



Date : 30th June, 1998

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, 1998** 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. 2 regarding not providing for gratuity and other employee benefits (amount not ascertained),

- b) Note No. 3 regarding not providing for penalty and interest that may be levied on the Company for the delay/default in remitting money to various authorities (amount not ascertainable),
- c) Note No. 12 regarding not holding of the investments in the name of the Company though required as per the provisions of Sec. 49 of the Companies Act, 1956 and
- d) Note No. 13 regarding not providing for the diminution in the value of Investments amounting Rs.75,53,028/.

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, 1998, 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 : 30th June, 1998

**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 prejudicial to the interest of the Company due to :
 - (i) the loans have been given interest free,
 - (ii) the company has not adhered to provisions of Section 295 of the Companies Act, 1956 in respect of certain loans given by it.
 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, wherever such stipulations are being made and are also regular in payment of interest wherever it is being charged.
 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 unservicable or damaged stores. Necessary provisions have been made in the accounts for any loss arising on the items so determined.
13. As informed to us the Company has accepted deposits from public. As per explanations given to us, the Company has complied with the provisions of section 58 A of the Companies Act, 1956 and rules framed thereunder 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 of cost records, as prescribed under section 209 (1)(d) of the Companies Act, 1956 is not applicable to it.
17. In our opinion and as informed to us, the Company is not regular in depositing the dues in respect of Provident Funds with appropriate authorities. As regards the

Employees State Insurance, we were informed that the same is not yet applicable to the Company and therefore no amount has been deducted for the same and accordingly not required to be deposited.

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 31.03.98 for a period of more than six months from the date they became payable, however had Rs.11,81,844 and Rs.2664/- 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 man-hours 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 : 30th June, 1998

BALANCE SHEET AS AT 31ST MARCH, 1998.

PARTICULARS	SCHEDULE	AS AT 31/3/98 [Rs.]	AS AT 31/3/97 [Rs.]
SOURCES OF FUNDS :			
SHARE HOLDERS' FUNDS			
a. Share Capital	1	63,900,000	63,900,000
b. Reserve & Surplus	2	17,006,159	21,449,965
			80,906,159
LOAN FUNDS			
a. Secured Loans	3	41,317,191	38,168,391
b. Unsecured Loans	4	5,441,177	5,619,698
			46,758,368
			127,664,527
APPLICATION OF FUNDS :			
FIXED ASSETS			
a. Gross Block	5	133,003,918	134,937,534
b. Less : Depreciation		19,445,781	17,391,351
			113,558,137
Pre-Operative Expenses (Pending Allocation)	6		565,927
			9,358,878
INVESTMENTS			
	7		9,358,878
CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories (Stores, Beverages, Eatables)		90,594	79,747
b. Sundry Debtors	8	6,274,625	4,387,300
c. Cash & Bank Balances	9	1,639,120	1,251,006
d. Loans & Advances	10	3,933,209	3,949,546
			9,667,599
Less : Current Liabilities & Provisions	11	13,303,156	13,989,899
NET CURRENT ASSETS			
			(1,365,608)
MISCELLANEOUS EXPENDITURE			
	12		5,989,366
TOTAL			
			129,138,054
NOTES ON ACCOUNTS AND ACCOUNTING POLICIES			
	19		

As per our Report of even date

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

CHARTERED ACCOUNTANTS

For and on behalf of the Board

R.C. DEOPURA
PROPRIETOR
PLACE : BARODA
DATE : 30TH JUNE, 1998

RAJESH C. JAIN
CHAIRMAN & MANAGING DIRECTOR
PLACE : AJWA
DATE : 30TH JUNE, 1998

KAMLESH K. JAIN
DIRECTOR



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998.

