



REGISTRAR OF COMPANIES

WILLIAM POWELL AND SONS LIMITED

**REPORT AND FINANCIAL STATEMENTS
30 NOVEMBER 1997**

**Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff
CF2 1TS**





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REPORT AND FINANCIAL STATEMENTS 1997

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W D C Johns-Powell

Mrs P Johns-Powell

J N Johns-Powell

SECRETARY

J N Johns-Powell

REGISTERED OFFICE

Sheepcourt Farm

Bonvilston

Cardiff

AUDITORS

Deloitte & Touche

Chartered Accountants

BANKERS

Lloyds Bank Plc

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 November 1997.

1 ACTIVITIES

The company's activities comprise the development of land and properties for resale, the making and management of investments, farming activities relating to the letting of land and the running of a golf clubhouse.

2 REVIEW OF DEVELOPMENTS

The results for the year are set out in the profit and loss account on page 5. The financial position of the company at the year end is shown in the balance sheet on page 6.

3 DIVIDENDS

The directors do not recommend the payment of a dividend (1996 - £Nil).

4 FUTURE PROSPECTS

The directors seek to build up the recurring income base of the company by investment in and development of property.

5 DIRECTORS

The present membership of the Board is set out on page 1. All directors served throughout the year.

The directors' interests, as defined by the Companies Act 1985, in the shares of the company at the beginning and end of the year were as follows:

	30/11/97 and 30/11/96	
	£1 ordinary shares	
	Beneficial life interest in trust	Beneficial interest held in own name
W D C Johns-Powell	27,000	11,051
Mrs P Johns-Powell	10,000	5,000
J N Johns-Powell	27,000	11,051

6 STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgement and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

7 AUDITORS

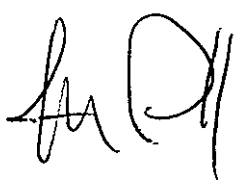
Deloitte & Touche were appointed as auditors during the year.

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

W D Johns-Powell
Director

Date.....



25 September 1998.



AUDITORS' REPORT TO THE MEMBERS OF WILLIAM POWELL AND SONS LIMITED

Chartered Accountants

Deloitte & Touche
Ordnance House
Fitzalan Court
Newport Road
Cardiff CF2 1TS

Telephone: National 01222 481111
International + 44 1222 481111
Fax (Gp. 3): 01222 482615

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and Registered Auditor

28 September 1998.

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 NOVEMBER 1997

	Note	1997 £	1996 £
Turnover - continuing operations	2	571,042	197,481
Cost of sales		(252,163)	-
Gross profit		<u>318,879</u>	<u>197,481</u>
Administrative expenses		(250,623)	(145,719)
Other operating income		16,461	35,209
OPERATING PROFIT - continuing operations		<u>84,717</u>	<u>86,971</u>
Other interest receivable and similar income	4	3,663	5,472
Interest payable and similar charges	5	(94,525)	(68,517)
(Loss)/profit on ordinary activities before taxation	6	(6,145)	23,926
Tax on (loss)/profit on ordinary activities	7	-	6,322
Retained (loss)/profit for the financial year	19,20	<u>(6,145)</u>	<u>17,604</u>

There are no recognised gains or losses for the current or preceding years other than as disclosed above.

BALANCE SHEET
30 NOVEMBER 1997

	Note	£	1997 £	1996 £
FIXED ASSETS				
Tangible assets	8	3,421,854		2,774,542
Investment properties	9	1,772,664		1,772,664
Other investments	10	2		2
			5,194,520	4,547,208
CURRENT ASSETS				
Stocks	11	386,970		567,384
Debtors	12	43,557		84,826
Cash at bank and in hand		10,372		826
		440,899		653,036
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Bank overdraft	21	444,550		52,749
Other creditors including taxation and social security	13	442,100		338,147
Deferred income		2,462		2,462
		889,112		393,358
NET CURRENT (LIABILITIES)/ASSETS			(448,213)	259,678
TOTAL ASSETS LESS CURRENT LIABILITIES			4,746,307	4,806,886
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14		(866,905)	(921,339)
PROVISIONS FOR LIABILITIES AND CHARGES	15		(45,000)	(50,000)
			<u>3,834,402</u>	<u>3,835,547</u>
CAPITAL AND RESERVES				
Called up share capital	17		91,102	91,102
Revaluation reserve	19		1,564,791	1,559,791
Capital redemption reserve	19		19,000	19,000
Profit and loss account	19		2,159,509	2,165,654
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u>3,834,402</u>	<u>3,835,547</u>

