

**AUDITORS' REPORT**

To,
THE MEMBERS,
AJWA FUN WORLD & RESORT LIMITED

We have Audited the attached Balance Sheet of **AJWA FUN WORLD & RESORT LIMITED** as at **31st March, 1997** and also the annexed Profit & Loss Account of the Company for the year ended on that date and report that:

1. As required by the Manufacturing And Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our Audit.
 - ii. In our opinion, proper Books of Account, as required by law have been kept by the Company, so far as appears from our examination of the books.
 - iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account.
 - iv. Attention is invited to the following notes in Schedule No.19 :-
 - a) Note No. 3 regarding not providing for gratuity and other employee benefits,
 - b) Note No. 4 regarding not providing for penalty and interest that may be levied on the Company for the delay/default in remitting money to various authorities,
 - c) Note No. 11 regarding loss on sale of investments in shares,
 - d) Note No. 14 regarding not holding of the investments in the name of the Company though required as per the provisions of Section 49 of the Companies Act, 1956.
 - e) Note No. 15 regarding not providing for the diminution in the value of Investments amounting Rs. 66,35,628/.
 - v. Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read

together with the notes thereon and attached thereto and accounting policies of the Company, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997 and
- b. In the case of Profit & Loss Account, of the "Loss" for the year ended on that date.

For **M/s. R.C.DEOPURA & CO.**
CHARTERED ACCOUNTANTS

[R.C.DEOPURA]
Proprietor

Place : Baroda.

Date : 28th June, 1997

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE.

1. The Company is maintaining proper records to show full particulars, including quantitative details and situation of Fixed Assets. As informed to us, the Fixed Assets have been physically verified by the management at reasonable intervals and that no material discrepancies were noticed on such verification as compared with the aforesaid records.
2. None of the Fixed Assets of the Company have been revalued during the year.
3. As informed to us, Physical verification has been conducted by the management at reasonable intervals during the year in respect of stocks of stores, Spare Parts etc.
4. In our opinion and as informed to us, the procedures of Physical verification of Stocks, followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As informed to us, no material discrepancies have been noticed on physical verification of stocks as compared to book records.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier year.
7. As informed to us, the Company has taken unsecured Loans from the companies under the same management as defined u/s 370 (1B) of the Companies Act, 1956. The Company has also taken



- unsecured loans from the parties as listed in the register maintained u/s 301 of the Companies Act, 1956. In our opinion, the rate of interest and other terms and conditions of such loans are prima facie, not prejudicial to the interest of the Company.
8. As informed to us, the Company has given Loans to Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956. In our opinion, the rate of interest and other terms and conditions of such loans are prima facie, not prejudicial to the interest of the Company.
 9. In our opinion and as explained to us, the parties to whom loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest, wherever such stipulations are being made.
 10. In our opinion, there is an adequate internal control procedure, commensurate with the size of the Company and the nature of its business, for the purchase of stores including Components, Plant & Machineries, Equipments and other assets and also for rendering services.
 11. In our opinion and according to the information and explanations given to us, the transactions of purchases of goods or services and for sales of goods and rendering services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each such party have been made at prices which are reasonable having regard to the prevailing market prices for such goods or services or the prices at which transactions for similar goods or services have been made with other parties.
 12. As informed to us the Company has a regular procedure for determination of unserviceable or damaged stores. Necessary provisions have been made in the accounts for any loss arising on the items so determined.
 13. In our opinion, the Company has accepted certain deposits from public which falls within the purview of section 58 A of the Companies Act, 1956 and rules framed thereunder, however the Company has not complied with the said provisions in respect of such deposits.
 14. As informed to us, the Company is maintaining reasonable records for the sale and disposal of scrap. The Company being a service company, has no by products.
 15. In our opinion and as informed to us the Company is having internal audit system commensurate with the size & nature of its business.
 16. As informed to us, the Company is engaged in service activity and therefore the requirement of maintenance cost records, as prescribed under section 209 (1)(d) of the Companies Act, 1956 is not applicable to it.
 17. As informed to us, provisions of Provident Fund and other Miscellaneous provisions Act are not applicable to the Company and therefore no amount has been deducted by the Company on these account and accordingly question of payment of dues in time does not arise.
 18. In our opinion and according to the information and explanations provided to us, the company did not have undisputed amounts payable in respect of Wealth Tax, Custom Duty and Excise Duty as at 31.03.97 for a period of more than six months from the date they became payable, however had Rs.14,81,844 and Rs.61,996/- in respect of Income Tax and Tax Deducted at Sources respectively outstanding as such.
 19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
 20. The Company is not a Sick Industrial Company within the meaning of Section 3 (1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985.
 21. As informed to us, the nature of services rendered by the Company during the year under review is such, which do not involve allocation of manhours as well as consumption of material and therefore no records for the same have been maintained.