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 31/3/98 [Rs.]	FOR THE YEAR ENDED 31/3/97 [Rs.]
INCOME :			
a. Sales/Income from Operations	13	23,223,783	19,726,879
b. Other Income	14	174,884	250,794
TOTAL		23,398,667	19,977,673
EXPENDITURE :			
a. Parks/Garden Operating Expenses	15	6,594,283	5,444,100
b. Administrative & General Exps	16	5,908,499	5,617,234
c. Interest & Financial Expenses	17	8,607,119	6,832,844
d. Miscellaneous Expenses Written Off		1,713,491	1,466,328
		22,823,392	19,360,506
Less : Amount Charged to pre-Operative Expenses		Nil	2,009,273
TOTAL		22,823,391	17,351,233
PROFIT FOR THE YEAR BEFORE DEPRECIATION		575,276	2,626,440
LESS : DEPRECIATION		4,963,705	5,453,096
PROFIT/(LOSS) FOR THE YEAR AFTER DEPRECIATION		(4,388,430)	(2,826,656)
PROVISION FOR TAXATION		Nil	Nil
NET PROFIT/(LOSS) FOR THE YEAR AFTER TAX		(4,388,430)	(2,826,656)
LESS : PRIOR PERIOD ADJUSTMENTS	18	55,378	64,833
ADD : BALANCE BROUGHT FORWARD		10,329,965	13,221,453
TOTAL PROFITS CARRIED TO BALANCE SHEET		5,886,159	10,329,965
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 ACCOUNTANTSR.C. DEOPURA
PROPRIETORRAJESH C. JAIN
CHAIRMAN & MANAGING DIRECTORKAMLESH K. JAIN
DIRECTORPLACE : BARODA
DATE : 30TH JUNE, 1998PLACE : AJWA
DATE : 30TH JUNE, 1998



SCHEDULES ANNEXED TO THE ACCOUNTS

PARTICULARS	AS AT 31/3/98 [Rs.]	AS AT 31/3/97 [Rs.]
SCHEDULE : [1] : SHARE CAPITAL : AUTHORISED		
2,50,00,000 Equity Shares of Rs.10/-each	250,000,000	250,000,000
ISSUED, SUBSCRIBED & PAID UP		
63,90,000 Equity Shares of Rs.10/- each fully paid up	63,900,000	63,900,000
TOTAL	63,900,000	63,900,000
SCHEDULE : [2] : RESERVED & SURPLUS :		
Profit as per Profit & Loss Account	5,886,159	10,329,965
Share Premium Account	11,120,000	11,120,000
TOTAL	17,006,159	21,449,965
SCHEDULE : [3] : SECURED LOANS :		
a. Term loan from Bank of Baroda [Secured against equitable mortgage of Land & Building and hypothecation of Plant & Machineries and personal guarantee of Directors] [Repayable within One year Rs.10,933,170/-, Previous year Rs.7,894,007/-]	10,933,170	11,175,332
b. Term Loan from United Bank of India [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.39,63,307/-, Previous year Rs.28,05,507/-]	3,963,307	3,805,507
c. Loan from Anagram Finance Limited [Secured against Vehicles Purchased through them under Hire Purchase Scheme] [Repayable within One year Rs.168,252/-, Previous year Rs.Nil]	277,433	Nil
d. Loan from Ashok Leyland Finance Limited [Secured against Vehicles Purchased through them under Hire Purchase Scheme] [Repayable within One year Rs.Nil, Previous year Rs.514,017/-]	Nil	514,017



SCHEDULES ANNEXED TO THE ACCOUNTS

PARTICULARS	AS AT 31/3/98 [Rs.]	AS AT 31/3/97 [Rs.]
e. Loan from Citi Bank N.A. [Secured against Vehicles Purchased through them under Hire Purchase Scheme] [Repayable within One year Rs.1,63,152/-, Previous year Rs.Nil]	324,379	Nil
f. Loan from Gujarat Lease Finance Limited [Secured against Vehicles Purchased through them under Hire Purchase Scheme] [Repayable within One year Rs.162,856/-, Previous year Rs.96,399/-]	348,754	465,211
g. Loan from Gujarat State Financial Corpn [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.12,233,861/-, Previous year Rs.4,411,360/-]	25,470,148	22,208,324
Note : The amount of Secured Loans are inclusive of interest accrued and due and over due amounts of Interest & Installments.		
TOTAL	41,317,191	38,168,391
SCHEDULE : [4] : UNSECURED LOANS :		
From Directors	1,293,443	835,597
From Bodies Corporate	3,688,034	4,314,201
Membership Deposits	459,700	426,900
Public Fixed Deposits	Nil	43,000
TOTAL	5,441,177	5,619,698



SCHEDULES ANNEXED TO THE ACCOUNTS

SCHEDULE : [5] : FIXED ASSETS :