The financial statements were approved by the Board of Directors on 25 September 1998.

Signed on behalf of the Board

W D C John-Powell
Director




1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

a) Accounting convention:

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment and freehold properties.

b) Tangible fixed assets:**Freehold property:**

Depreciation is not provided on freehold land and buildings as the expected residual value is not less than the cost shown in the accounts.

Investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation is provided in respect of investment properties, this constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their economic lives and is necessary to enable the financial statements to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Equipment, fixtures and fittings:

Small items of equipment are charged to the profit and loss account. Other additions are capitalised and depreciated at 20% pa which is designed to write off their cost over their expected useful lives. A full year's depreciation is charged in the year of acquisition and none in the year of sale.

Plant, machinery and motor vehicles:

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

Plant and machinery	- 20% on cost
Motor vehicles	- 20% on cost

c) Investments:

Investment in property is stated at directors' valuation. Other investments are stated at the lower of cost and market value.

d) Deferred taxation:

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

e) Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate overheads relating to the development of freehold land for resale.

1 STATEMENT OF ACCOUNTING POLICIES (continued)
f) Group Accounts

The company is taking advantage of Section 248 of the Companies Act 1985 which permits an exemption from the requirement to prepare group accounts. These accounts therefore include information relating to the parent company only.

g) Hire purchase contracts

Assets held under hire purchase contracts are capitalised at their fair value on the inception of the agreement and depreciated over their estimated useful lives. The finance charges are allocated over the period of the agreement in proportion to the capital amount outstanding.

h) Grants

Grants received in respect of capital items are deferred and credited to the profit and loss account over the term of ten years.

2 TURNOVER

Turnover represents income from freehold properties and ground rents and income from fixed asset investments.

**3 INFORMATION REGARDING DIRECTORS
AND EMPLOYEES**

1997	1996
£	£

Directors' emoluments	<u>9,083</u>	<u>16,064</u>
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Employee costs during the year (excluding directors):

Wages and salaries	63,848	8,328
Social security costs	3,875	547
	<u>67,723</u>	<u>8,875</u>

Average number of persons employed (including directors):	No	No
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Administration	<u>5</u>	<u>4</u>
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4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

£	£
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Bank interest	507	2,381
Other interest	3,156	3,091
	<u>3,663</u>	<u>5,472</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

Bank loans, overdrafts and other loans repayable within 5 years	22,049	4,599
Bank loan repayable after 5 years	18,369	7,817
Loan stock interest	47,250	47,250
Hire purchase interest	6,817	8,851
Inland Revenue interest	40	-
	<u>94,525</u>	<u>68,517</u>

**6 (LOSS)/PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION**

1997 1996
£ £

(Loss)/profit on ordinary activities before
taxation is after charging:

Depreciation - owned assets	63,090	21,414
- leased assets	26,223	32,173
Auditors' remuneration	2,750	2,500
Loss on sale of fixed assets	<u>8</u>	<u>-</u>

and after crediting:

Income from listed investments	-	155
Profit on sale of fixed assets	-	2,570
Profit on disposal of fixed asset investments	<u>-</u>	<u>20,398</u>

7 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

United Kingdom corporation tax at 24 % (1996 - 25 %)	-	-
Adjustment to prior years' tax provisions	-	6,322
	<u>-</u>	<u>6,322</u>