For **M/s. R.C.DEOPURA & CO.**
CHARTERED ACCOUNTANTS

[R.C.DEOPURA]
Proprietor

Place : Baroda.
Date : 28th June, 1997.



BALANCE SHEET AS AT 31ST MARCH, 1997

PARTICULARS	SCHEDULE	AS AT 31/3/97 [Rs.]	AS AT 31/3/96 [Rs.]
SOURCES OF FUNDS :			
SHARE HOLDERS' FUNDS			
a. Share Capital	1	63,900,000	50,000,000
b. Share Application Money		Nil	3,264,500
c. Reserve & Surplus	2	21,449,965	13,221,453

			85,349,965

			66,485,953
LOAN FUNDS			
a. Secured Loans	3	39,302,407	21,212,694
b. Unsecured Loans	4	5,619,698	27,923,015

			44,922,105

			130,272,070
			=====
			115,621,662
			=====
APPLICATION OF FUNDS :			
FIXED ASSETS			
a. Gross Block	5	134,937,534	121,457,890
b. Less : Depreciation		17,391,351	12,043,556

			117,546,183

			109,414,334
Pre-Operative Expenses (Pending Allocation)	6		565,927

			565,927
INVESTMENTS	7		9,358,878

			9,308,878
CURRENT ASSETS, LOANS & ADVANCES			
a. Store Inventories		79,747	17,794
b. Sundry Debtors	8	4,387,300	2,513,230
c. Cash & Bank Balances	9	1,251,006	1,471,394
d. Loans & Advances	10	3,949,546	6,697,552

			9,667,599

			10,699,970
Less : Current Liabilities & Provisions	11	12,855,883	20,067,768

			20,067,768
NET CURRENT ASSETS			(3,188,284)

			(9,367,798)
MISCELLANEOUS EXPENDITURE	12		5,989,366

			5,700,321
			=====
TOTAL			130,272,070
			=====
			115,621,662
			=====
NOTES ON ACCOUNTS AND ACCOUNTING POLICIES	19		

As per our Report of even date

For and on behalf of the Board

For M/s. R.C.Deopura & Co.
CHARTERED ACCOUNTANTS(R.C. DEOPURA)
PROPRIETORRAJESH C. JAIN
CHAIRMAN & MANAGING DIRECTORKAMLESH K. JAIN
DIRECTORPLACE : BARODA
DATE : 28TH JUNE, 1997PLACE : BARODA
DATE : 28TH JUNE, 1997



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 31/3/97 [Rs]	FOR THE YEAR ENDED 31/3/96 [Rs.]
INCOME :			
a. Sales/Income from Operations	13	19,726,879	24,371,523
b. Other Income	14	250,794	6,954,202
TOTAL		19,977,673	31,325,725
EXPENDITURE :			
a. Parks/Garden Operating Expenses	15	4,907,968	5,874,265
b. Administrative & General Exps	16	6,153,366	7,843,030
c. Interest & Financial Expenses	17	6,832,844	6,333,841
d. Miscellaneous Expenses Written Off		1,466,328	1,115,253
		19,360,506	21,166,389
Less : Amount Charged to pre-Operative Expenses		2,009,273	3,474,192
TOTAL		17,351,232	17,692,197
PROFIT FOR THE YEAR BEFORE DEPRECIATION		2,626,441	13,633,528
LESS : DEPRECIATION		5,453,096	10,218,709
PROFIT/(LOSS) FOR THE YEAR AFTER DEPRECIATION		(2,826,656)	3,414,819
PROVISION FOR TAXATION		Nil	Nil
NET PROFIT/(LOSS) FOR THE YEAR AFTER TAX		(2,826,656)	3,414,819
LESS : PRIOR YEAR ADJUSTMENTS	18	64,833	Nil
ADD : BALANCE BROUGHT FORWARD		13,221,453	9,806,634
TOTAL PROFITS CARRIED TO BALANCE SHEET		10,329,965	13,221,453
NOTES ON ACCOUNTS AND ACCOUNTING POLICIES	19		

As per our Report of even date

For and on behalf of the Board

For M/s. R.C.Deopura & Co.
CHARTERED ACCOUNTANTS(R.C. DEOPURA)
PROPRIETORRAJESH C. JAIN
CHAIRMAN & MANAGING DIRECTORKAMLESH K. JAIN
DIRECTORPLACE : BARODA
DATE : 28TH JUNE, 1997PLACE : BARODA
DATE : 28TH JUNE, 1997