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	AS ON 1/4/97 THE YEAR	ADDITIONS DURING	DEDUCTION ADJUSTMENT	AS ON 31/3/98	UP TO 31/3/97	FOR THE YEAR	DEDUCTION ADJUSTMENT	UP TO 31/3/98	AS ON 31/3/98	AS ON 31/3/97
1. Land	16055162	0	0	16055162	0	0	0	0	16055162	16055162
2. Building & Site Development	24160762	309255	0	24470017	1192097	760971	0	1953068	22516949	229688665
3. Plant & Machineries	66980820	412625	0	67393445	5096727	3195790	0	8292517	59100928	61884094
4. Office Equipments	748149	66680	11515	803314	66925	64320	0	131245	672069	681224
5. Furnitures & Fixtures	1696453	10000	0	1706453	121247	110694	0	231942	1474511	1575206
6. Misc. Assets	1544554	304575	1465762	383367	1220485	379207	1465762	133930	249437	324069
7. Vehicles	3289590	1034275	263383	4060482	845226	451323	93468	1203080	2857402	2444365
8. Asset on Lease Plant & Machinery	12271729	0	1503763	10767966	7500000	0	0	7500000	3267966	4771729
9. Temporary Construction	1350045	0	1350045	0	1348645	1400	1350045	0	0	1400
TOTAL [A]	128097264	2137410	4594468	125640206	17391351	4963705	2909275	19445781	106194425	110705913
CAPITAL WORK IN PROGRESS										
1. Building & Civil Construction	6840270	523442	0	7363712	0	0	0	0	7363712	6840270
TOTAL [B]	6840270	523442	0	7363712	0	0	0	0	7363712	6840270
TOTAL [A] + [B]	134937534	2660852	4594468	133003918	17391351	4963705	2909275	19445781	113558137	117546183
PREVIOUS YEAR :->	121457890	16377238	2897594	134937534	12043556	5453096	105301	17391351	117546183	0



SCHEDULES ANNEXED TO THE ACCOUNTS

PARTICULARS	AS AT 31/3/98 [Rs.]	AS AT 31/3/97 [Rs.]
SCHEDULE : [6] :		
PRE-OPERATIVE EXPESNES PENDING ALLOCATION :		
As per Last Balance Sheet	565,927	565,927
Add: Transferred from Profit & Loss A/c	Nil	2,009,273
	565,927	2,575,200
Less : Capitalised during the year to Fixed Assets	Nil	2,009,273
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.784,000/-, Previous year Rs.1,680,000/-]	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.4,350/-, Previous year Rs.8,250/-]	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.17,500/-, Previous year Rs.35,000/-]	342,875	342,875
1000 Equity Shares of Rs.10/- each fully paid up of Bank of Baroda [Previous year 1000 Equity Shares - Partly Paid Up] [Market Value Rs.105,000/-, Previous year Rs.55,000/-]	85,000	50,000
Unquoted (Equity Shares of Companies)		
e. 95,000 Equity Shares of Rs.10/- each fully paid of Ajwa Finance Limited [A company under the same management] [Previous year 95,000 Equity Shares]	950,000	950,000
TOTAL	9,393,878	9,358,878



PARTICULARS	AS AT 31/3/98 [Rs.]	AS AT 31/3/97 [Rs.]
SCHEDULE : [8] : SUNDRY DEBTORS :		
[Unsecured, considered good]		
Debts outstanding for a period Exceeding:		
a. Six months	5,321,000	3,368,625
b. Others	953,625	1,018,675
TOTAL	6,274,625	4,387,300
SCHEDULE : [9] : CASH & BANK BALANCES :		
a. Cash on hand	1,507,776	1,192,120
b. Balance with Scheduled Banks :		
- In Current Accounts	130,586	58,128
- In Issue Control Accounts	758	758
TOTAL	1,639,120	1,251,006
SCHEDULE : [10] : LOANS & ADVANCES :		
a. Loans	251,340	249,448
b. Advances :		
[Recoverable in cash or in kind or for value to be received]		
- Deposits with various agencies	865,548	1,401,504
- Advance to Suppliers & Others	769,244	455,496
- Other Advances	1,334,902	1,039,828
- Staff Advances	107,189	288,015
- Prepaid Expenses	169,279	154,734
- Share Application Money	350,000	350,000
- T.D.S. Receivables	85,707	10,521
TOTAL	3,933,209	3,949,546
SCHEDULE : [11] : CURRENT LIABILITIES & PROVISIONS :		
CURRENT LIABILITIES :		
a. Sundry Creditors (-)	8,817,570	9,574,509
b. Bank Account Overdrawn (Current A/c with Scheduled Bank)	10,840	98,698
c. Unearned Income	772,159	370,772
d. Other Liabilities	725,435	650,593
e. Share Application Money Refundable	124,604	124,604
SUB TOTAL	10,450,608	10,819,176
PROVISIONS :		
For Expenses	1,670,704	1,688,879
For Taxation	1,181,844	1,481,844
SUB TOTAL	2,852,548	3,170,723
TOTAL	13,303,156	13,989,899



