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Tohmatsu



Company Registration No. 205899

WILLIAM POWELL AND SONS LIMITED

Report and Financial Statements

30 November 1998

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



REPORT AND FINANCIAL STATEMENTS 1998

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REPORT AND FINANCIAL STATEMENTS 1998

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 1998.

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 running of a golf clubhouse.

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.

DIVIDENDS

The directors do not recommend the payment of a dividend (1997 – Nil).

FUTURE PROSPECTS

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

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 period were as follows:

	30/11/98 and 30/11/97	
	£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

YEAR 2000

The directors have considered the impact of the year 2000 issue on the operations of the company and are seeking assurances from the company's suppliers on the integrity of their systems. The directors believe that no significant additional costs will be incurred as a result of this matter.

AUDITORS

A resolution to re-appoint Deloitte & Touche as auditors will be proposed at the fourthcoming Annual General Meeting.

**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 or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 statements 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.

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

W D Johns-Powell
Director

Date 12.9.79



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

We have audited the financial statements on pages 5 to 15 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 circumstances of the company, 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 affairs of the company as at 30 November 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

Date 20 September 1999

PROFIT AND LOSS ACCOUNT
Year ended 30 November 1998

	Note	1998 £	1997 £
TURNOVER - continuing operations	2	1,055,374	571,042
Cost of sales		(537,351)	(252,163)
GROSS PROFIT		518,023	318,879
Administrative expenses		(348,467)	(250,623)
Other operating income		15,379	16,461
OPERATING PROFIT – continuing operations		184,935	84,717
Other interest receivable and similar income	4	7,068	3,663
Interest payable and similar charges	5	(92,574)	(94,525)
Profit/(loss) on ordinary activities before taxation	6	99,429	(6,145)
Tax on profit/(loss) on ordinary activities	7	(27,320)	-
Retained profit/(loss) for the financial year	19	72,109	(6,145)

There are no recognised gains or losses in the current and preceding year other than the profit for the financial year.



BALANCE SHEET

30 November 1998

WILLIAM POWELL AND SONS LIMITED

	Note	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	8	3,514,809		3,421,854	
Investment properties	9	1,372,664		1,772,664	
Other investments	10	2		2	
CURRENT ASSETS					
Stocks	11	47,904	4,887,475	386,970	5,194,520
Debtors	12	31,935		43,557	
Cash at bank and in hand		245,177		10,372	
		325,016		440,899	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Bank overdraft		-		444,550	
Other creditors including taxation and social security	13	396,640		442,100	
		396,640		889,112	
NET CURRENT LIABILITIES					
			(71,624)		(448,213)
TOTAL ASSETS LESS CURRENT LIABILITIES					
			4,815,851		4,746,307
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	14		(841,186)		(866,905)
PROVISIONS FOR LIABILITIES AND CHARGES					
	15		(65,154)		(45,000)
			3,909,511		3,834,402
CAPITAL AND RESERVES					
Called up share capital	17		91,102		91,102
Revaluation reserve	19		1,567,791		1,564,791
Capital redemption reserve	19		19,000		19,000
Profit and loss account	19		2,231,618		2,159,509
TOTAL EQUITY SHAREHOLDERS' FUNDS					
			3,909,511		3,834,402

These financial statements were approved by the Board of Directors on 12 September 1999.
Signed on behalf of the Board of Directors

W D C Johns-Powell
Director

**NOTES TO THE ACCOUNTS**
Year ended 30 November 1998**1. ACCOUNTING POLICIES**

The financial statements are 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 property.

(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 statement 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 cost less provision for any permanent diminution in 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 cost and net realisable value. Cost represents materials, direct labour and appropriate overheads to the development of freehold land for resale.

(f) Group accounts

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

NOTES TO THE ACCOUNTS
Year ended 30 November 1998

1. ACCOUNTING POLICIES (continued)

(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

	1998 £	1997 £
Directors' emoluments	6,220	9,083
Employee costs during the year (excluding directors):		
Wages and salaries	125,951	63,848
Social security costs	8,553	3,875
	<u>134,504</u>	<u>67,723</u>
	No.	No.
Average number of persons employed (including directors)		
Administration	<u>7</u>	<u>4</u>

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	1998 £	1997 £
Bank interest	3,731	507
Other interest	3,337	3,156
	<u>7,068</u>	<u>3,663</u>


NOTES TO THE ACCOUNTS
Year ended 30 November 1998
5. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
Bank loans, overdrafts and other loans		
repayable within 5 years	23,438	22,049
Bank loans repayable after 5 years	17,385	18,369
Loan stock interest	47,250	47,250
Hire purchase interest	2,919	6,817
Inland revenue interest	1,582	40
	<u>92,574</u>	<u>94,525</u>

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

	1998 £	1997 £
Profit/(loss) on ordinary activities		
before taxation is after charging:		
Depreciation		
- owned assets	88,038	63,090
- leased assets	12,418	26,223
Auditors' remuneration	2,950	2,750
Loss on sale of fixed asset investment	24,758	-
	<u> </u>	<u> </u>
and after crediting:		
Profit on sale of fixed assets	4,000	-
	<u> </u>	<u> </u>