SCHEDULE ANNEXED TO THE ACCOUNTS

PARTICULARS	AS AT 31/3/97 [Rs.]	AS AT 31/3/96 [Rs.]
SCHEDULE : [1] : SHARE CAPITAL :		
AUTHORISED		
2,50,00,000 Equity Shares of Rs.10/- each	250,00,000	250,00,000
ISSUED, SUBSCRIBED & PAID UP		
63,90,000 Equity Shares of Rs.10/- each fully paid up [Previous year 50,00,000 Equity Shares of Rs.10/- each fully paid up]	63,90,000	50,00,000
TOTAL	63,90,000	50,00,000
SCHEDULE : [2] : RESERVE & SURPLUS :		
Profit as per Profit & Loss Account	10,329,965	13,221,453
Share Premium Account : As per last year Balance Sheet	Nil	Nil
Add : Received on Shares allotted during the year	11,120,000	Nil
TOTAL	21,449,965	13,221,453
SCHEDULE : [3] : SECURED LOANS :		
a. Term loan from Bank of Baroda	11,175,332	14,399,027
[Secured against equitable mortgage of Land & Building and hypothecation of Plant & Machineries and personal guarantee of Directors] [Repayable within One year Rs.7,894,007/-, Previous year Rs.4,375,000/-]		
b. Term Loan from United Bank of India	3,805,507	5,251,317
[Secured against hypothecation of Plant & Machineries and personal guarantee of Directors & also guarantee given by a company under the same management] [Repayable within One year Rs.28,05,507/-, Previous year Rs.2,000,000/-]		
c. Loan from Anagram Finance Limited	Nil	450,516
[Secured against Vehicles Purchased through them under Hire Purchase Scheme] [Repayable within One year Rs.Nil, Previous year Rs.189,234/-]		
d. Loan from Ashok Leyland Finance Limited	514,017	1,099,524
[Secured against Vehicles Purchased through them under Hire Purchase Scheme] [Repayable within One year Rs.514,017/-, Previous year Rs.466,316/-]		
e. Loan from Quick Finance Pvt. Limited	Nil	12,310
[Secured against Vehicles Purchased through them under Hire Purchase Scheme] [Repayable within One year Rs.Nil, Previous year Rs.12,310/-]		
f. Loan from Gujarat Lease Finance Limited	465,211	Nil
[Secured against Vehicles Purchased through them under Hire Purchase Scheme] [Repayable within One year Rs.96,399/-, Previous year Rs.Nil]		
g. Loan from Gujarat State Financial Corpn	23,342,340	Nil
[Secured against equitable mortgage of Land & Building and Hypothecation of Plant & Machineries of Water Park and personal guarantee of Directors] [Repayable within One year Rs.4,411,360/-, Previous year Rs.Nil] Note : The amount of Secured Loans are also inclusive of interest accrued but not due and over due amounts of Interest & Installments.		
TOTAL	39,302,407	21,212,694
SCHEDULE : [4] : UNSECURED LOANS :		
From Directors	835,597	915,515
From Bodies Corporate	4,314,201	26,604,100
Membership Deposits	426,900	403,400
Fixed Deposits	43,000	Nil
TOTAL	5,619,698	27,923,015



AJWA FUN WORLD & RESORT LIMITED.
SCHEDULE ANNEXED TO THE ACCOUNTS
SCHEDULE : [5] : FIXED ASSETS :

PARTICULARS	GROSS BLOCK					DEPRECIATION BLOCK					NET BLOCK	
	AS ON 1/4/96	ADDITIONS/ DURING THE YEAR	DEDUCTION ADJUST- MENT	AS ON 31/3/97	UPTO 31/3/96	FOR THE YEAR	ADDITIONS/ DEDUCT- ION	UPTO 31/3/97	AS ON 31/3/97	AS ON 31/3/96		
1. Land	15115477	939685	0	16055162	0	0	0	0	16055162	15115477		
2. Building & Site Development	18339731	5821031	0	24160762	556752	635345	0	1192097	22968665	17782979		
3. Plant & Machineries	59670024	7310796	0	66977560	2172248	2856766	-67712	5096727	61884094	57497776		
4. Office Equipments	396336	417813	66000	748149	24637	48820	6532	66925	681224	371699		
5. Furnitures & Fixtures	498959	1197494	0	1696453	30039	91208	0	121247	1575206	468920		
6. Misc. Assets	1465761	78793	0	1544554	471107	749378	0	1220485	324069	994654		
7. Vehicles	3649456	565420	925286	3289590	590133	421574	166481	845226	2444365	3059323		
8. Asset on Lease Plant & Machinery	7500000	0	0	7500000	7500000	0	0	7500000	0	0		
9. Temporary Construction	1344445	5600	0	1350045	698640	650005	0	1348645	1400	645805		
TOTAL [A]	114109663	16336632	991286	128094004	12043555	5453095	105301	17391351	110705913	102066108		
CAPITAL WORK IN PROGRESS Building & Civil construction	7348227	40606	548563	6840270	0	0	0	0	6840270	7348227		
TOTAL [B]	7348227	40606	548563	6840270	0	0	0	0	6840270	7348227		
TOTAL [A] + [B]	121457890	16377238	1539949	134937534	12043555	5453095	105301	17391351	117546183	109414334		
PREVIOUS YEAR >>	73456420	95724474	47723004	121457890	1824847	10218709	0	12043556	109414334	0		