PARTICULARS	AS AT 31/3/98 [Rs.]	AS AT 31/3/97 [Rs.]
SCHEDULE : [12] : MISCELLANEOUS EXPENDITURE : [to the extent not written off/adjusted]		
a. Preliminary Expenses		
Balance as per last Balance Sheet	2,919,685	3,336,640
Add :		
- Additions During the year	2,500	Nil
	<u>2,922,185</u>	<u>3,336,640</u>
Less : 1/10th written off for the year	417,955	416,955
SUB TOTAL	<u>2,504,230</u>	<u>2,919,685</u>
b. Deferred Revenue Expenses		
Balance as per last Balance Sheet	3,069,681	2,363,681
Add : Additions during the year	1,234,568	1,755,373
	<u>4,304,249</u>	<u>4,119,054</u>
Less : 1/5th written off for the year	1,296,286	1,049,373
SUB TOTAL	<u>3,007,963</u>	<u>3,069,681</u>
TOTAL	<u>5,512,193</u>	<u>5,989,366</u>
PARTICULARS	FOR THE YEAR ENDED 31/3/98 [Rs.]	FOR THE YEAR ENDED 31/3/97 [Rs.]
SCHEDULE : [13] : SALES/INCOME FROM OPERATIONS :		
Parks / Garden Income	19,752,920	16,813,171
b. Restaurant Income (Sale of eatables/commission)	2,197,403	1,668,174
c. Lease Income		
- Lease Rentals	1,903,500	1,903,500
- Lease Equalisation	(1,503,763)	(1,357,745)
d. Bus Income	417,033	461,101
e. Membership Income	231,810	104,819
f. Misc. Other Income	224,880	133,858
TOTAL	<u>23,223,783</u>	<u>19,726,879</u>



PARTICULARS

FOR THE YEAR
ENDED 31/3/98
[Rs.]FOR THE YEAR
ENDED 31/3/97
[Rs.]

SCHEDULE : [14] : OTHER INCOME :

a. Discount & Kasar	59,115	Nil
b. Interest Income (TDS Rs.75186/-, Previous year Rs.4390/-)	106,350	180,518
c. Profit on Sale of Assets	Nil	47,430
d. Sundry Balances Written off	9,419	22,846
TOTAL	174,884	250,794

SCHEDULE : [15] : PARKS/GARDEN OPERATING EXPENSES :

a. Land Revenue Expenses	Nil	11,451
b. Electricity and Power & Fuel 60:40	2,317,482	2,091,292
c. Repairs & Maintenance [P & M]	1,076,221	794,533
d. Repairs & Maintenance [Building]	92,744	28,393
e. Repairs & Maintenance [Others]	184,102	386,648
f. Stores & Spares Consumed	251,010	210,576
g. Security Expenses 60:40	499,638	383,502
h. Lodging & Boarding Expenses 60:40	105,960	Nil
i. Generator Rent Expenses	13,633	Nil
j. Commission & Discount Expenses	269,838	190,018
k. Restaurant Expenses (Cost of Sales of eatables etc.)	1,216,595	811,555
l. Buses Operating Expenses	567,060	536,132
TOTAL	6,594,283	5,444,100

SCHEDULE : [16] : ADMINISTRATION & OTHER EXPENSES :

a. PAYMENT TO AND PROVISIONS FOR EMPLOYEES :

Directors' Remuneration and Perks	480,000	420,000
Salary & Wages to Staff	1,780,847	2,257,354
Staff Welfare Expenses	194,202	179,880
Contribution to Provident & Other Funds	177,522	0
SUB-TOTAL	2,632,571	2,857,234