**NOTES TO THE ACCOUNTS
YEAR ENDED 30 NOVEMBER 1997**
8 TANGIBLE FIXED ASSETS

	Land and buildings £	Equipment fixtures/ fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 December 1996	2,536,428	125,252	232,149	11,200	2,905,029
Additions	613,451	130,905	4,427	2,850	751,633
Disposals	-	-	(30,500)	-	(30,500)
At 30 November 1997	<u>3,149,879</u>	<u>256,157</u>	<u>206,076</u>	<u>14,050</u>	<u>3,626,162</u>
At cost	1,726,266	256,157	206,076	14,050	2,202,549
At valuation	1,423,613	-	-	-	1,423,613
	<u>3,149,879</u>	<u>256,157</u>	<u>206,076</u>	<u>14,050</u>	<u>3,626,162</u>
Accumulated depreciation					
At 1 December 1996	-	47,280	76,114	7,093	130,487
Provisions	-	45,543	40,960	2,810	89,313
Disposals	-	-	(15,492)	-	(15,492)
At 30 November 1997	-	<u>92,823</u>	<u>101,582</u>	<u>9,903</u>	<u>204,308</u>
Net book value					
At 30 November 1997	<u>3,149,879</u>	<u>163,334</u>	<u>104,494</u>	<u>4,147</u>	<u>3,421,854</u>
At 30 November 1996	<u>2,536,428</u>	<u>77,972</u>	<u>156,035</u>	<u>4,107</u>	<u>2,774,542</u>
Comparable amounts determined according to the historical cost convention					
Net book value					
At 30 November 1997	<u>2,098,570</u>	<u>163,334</u>	<u>104,494</u>	<u>4,147</u>	<u>2,370,545</u>
At 30 November 1996	<u>1,485,119</u>	<u>77,972</u>	<u>156,035</u>	<u>4,107</u>	<u>1,486,907</u>

Net book value of fixed assets includes £84,916 (1996 - £111,139) in respect of assets held under hire purchase agreements.



NOTES TO THE ACCOUNTS - YEAR ENDED 30 NOVEMBER 1997

9 INVESTMENT PROPERTIES

Freehold properties:	£
Cost/valuation	
At 1 December 1996	1,772,664
Additions	-
At 30 November 1997	<u>1,772,664</u>
Farmland and buildings	722,664
Commercial buildings	1,050,000
	<u>1,772,664</u>
At cost	90,000
At valuation	1,682,664
At valuation	<u>1,772,664</u>
Comparable amounts determined according to the historical cost convention:	
At 30 November 1997	<u>1,500,508</u>
At 30 November 1996	<u>1,500,508</u>
The directors have valued all properties at their estimate of open market value at 30 November 1997.	

10 OTHER INVESTMENTS HELD AS FIXED ASSETS

	1997	1996
	£	£
Shares in subsidiary company - at 1 December 1996 and 30 November 1997	<u>2</u>	<u>2</u>

11 STOCK

	1997	1996
	£	£
Stock for resale	<u>386,970</u>	<u>567,384</u>

	1997 £	1996 £
12 DEBTORS		
Rents receivable	4,451	11,673
Amount due from subsidiary	17,645	20,645
Prepayments and accrued income	6,284	5,895
Other debtors	5,899	29,747
VAT recoverable	-	6,910
Loans	9,278	9,956
	<u>43,557</u>	<u>84,826</u>

The amount due from subsidiary company is secured on freehold land owned by Earlcourt Properties Limited.

**13 OTHER CREDITORS INCLUDING TAXATION
AND SOCIAL SECURITY**

	1997 £	1996 £
Other taxation and social security	-	625
Corporation, advance corporation and income tax payable	17,347	17,584
Other creditors and accruals	56,633	45,463
Obligations under hire purchase contract	37,769	43,908
Rental income received in advance	70,529	71,380
Loan stock interest	166,350	142,725
Bank loan	14,000	14,000
Deferred income	2,462	2,462
VAT payable	2,010	-
Related party loan	75,000	-
	<u>442,100</u>	<u>338,147</u>

**14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN
ONE YEAR**

	1997 £	1996 £
Loan stock	675,000	675,000
Obligations under hire purchase contracts	9,150	47,713
Bank loan	165,518	178,926
Deferred income	17,237	19,700
	<u>866,905</u>	<u>921,339</u>

The loan stock is repayable in 2018. It is redeemable at the option of the company at three yearly intervals. Interest is borne at 7% per annum.