PARTICULARS	AS AT 31/3/97 [Rs.]	AS AT 31/3/96 [Rs.]
SCHEDULE : [6] : PRE-OPERATIVE EXPENSES PENDING ALLOCATION :		
As per Last Balance Sheet	565,927	6,221,413
Add: Transferred from Profit & Loss A/c	2,009,273	3,474,192
	2,575,200	9,695,605
Less : Capitalised during the year to Fixed Assets	2,009,273	9,129,678
TOTAL	565,927	565,927
SCHEDULE : [7] : INVESTMENTS :		
[Trade] [Long Term Investments] Quoted (Equity Shares of Companies)		
a. 1,120,000 Equity Shares of Rs.10/- each fully paid of Vatsa Industries Limited [Previous year 1,120,000 Equity Shares] [Market Value Rs.1,680,000/-, Previous year Rs.6,440,000/-]	7,951,182	7,951,182
b. 1,500 Equity Shares of Rs.10/- each fully paid of Rencal Chemicals (I) Limited [Previous year 1,500 Equity Shares] [Market Value Rs.8,250/-, Previous year Rs.16,125/-]	64,821	64,821
c. 17,500 Equity Shares of Rs.10/- each fully paid of Trans Techno Foods Limited [Previous year 17,500 Equity Shares] [Market Value Rs.35,000/-, Previous year Rs.262,500/-]	342,875	342,875
d. 1000 Equity Shares of Rs.10/- each partly paid up of Bank of Baroda [Previous year Nil] [Market Value Rs.55,000/-, Previous year Rs.Nil]	50,000	Nil
Unquoted (Equity Shares of Companies)		
e. 95,000 Equity Shares of Rs.10/- each fully paid of Ajwa Finance Limited [Previous year 95,000 Equity Shares] [A company under the same management]	950,000	950,000
TOTAL	9,358,878	9,308,878



PARTICULARS	AS AT 31/3/97 [Rs]	AS AT 31/3/96 [Rs.]
SCHEDULE : [8] : SUNDRY DEBTORS :		
[Unsecured, considered good]		
Debts outstanding for a period Exceeding:		
a. Six months	3,368,625	1,622,230
b. Others	1,018,675	891,000
TOTAL	4,387,300	2,513,230
SCHEDULE : [9] : CASH & BANK BALANCES :		
a. Cash on hand	1,192,120	1,433,356
b. Balance with Scheduled Banks :		
- In Current Accounts	58,128	37,280
- In Issue Control Accounts	758	758
TOTAL	1,251,006	1,471,394
SCHEDULE : [10] : LOANS & ADVANCES :		
a. Loans	249,448	84,288
b. Advances :		
[Recoverable in cash or in kind or for value to be received]		
- Deposits with various agencies	1,401,504	1,440,551
- Advance to Suppliers	455,496	4,255,348
- Other Advances	1,050,349	410,245
- Staff Advances	288,015	70,630
- Prepaid Expenses	154,734	86,490
- Share Application Money	350,000	350,000
TOTAL	3,949,546	6,697,552



PARTICULARS	AS AT 31/3/97 [Rs]	AS AT 31/3/96 [Rs.]
SCHEDULE : [11] : CURRENT LIABILITIES & PROVISIONS :		
CURRENT LIABILITIES :		
a. Sundry Creditors	9,574,509	15,794,319
b. Bank Account Overdrawn (Current A/c with Scheduled Bank)	98,698	699,560
c. Unearned Income	370,772	265,362
d. Other Liabilities	650,593	1,219,624
e. Share Application Money Refundable	124,604	125,104
SUB TOTAL	10,819,176	18,103,969
PROVISIONS :		
For Expenses	554,863	481,955
For Taxation	1,481,844	1,481,844
SUB TOTAL	2,036,707	1,963,799
TOTAL	12,855,883	20,067,768
SCHEDULE : [12] : MISCELLANEOUS EXPENDITURE :		
[to the extent not written off/adjusted]		
a. Preliminary Expenses		
Balance as per last Balance Sheet	3,336,640	3,743,595
Add : Public Issue Expenses	Nil	10,000
	3,336,640	3,753,595
Less : 1/10th written off for the year	416,955	416,955
SUB TOTAL	2,919,685	3,336,640
b. Deferred Revenue Expenses		
Balance as per last Balance Sheet	2,363,681	1,718,040
Add : Additions during the year	1,755,373	1,343,939
	4,119,054	3,061,979
Less : 1/5th written off for the year	1,049,373	698,298
SUB TOTAL	3,069,681	2,363,681
TOTAL	5,989,366	5,700,321