PARTICULARS	AS AT 31/3/98 [Rs.]	AS AT 31/3/97 [Rs.]
b. ADMINISTRATIVE & GENERAL EXPENSES :		
Advertisement & Business Promotion Exps.	876,488	462,544
Legal & Professional Fee & Expenses	344,400	388,672
Travelling Expenses (Includes Directors' Domestic Travelling Rs.70,478/-, Previous Year Rs.45,175/-)	272,307	183,236
Office & General Expenses	384,393	323,462
Printing & Stationery Expenses	223,403	158,647
Postage, Telegram & Telephone Expenses	304,610	368,905
Conveyance & Vehicle Expenses	344,482	199,328
Donation	5,000	904
Insurance Expenses	203,789	252,332
Auditor's Remuneration	30,000	30,000
Expenses on Medical treatment of Customers	120,457	15,544
Repairs & Maintenance Expenses	87,685	49,598
Loss on Sale of Assets	78,914	325,703
Loss on Sale of Investments	Nil	1,125
SUB-TOTAL	3,275,928	2,760,000
TOTAL	5,908,499	5,617,234
SCHEDULE : [17] : INTEREST & FINANCIAL EXPENSES : 0		
a. Bank Charges	24,365	490,394
b. Interest Paid :		
- To Banks	2,837,876	3,467,524
- To G.S.F.C.	5,456,216	2,138,772
- To Others	37,585	399,766
c. Finance (Hire) Charges	251,077	336,388
TOTAL	8,607,119	6,832,844
SCHEDULE : [18] : PRIOR YEARS ADJUSTMENTS :		
Depreciation	Nil	67,712
Interest Income	Nil	(2,879)
Legal & Professional Fee Expenses	5,000	Nil
Miscellaneous Expenses Written Back	(3,307)	Nil
Miscellaneous Expenses	11,166	Nil
Employer's Contribution to P. F.	34,519	Nil
Excess Rent Income Written Back	8,000	Nil
TOTAL	55,378	64,833

**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, 1998)

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 & 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 proportionately on the basis of period.
- 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/(Loss) 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 estimated useful life.
4. Depreciation is provided on pro-rata basis from the month in which assets have been put to use and upto the date on which assets have been disposed or sold.



5. The assets having average life of about two years such as Costumes, Restaurant Crockeries etc. are being clubbed under Miscellaneous Assets and have been written off after a period of two years.

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, beverages & eatables are valued at cost. Cost is arrived at by following Weighted Average method of accounting.

3. 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.
- iii. Advertisement & other travelling & office expenses relating to the Periodic Membership Schemes whose income have been treated as accrued on proportionate basis are treated as deferred revenue expenditure and appropriate amounts are being written off every year, over the period of such Schemes.

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. 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.

Since the company is following cash method of accounting in this respect, the liability in respect of gratuity is not being worked out by it.

3. 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.

4. AUDITORS' REMUNERATION INCLUDES :

	1997-98	1996-97
	[Rs.]	[Rs.]
[1] Statutory Audit Fees	17,500	15,000
[2] Tax Audit Fees	7,500	7,500
[3] Taxation & Certification Work: Fees	5,000	7,500

