Capital element of hire purchase repaid	<u>18,984</u>	<u>22,584</u>
Change in net debt	(499,783)	(1,538,441)
Net debt at 1 November 1998 (see note 25)	<u>(1,404,867)</u>	<u>133,574</u>
Net debt at 31 October 1999 (see note 25)	<u>(1,904,650)</u>	<u>(1,404,867)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 OCTOBER 1999

25. ANALYSIS OF CHANGES IN NET DEBT	As at 1 November 1998 £	Cash flows £	Other changes £	As at 31 October 1999 £
Cash at bank and in hand	12,208	(135)	-	12,073
Bank overdraft	<u>(695,810)</u>	<u>(253,030)</u>	-	<u>(948,840)</u>
	(683,602)	(253,165)	-	(936,767)
Debt due within one year	(106,156)	16,796	(61,539)	(150,899)
Debt due after more than one year	<u>(615,109)</u>	<u>121,426</u>	<u>(323,301)</u>	<u>(816,984)</u>
Total	<u>(1,404,867)</u>	<u>(114,943)</u>	<u>(384,840)</u>	<u>(1,904,650)</u>

26. ACQUISITION OF BUSINESS	1999 £	1998 £
Net assets acquired:-		
Goodwill	-	15,119
Tangible fixed assets	-	128,347
Obligations to bank	-	(127,141)
Other net assets	<u>-</u>	<u>122,693</u>
Settled by cash	<u>-</u>	<u>139,018</u>

27. RELATED PARTY TRANSACTIONS

Harborough Marine Co-ownership Limited, a dormant company owned jointly by D A Daynes and W M Furniss, holds the notional ownership of the co-ownership vessels.

This structure was created on the advise of the company's lawyers to protect the individual investors in these vessels.

28. DIRECTORS' SHARE OPTIONS

As at 31 October 1999 and 31 October 1998 D A Daynes and W M Furniss each held 76,250 options to acquire company shares at a price of £1, exercisable between 17 January 2000 and 17 January 2004.

29. POST BALANCE SHEET EVENTS

On 27 March 2000 the group exchanged contracts for the disposal of the trade and assets of the Falcon agricultural business. The consideration of £220,000 is to be settled in cash on completion, which is expected in early May 2000.