PARTICULARS	FOR THE YEAR ENDED 31/3/97 [Rs.]	FOR THE YEAR ENDED 31/3/96 [Rs.]
SCHEDULE : [13] : SALES/INCOME FROM OPERATIONS :		
a. Parks / Garden Income	16,813,171	15,152,587
b. Restaurant Income (Sale of eatables/commission)	1,668,174	1,298,415
c. Lease Income		
Lease Rentals	1,903,500	1,903,500
Lease Equalisation	(1,357,745)	5,333,817
d. Misc. Other Income	699,778	683,204
TOTAL	19,726,879	24,371,523
SCHEDULE : [14] : OTHER INCOME :		
a. Income from Sale of Investments	Nil	6,682,000
b. Interest Income (TDS Rs.4390/- Previous year Rs.6131/-)	180,518	185,464
c. Profit on Sale of Assets	47,430	86,738
d. Sundry Balances Written off	22,846	Nil
TOTAL	250,794	6,954,202
SCHEDULE : [15] : PARKS/GARDEN OPERATING EXPENSES :		
a. Land Revenue Expenses	11,451	Nil
b. Electricity and Power & Fuel	2,091,292	1,635,206
c. Repairs & Maintenance [P & M]	794,533	683,585
d. Repairs & Maintenance [Building]	28,393	26,819
e. Repairs & Maintenance [Others]	386,648	316,910
f. Stores & Spares Consumed	210,576	174,252
g. Security Expenses	383,502	464,790
h. Machinery Rent Expenses	Nil	249,871
i. Garden Licence Fees	Nil	1,390,555
j. Commission & Discount Expenses	190,018	220,810
k. Restaurant Expenses (Purchase of eatables etc.)	811,555	711,467
TOTAL	4,907,968	5,874,265
SCHEDULE : [16] : ADMINISTRATION & OTHER EXPENSES :		
a. PAYMENT TO AND PROVISIONS FOR EMPLOYEES		
Directors' Remuneration and Perks	420,000	630,000
Salary & Wages to Staff	2,257,354	2,816,400
Staff Welfare Expenses	195,424	431,535
SUB-TOTAL	2,872,778	3,877,935



PARTICULARS	FOR THE YEAR ENDED 31/3/97 [Rs]	FOR THE YEAR ENDED 31/3/96 [Rs.]
b. ADMINISTRATIVE & GENERAL EXPENSES		
Advertisement & Business Promotion Expenses	462,544	1,260,455
Legal & Professional Fee & Expenses	388,672	97,861
Travelling Expenses (Includes Directors' Domestic Travelling Rs.45,175/-, Previous Year Rs.79,419/-)	183,236	319,229
Office & General Expenses	323,462	552,229
Printing & Stationery Expenses	158,647	326,466
Postage, Telegram & Telephone Expense	368,905	404,215
Petrol & Vehicle Expenses	735,460	828,590
Donation	904	26,751
Insurance Expenses	252,332	105,254
Auditor's Remuneration	30,000	30,000
Repairs & Maintenance Expenses	49,598	11,893
Loss on Sale of Assets	325,703	Nil
Loss on Sale of Investments	1,125	Nil
Sundry Balances Written Off	Nil	2,152
SUB-TOTAL	3,280,588	3,965,095
TOTAL	6,153,366	7,843,030
SCHEDULE : [17] : INTEREST & FINANCIAL EXPENSES :		
a. Bank Charges	490,394	38,611
b. Interest Paid :		
To Banks	3,467,524	3,565,298
To G.S.F.C.	2,138,772	Nil
To Others	399,766	2,249,276
c. Finance (Hire) Charges	336,388	480,656
TOTAL	6,832,844	6,333,841
SCHEDULE : [18] : PRIOR YEARS ADJUSTMENTS :		
Depreciation	67,712	Nil
Interest Income	(2,879)	Nil
TOTAL	64,833	Nil

**SCHEDULE ANNEXED TO THE ACCOUNTS****SCHEDULE : [19] : "ACCOUNTING POLICIES & NOTES ON ACCOUNTS" :**

(Annexed to and forming part of the Accounts for the year ended 31st March, 1997)

A. "STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES" :**1. ACCOUNTING CONVENTIONS :**

1. The Financial statements have been prepared under the historical cost conventions in accordance with the generally accepted accounting principles and as per the provisions of the Companies Act, 1956.
2. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles as consistently followed by the Company.