TOTAL	30,000	30,000
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5. Balance due to or due from parties/ banks from whom confirmations are not received are subject to adjustment on receipt of confirmations including Bank of Baroda, Mumbai branch, Bank of Baroda, Padmavati Baroda branch, Bank of Baroda, Raopura Baroda branch, Corporation Bank, Ahmedabad branch, State Bank of India, Mumbai branch & State Bank of India, Rasulabad branch and issue control account with the Bankers' to the issue.
6. **LOANS & ADVANCES INCLUDES THE FOLLOWING :**
- i Rs. Nil given as loan to Apple Amusement Industries Limited. Maximum outstanding during the year Rs.554,810/-. (Previous year:- Rs. 204,810/- and Rs.204,810/- respectively.)
 - ii Rs. Nil given as loan to M/s. Ajwa Fashions Limited. Maximum outstanding during the year Rs.47,018/-. (Previous year - Rs.43,938/- and Rs.165,938/- respectively.)
 - iii Rs. Nil given as loan to M/s. Ajwa Finance Limited. Maximum outstanding during the year Rs.44,816/-. (Previous year -Rs. Nil and Rs. 1,00,000/- respectively.)
 - iv 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 Rs.100,000/- respectively.)
 - v Rs. Nil given as loan to M/s. Unique Construction Pvt. Ltd. Maximum outstanding during the year Rs.378,654/-. (Previous year both the amounts are Nil.)
 - vi Rs.10,020 given as loan to M/s. Mahavir Estate Pvt. Ltd. Maximum outstanding during the year Rs.10,020/-. (Previous year both the amounts are Nil.)
[All these companies are under the same management as defined U/s 370 1(B) of the Companies Act, 1956.]
7. Directors' Remuneration (Current year as well as previous year) represents Directors salary only.
8. 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.
9. **CONTINGENT LIABILITIES :**
- i. Disputes not acknowledged as debt by the company for Rs.19,46,655/-.
 - ii. A demand has been raised on the Company by Income Tax department amounting to Rs. 65,58,829/- for A.Y. 1995-96 consequent to the assessment order passed u/s. 143 (3) of the Income Tax Act, 1961 for which no provision has been made by the company since the company has preferred an appeal against the said order before the appropriate authority.
 - iii. Tax payable by the Company to Vadodara Municipal Corporation for the year 1995-96 amounting to Rs. 95,869/- in respect of Company's office premises, contested by the company.
 - iv. Demand raised by the Gujarat Electricity Board for Rs. 1,95,070 towards installation charges and interest but contested by the company.
10. The company has been advised by experts that due to higher claim of depreciation and other benefits available as per the provisions 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.
11. The Income Tax and Sales Tax assessments for the Asst. Year 1996-97 and 1997-98 and financial year 1994-95, 1995-96 & 1996-97 respectively are yet to be made by the concerned authorities.



12. The investments made by the Company are not held in its own name though required as per the provisions of section 49 of the Companies Act, 1956.
13. The company has not provided for the diminution in the value of long term investments held by it through 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.75,53,028/- and correspondingly the current liabilities of the Company would have been higher to the same extent.
14. Debtors in respect of Lease Rentals are outstanding since last 3 years . There is no recovery from the concerned party, however the management is of the opinion that the amount outstanding as such is fully recoverable and therefore can be considered at full value in the Balance Sheet.
15. Defrrred revenue expenditure includes Rs. 73,569/- incurred by the Directors towards their foreign travelling. (Previous Year : Rs.358,159.75.
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.

	1997-98	1996-97
i LICENSE AND INSTALLED CAPACITY:	Not Applicable	Not Applicable
ii RAW MATERIALS CONSUMPTION :	NIL	NIL
OPENING & CLOSING STOCK OF FINISHED GOODS:	NIL	NIL
iv C.I.F. VALUE OF IMPORTS :	NIL	NIL
v EXPENDITURE IN FOREIGN CURRENCY :	Rs. 29,822 (FRANC 500)	Rs.3,05,481 (US\$ 8,327)
vi EARNINGS IN FOREIGN CURRENCY :	NIL	NIL
vii DIVIDEND TO NRI's :	NIL	NIL

18. BALANCE SHEET ABSTRACT AND 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	8
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0	4
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II. Capital Raised during the year [Amount in Thousands]

Public Issue

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

Right Issue

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

Bonus Issue

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

Private Placement

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

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

Total Liabilities

			1	2	7	6	6	5
--	--	--	---	---	---	---	---	---

Total Assets

			1	2	7	6	6	5
--	--	--	---	---	---	---	---	---



Sources of Funds [Amount in Thousands]

Paid-up Capital

6 3 9 0 0

Secured Loans

4 1 3 1 7

Reserve and Surplus

1 7 0 0 6

Unsecured Loans

5 4 4 2

Application of Funds [Amount in Thousands]

Net Fixed Assets

1 1 3 5 5 9

Net Current Assets

- 1 3 6 6

Pre-Operative Expenses

5 6 6

Investment

9 3 9 4

Miscellaneous Expenditure

5 5 1 2

Accumulated Losses

N I L

IV. Performance of the Company [Amount in Thousands]

Turnover

2 3 3 9 9

Profit/(Loss) Before Tax

- 4 3 8 8

Earning Per Share in Rs.