Hire purchase obligations are secured on the assets to which they relate.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 NOVEMBER 1997

**15 PROVISIONS FOR LIABILITIES
AND CHARGES**

	Balance at 1/12/96 £	Credited to profit and loss account £	Transferred from revaluation reserve £	Balance at 30/11/97 £
Deferred taxation	<u>50,000</u>	<u>-</u>	<u>5,000</u>	<u>45,000</u>

The amounts of deferred taxation provided and unprovided in the financial statements are:

	Provided 1997 £	1996 £	Unprovided 1997 £	1996 £
Capital allowances in excess of depreciation	34,357	17,242	-	-
Surplus on revaluation	45,000	50,000	-	-
Other timing differences	(34,357)	(17,242)	-	-
	<u>45,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>

16 BORROWINGS

	1997 £	1996 £
Analysis of loan repayments:		
Bank loans and overdrafts		
Within one year or on demand	458,550	66,749
Between one and two years	14,000	14,000
Between two and five years	42,000	42,000
After five years	109,518	122,926
	<u>624,068</u>	<u>245,675</u>
Other loans including finance leases and hire purchase contracts net of future finance charges		
Within one year or on demand	112,769	43,908
Between one and two years	9,150	17,047
Between two and five years	-	30,666
After five years	675,000	675,000
	<u>796,919</u>	<u>766,621</u>
Amounts repayable by instalments some of which fall due after five years;		
Bank loans		
Total amount	179,519	192,926
Instalments due after five years	<u>109,519</u>	<u>108,926</u>

The bank overdraft and loan are all secured by a fixed and floating charge over the assets of the company. Obligations under finance leases and hire purchase contracts are secured on the related assets.

The bank loan is repayable in equal annual instalments up to the year 2006.

**NOTES TO THE ACCOUNTS
YEAR ENDED 30 NOVEMBER 1997**

17 CALLED UP SHARE CAPITAL	1997	1996
	£	£
Authorised: 125,000 ordinary shares of £1 each	<u>125,000</u>	<u>125,000</u>
Allotted and fully paid: 91,102 ordinary shares of £1	<u>91,102</u>	<u>91,102</u>

18 ADDITIONAL INFORMATION ON SUBSIDIARY

Subsidiary	Country of incorporation/ registration and operation	Activity	Proportion of ordinary shares held
Earlcourt Properties Limited	Wales	Dormant	100%

The subsidiary company had net liabilities of £173 as at 30 November 1997.

**19 STATEMENT OF MOVEMENT ON
RESERVES**

	Capital redemption reserve (non- distributable)	Revaluation reserve (non- distributable)	Profit and loss account (distributable)	Total
	£	£	£	£
Balance at 1 December 1996	19,000	1,559,791	2,165,654	3,744,445
Loss for the year	-	-	(6,145)	(6,145)
Transfer of deferred tax	-	5,000	-	5,000
Balance at 30 November 1997	<u>19,000</u>	<u>1,564,791</u>	<u>2,159,509</u>	<u>3,743,300</u>

20 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
(Loss)/profit attributable to the members of the company	(6,145)	17,604
Transfer from deferred tax	5,000	80,000
Opening shareholders funds	3,835,547	3,737,943
	<u>3,834,402</u>	<u>3,835,547</u>

21 BANK OVERDRAFT

The bank overdraft is secured by means of a negative pledge over the company's properties.

22 RELATED PARTY TRANSACTIONS

During the year the company received rental income of £65,000 from Cottrell Park Golf Club Limited, a company with common directors.

Included within creditors is a loan of £75,000 received from Cottrell Park Golf Club. This loan is interest free and will be repaid by 31 May 1998.