2. RECOGNITION OF INCOME/EXPENDITURE :

Revenue / Income and Cost / Expenditure are generally accounted on accrual basis as they are earned or incurred except gratuity and other employee benefits which are accounted as and when actually paid.

3. SALES / INCOME FROM OPERATIONS :

- i. Parks/Garden Income is accounted on accrual basis i.e. date of visit to park/garden is the date of reckoning the income, however in the case of the Membership for a specified period, the income has been treated as accrued on proportionate basis with the passage of time.

ii. Lease Rentals :

The Company follows the recommendations of the Institute of Chartered Accountants of India contained in the Guidance note on Accounting for leases as revised till date. Accordingly Lease rentals on plant given on lease are accounted by using the internal rate of return method, Consequently, a constant rate of return on the total outstanding amount is accrued over the period of contract.

4. INVESTMENTS :

- i. Investment are stated at cost.
- ii. Profit on sale of investments is accounted reckoning the first in first out (FIFO) method of accounting.

5. FIXED ASSETS AND DEPRECIATION :

1. Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost includes pre-operation expenses net of revenue. The Fixed Assets which are not yet completed are treated as Capital Work-In-Progress and no depreciation is provided for the same.
2. Depreciation on Fixed Assets is provided on the Straight Line Method (S.L.M.) at the rates specified in Schedule XIV to the Companies Act, 1956, as amended upto the date.
3. Depreciation on Fixed Assets, for which no rates have been specified in Schedule XIV to the Companies Act, 1956, is provided on the Straight Line Method at the rates at which the assets are depreciated over its useful life.
4. Depreciation is provided on pro-rata basis from the date on which assets have been put to use and upto the date on which assets have been disposed or sold.

**6. EXPENDITURE DURING PROJECT IMPLEMENTATION :**

- i. Pre-Operative Expenses for the projects of the Company incurred upto the date of Installation and pertaining to the completed Assets are capitalised and added proportionately to the cost of relevant Fixed Assets.
- ii. Pre-Operative Expenses pertaining to the assets under construction/installation are carried forward to the next year, to be capitalised on completion of respective Fixed Assets.

7. VALUATION OF INVENTORIES :

Inventories of stores are valued at cost. Cost is arrived at by following Weighted Average method of accounting.

8. AMORTISATION OF MISCELLANEOUS EXPENSES :

- i. The preliminary expenses and issue expenses are amortised over a period of ten years.
- ii. Expenses towards intensive advertisement campaign as well as sales promotion and foreign travelling, the benefit of which are expected to accrue over a number of years are treated as deferred revenue expenditure. appropriate amounts are being written off every year.

B. "NOTES ON ACCOUNTS" :

1. Figures of Previous year have been regrouped/ recast wherever necessary to make them comparable with the figures of the Current year.
2. During the year Company has allotted 13,90,000 Equity Shares of Rs.10/- each fully paid up at a premium of Rs.8/- per share, on preferential basis, Consequently the paid up Equity Capital of the Company has increased to Rs.6,39,00,000 as against to Rs.5,00,00,000 for the previous year.
3. The company has not provided for the gratuity liability as well as other employee benefits though it should have provided for the same in line with the accounting standard made mandatory. The company is following cash method of accounting in this respect and also as the Company does not have any employee who has put in qualified period of service, the liability in respect of gratuity is not being worked out by it.
4. No provision has been made for penalty and interest which may be levied upon the Company for delay/default in remitting money to various authorities because the amount is not ascertainable as on the date of Balance Sheet. The same shall be accounted for as and when levied by such authorities.

5. AUDITORS REMUNERATION INCLUDES :

	1996-97	1995-96
	[Rs.]	[Rs.]
[1] Statutory Audit Fees	15,000	15,000
[2] Tax Audit Fees	7,500	7,500
[3] Taxation & Certification Work Fees	7,500	7,500
TOTAL	30,000	30,000



6. Balance due to or due from parties from whom confirmations are not received are subject to adjustment on receipt of confirmations including issue control account with the Bankers' to the issue.