0 . 0 0

Total Expenditure

2 7 7 8 7

Profit/(Loss) After Tax

- 4 3 8 8

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
Directors

**PLACE : BARODA.
DATE : 30TH JUNE, 1998.**

**PLACE : AJWA
DATE : 30TH JUNE, 1998**



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.98 (PREPARED PERSUANT TO LISTING AGREEMENT)

	FOR THE YEAR ENDED 31/3/1998	FOR THE YEAR ENDED 31/3/1997
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT / (LOSS) AFTER TAX AND EXTRAORDINARY ITEMS AS PER PROFIT AND LOSS ACCOUNT	(4,443,808)	(2,891,489)
ADJUSTED FOR		
DEPRECIATION (INCLUDING AMOUNT IN PRIOR PERIOD ADJUSTMENT)	4,963,705	5,520,808
MISC. EXP. WRITTEN OFF	1,714,242	1,466,328
LEASE EQUALISATION RESERVE	1,503,763	1,357,745
LOSS/(PROFIT) ON SALE OF INVESTMENT	Nil	1,125
INTEREST INCOME	(106,350)	(180,518)
PROFIT/LOSS ON SALE OF ASSETS	78,914	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES:-	16,792,406	14,783,332
ADJUSTED FOR		
TRADE AND OTHER RECEIVABLE	(1,534,432)	(1,260,755)
INVENTORIES	(10,847)	(61,953)
TRADE PAYABLES	362,057	534,344
INTEREST PAID ON OTHER THAN FIXED LOANS	(1,446,221)	(420,138)
	<u>(2,629,443)</u>	<u>(1,208,502)</u>
CASH FLOW BEFORE EXTRA ORDINARY ITEMS :	9,719,155	10,683,341
ADD/(LESS):EXTRA ORDINARY ITEMS: PRIOR PERIOD ADJ.(INTEREST)	(55,378)	2,879
CASH GENERATED FROM OPERATING ACTIVITIES: (A)	9,663,777	10,686,220
B. CASH FLOW FROM INVESTING ACTIVIES		
PURCHASE OF FIXED ASSETS	(2,660,852)	(15,828,675)
SALE OF FIXED ASSETS	102,516	540,000
MISC.& DEFERRED REVENUE EXPENDITURE	(1,237,068)	(1,755,373)
PURCHASE OF INVESTMENTS	(35,000)	(100,000)
SALE OF INVESTMENTS	Nil	48,875
ADVANCES FOR CAPITAL GOODS	Nil	2,299,852
CREDITORS FOR CAPITAL GOODS	Nil	(7,746,229)
INTEREST INCOME	106,350	180,518
SHORT TERM LOANS GIVEN	(251,340)	(165,160)
NET CASH USED IN INVESTING ACTIVITIES: (B)	(3,975,394)	(22,526,192)



C. CASH FLOW FROM FINANCING ACTIVITIES:		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	Nil	18,491,000
CONTRIBUTION TOWARDS CAPITAL	Nil	3,264,500
PROCEEDS FROM LONG TERM BORROWING	752,000	23,724,000
REPAYMENT IN LONG TERM BORROWING [INCLUSIVE OF INTEREST]	(5,873,748)	(11,976,737)
SHORT TERM LOANS RECEIVED	3,758,136	5,066,500
SHORT TERM LOANS REPAYMENT	(3,936,657)	(26,949,679)
NET CASH FROM FINANCING ACTIVITIES: (C)	(5,300,269)	11,619,584
NET CASH EQUIVALANTS {(A)+(B)+(C)}	388,114	(220,388)
CASH AND CASH EQUIVALANTS AS AT THE BEGINNING OF THE YEAR	1,251,006	1,471,394
CASH AND CASH EQUIVALANTS AS AT THE END OF THE YEAR	1,639,120	1,251,006

For and on behalf of the Board of Director

PLACE : AJWA
DATE : 30TH JUNE, 1998

RAJESH C. JAIN
Chairman & Managing Director

KAMLESH K. JAIN
Director

AUDITORS' CERTIFICATE

To,
The Board of Directors,
AJWA FUN WORLD & RESORT LIMITED
AJWA, Baroda

We have examined the attached Cash flow statement of the AJWA FUN WORLD & RESORT LIMITED for the year ended 31st March, 1998. 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 and Balance Sheet of the Company covered by our report of 30th June, 1998 to the members of the Company.

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

PLACE : BARODA
DATE : 30TH JUNE, 1998

[R.C.DEOPURA]
Proprietor