7. LOANS & ADVANCES INCLUDES THE FOLLOWING :

- i Rs.Nil given as advance to Apple Amusement Industries Limited, for Plant & Machineries and Repairs work. Maximum outstanding during the year Rs. 3,446,767/- . (Previous year-Rs.1,919,459/- and maximum outstanding Rs.6,063,065/-)
 - ii Rs.204,810 given as loan to Apple Amusement Industries Limited. Maximum outstanding during the year Rs. 204,810/- . (Previous year -Nil and maximum outstanding Nil)
 - iii Rs.43,938/- given as loan to M/s.Ajwa Fashions Limited. Maximum outstanding during the year Rs.165,938/- . (Previous year - Rs.84,288/- and maximum outstanding Rs.84,288/-)
 - iv Rs. Nil given as loan to M/s.Ajwa Finance Limited. Maximum outstanding during the year Rs.3,030,666/- . (Previous year -Nil and maximum outstanding Nil)
 - v Rs.100,000/- given to Ajwa Wonder World & Resort (Rajasthan) Limited for Share Application Money. Maximum outstanding during the year Rs.100,000/- .(Previous year-Rs.100,000/- and maximum outstanding Rs.100,000/-) [All these companies are under the same management as defined U/s 370-1(B) of the Companies Act, 1956.]
8. Directors' Remuneration (Current year as well previous year) represents Directors salary only.
9. The Inventory of stores includes stocks of Stores, Spares, Restaurant Items etc and is stated in the Balance Sheet as taken, valued and certified by the management.

10. CONTINGENT LIABILITIES :

- i. Capital contracts entered into by the company but are yet to be executed and not provided for by the company amounting to Rs. Nil (net of advances). (previous year Rs.89,18,335/-)
 - ii. Disputes not acknowledged as debt by the company for Rs.19,46,655/-.
 - iii. Investment made in partly paid up shares of Bank of Baroda on which Rs.35000/- are yet to be called upon.
11. The Company has incurred losses of-Rs.1,125/- on sale of its investments in Shares.
2. The company has been advised by experts that due to higher claim of depreciation and other benefits available as per the provision of the Income Tax Act, 1961, the company does not have any tax liability for the current financial year and therefore no provision for Income Tax has been made.
13. The Income Tax and Sales Tax assessment for the Assessment Year 1995-96 & 1996-97 and financial year 1994-95 & 1995-96 respectively are yet to be made by the concerned authorities.
14. The investments made by the Company are not held in its own name though required under the provisions of section 49 of the Companies Act, 1956.
15. The company has not provided for the diminution in the value of long term investments held by it though it is required to do so as per the accounting standard being made mandatory. Since the Company is stating the investments at cost the same method of accounting has been continued. Had there been change in the policy in line with the accounting standard made mandatory the losses of the company for the year would have been higher by Rs.66,35,628/- and correspondingly the current liabilities of the Company would have been higher to the same extent.



16. Figures are rounded off to the nearest rupee.

17. Additional information pursuant to the provisions of paragraphs 3 & 4 in part II of the Schedule VI of the Companies Act, 1956.

	<u>1996-97</u>	<u>1995-96</u>
i LICENCED AND INSTALLED CAPACITY :	Not Applicable	Not Applicable
ii RAW MATERIALS CONSUMPTION :	NIL	NIL
iii OPENING & CLOSING STOCK OF FINISHED GOODS :	NIL	NIL
iv C.I.F. VALUE OF IMPORTS(Capital Goods)	NIL	Rs. 2,256,659 (US\$ 70,032)
v EXPENDITURE IN FOREIGN CURRENCY :	Rs.3,05,481 (US\$ 8,327)	NIL
vi EARNINGS IN FOREIGN CURRENCY :	NIL	NIL
vii DIVIDEND TO NRI's :	NIL	NIL

18. BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

0 4 1 8 2 9 4

State Code

Balance Sheet Date

3 1 0 3 9 7

0 4

Capital Raised during the year [Amount in Rs. Thousands]

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

1 3 9 0 0

II. Position of Mobilisation and Development of Funds [Amount in Rs. Thousands]

Total Liabilities

1 3 0 2 7 2

Total Assets

1 3 0 2 7 2

Sources of Funds

Paid-up Capital

6 3 9 0 0

Reserve and Surplus

2 1 4 5 0

Secured Loans

3 9 2 0 2

Unsecured Loans

5 6 2 0



Application of Funds

Net Fixed Assets

				1	1	7	5	4	6
--	--	--	--	---	---	---	---	---	---

Net Current Assets

				-	3	1	8	8
--	--	--	--	---	---	---	---	---

Pre-Operative Expenses

						5	6	6
--	--	--	--	--	--	---	---	---

Investment

						9	3	5	9
--	--	--	--	--	--	---	---	---	---

Miscellaneous Expenditure

						5	9	8	9
--	--	--	--	--	--	---	---	---	---

Accumulated Losses

									N I L
--	--	--	--	--	--	--	--	--	-------

IV. Performance of the Company [Amount in Rs. Thousands]

Turnover

				1	9	9	7	8
--	--	--	--	---	---	---	---	---

Profit/(Loss) Before Tax

				-	2	8	2	7
--	--	--	--	---	---	---	---	---

Earning Per Share in Rs.

						0	.	0	0
--	--	--	--	--	--	---	---	---	---

Total Expenditure

						2	2	8	0	4
--	--	--	--	--	--	---	---	---	---	---

Profit/(Loss) After Tax

				-	2	8	2	7
--	--	--	--	---	---	---	---	---

Dividend Rate %

									N I L
--	--	--	--	--	--	--	--	--	-------

V. Generic Names of Three Principal Product/Services of the Company (As per Monetary Terms)

Item Code No.(Itc Code)

N.	A.
----	----

Product / Service Description

Development & running of Amusement Park, Water Park & Resorts.

Signatures to Schedules 1 to 19

As per our Report of even Date

For and on behalf of the Board

**For M/s. R.C.DEOPURA & CO.
CHARTERED ACCOUNTANTS**

(R.C.DEOPURA)
Proprietor

RAJESH C. JAIN
Chairman & Managing Director

KAMLESH K. JAIN
Director

PLACE : BARODA.
DATE : 28TH JUNE, 1997.

PLACE : BARODA.
DATE : 28TH JUNE, 1997


CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.97
 (Prepared pursuant to Clause 32 of Listing Agreement)

A. CASH FLOW FROM OPERATING ACTIVITIES

	For the year Ended 31/3/97	For the year Ended 31/3/96
NET PROFIT/(LOSS) AFTER TAX AND EXTRA ORDINARY ITEMS AS PER PROFIT & LOSS ACCOUNT (i)	-2891489	3414819
ADJUSTED FOR		
Depreciation (Including amount in prior period adjustment)	5520808	10218709
Misc. Expenses Written Off	1466328	1115253
Lease Equalisation Reserve	1357745	-533817
Loss/(Profit) on Sale of Investment	1125	-6682000
Interest Income	-180518	-185464
Profit/loss on Sale of Assets	278273	-86738
Prior Period Adjustment (Interest)	-2879	0
Interest Expenses	6342450	6295230
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES (ii)	14783332	5341173
ADJUSTED FOR		
Trade and Other Receivable	-1260755	737601
Inventories	-61953	-4899
Trade Payables	534344	570039
Interest paid on other than Fixed Loan	-420138	-2249276
CASH FLOW BEFORE EXTRA ORDINARY ITEMS [(i)+(ii)+(iii)] (iii)	-1208502	-946535
Add/(Less):Extra Ordinary Items : Prior Period Adj. (Interest)	10683341	7809457
	2879	0
CASH GENERATED FROM OPERATING ACTIVITIES : (A)	10686220	7809457
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-15828675	-37012167
Sale of Fixed Assets	540000	100000
Miscellaneous & Deferred Revenue Expenditure	-1755373	-1353939
Purchase of Investments	-100000	-950000
Sale of Investments	48875	9295000
Advance for Capital Goods	2299852	-2191709
Creditors for Capital Goods	-7746229	922742
Interest Income	180518	11553
Short Term Loans Given	-165160	-84288
NET CASH USED IN INVESTING ACTIVITIES (B)	-22526192	-31262808
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	18491000	0
Contribution Towards Capital	3264500	100000
Proceeds from Long Term Borrowings	23724000	6697148
Repayment of Long Term Borrowings (Inclusive of Interest)	-11976737	-7014170
Short Term Loan Received	5066500	23155344
Short Term Loan Repayment	-26949679	0
NET CASH FROM FINANCING ACTIVITIES (C)	11619584	22938322
NET CASH EQUIVALENTS [(A)+(B)+(C)]	-220388	-515029
CASH & CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	1471394	1986423
CASH & CASH EQUIVALENTS AS AT THE END OF THE YEAR	1251006	1471394

For and on behalf of the Board

 PLACE : BARODA
 DATE : 28TH JUNE, 1997

 RAJESH C. JAIN
 CHAIRMAN & MANAGING DIRECTOR

 KAMLESH K. JAIN
 DIRECTOR

AUDITORS' CERTIFICATE

 TO:
 The Board of Directors,
AJWA FUN WORLD & RESORT LIMITED
 3rd Floor, Regent Tower, Race Course Circle, Baroda - 390 007.

We have examined the attached Cash Flow Statement of the AJWA FUN WORLD & RESORT LIMITED for the year ended 31st March, 1997. The statement has been prepared by the Company in accordance with the requirement of clause 32 of the listing agreements with the Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account & Balance Sheet of the Company covered by our report of 28th June, 1997 to the Members of the Company.

 For M/s. R.C.Deopura & Co.
 CHARTERED ACCOUNTANTS

 PLACE : BARODA
 DATE : 28TH JUNE, 1997

 (R.C. DEOPURA)
 (Proprietor)