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1998 £	1997 £
Corporation tax charge for the year at		
21% (1997 - 24%)	4,166	-
Adjustment for overprovision in previous year	-	6,145
Deferred tax	23,154	-
	<u>27,320</u>	<u>6,145</u>


NOTES TO THE ACCOUNTS
Year ended 30 November 1998
8. TANGIBLE FIXED ASSETS

THE COMPANY	Land and buildings £	Equipment fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 December 1997	3,149,879	256,157	206,076	14,050	3,626,162
Additions	109,631	52,230	27,675	3,875	193,411
Disposals	-	-	(12,550)	-	(12,550)
At 30 November 1998	3,259,510	308,387	221,201	17,925	3,807,023
At cost	60,038	308,387	221,201	17,925	607,551
At valuation	3,199,472	-	-	-	3,199,472
	3,259,510	308,387	221,201	17,925	3,807,023
Accumulated depreciation					
At 1 December 1997	-	92,823	101,582	9,903	204,308
Provisions	-	54,157	43,346	2,953	100,456
Disposals	-	-	(12,550)	-	(12,550)
At 30 November 1998	-	146,980	132,378	12,856	292,214
Net book value					
At 30 November 1998	3,259,510	161,407	88,823	5,069	3,514,809
At 30 November 1997	3,149,879	163,334	104,494	4,147	3,421,854
Comparable amounts determined according to the historical cost convention:					
Net book value					
At 30 November 1998	2,208,201	161,407	88,823	5,069	2,463,500
At 30 November 1997	2,098,570	163,334	104,494	4,147	2,370,545

Net book value of fixed assets includes £37,253 (1997 - £84,916) in respect of assets held under hire purchase agreements.



NOTES TO THE ACCOUNTS
Year ended 30 November 1998

9. INVESTMENT PROPERTIES

Freehold properties:	£
Cost/valuation	
At 1 December 1997	1,772,664
Disposals	(400,000)
	<u>1,372,664</u>
At 30 November 1998	<u>1,372,664</u>
 Farmland and buildings	 722,664
Commercial buildings	650,000
	<u>1,372,664</u>
 At cost	 90,000
At valuation	1,282,664
	<u>1,372,664</u>
 At valuation	 <u>1,372,664</u>
 Comparable amounts determined according to the historical cost convention:	
At 30 November 1998	814,183
At 30 November 1997	<u>1,500,508</u>

The directors have valued all properties at their estimate of open market value at 30 November 1998.

10. OTHER INVESTMENTS HELD AS FIXED ASSETS

	1998 £	1997 £
Shares in subsidiary company – at 1 December 1997 and 30 November 1998	<u>2</u>	<u>2</u>

11. STOCK

	1998 £	1997 £
Stock for resale	<u>47,904</u>	<u>386,970</u>


NOTES TO THE ACCOUNTS
Year ended 30 November 1998
12. DEBTORS

	1998 £	1997 £
Rents receivable	8,833	4,451
Amount due from subsidiary	-	17,645
Prepayments and accrued income	3,322	6,284
Other debtors	5,548	5,899
VAT recoverable	6,353	-
Loans	7,879	9,278
	<u>31,935</u>	<u>43,557</u>

13. OTHER CREDITORS: INCLUDING TAXATION AND SOCIAL SECURITY

	1998 £	1997 £
Corporation, advance corporation and income tax payable	4,166	17,347
Other creditors and accruals	74,300	53,764
Obligations under hire purchase contracts	9,948	37,769
Rental income received in advance	72,940	70,529
Loan stock interest	213,600	166,350
Bank loan	14,000	14,000
Deferred income	2,462	2,462
VAT payable	-	2,010
Related party loan	-	75,000
Amounts owed to subsidiary undertaking	2,355	-
Director's loan account	2,869	2,869
	<u>396,640</u>	<u>442,100</u>

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

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

	1998 £	1997 £
Loan stock	675,000	675,000
Obligations under hire purchase contracts	-	9,150
Bank loan	151,411	165,518
Deferred income	14,775	17,237
	<u>841,186</u>	<u>866,905</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.


NOTES TO THE ACCOUNTS
Year ended 30 November 1998
15. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1/12/97 £	Charged to profit and loss account £	Transferred from revaluation reserve £	Balance at 30/11/98 £
Deferred taxation	45,000	23,154	(3,000)	65,154

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

	Provided 1998 £	1997 £	Unprovided 1998 £	1997 £
Capital allowances in excess of depreciation	68,010	34,357	-	-
Surplus on revaluation	42,000	45,000	-	-
Other timing differences	(44,856)	(34,357)	-	-
	65,154	45,000	-	-

16. BORROWINGS

	1998 £	1997 £
Analysis of loan repayments:		
Bank loans and overdrafts		
Within one year or on demand	14,000	458,550
Between one and two years	14,000	14,000
Between two and five years	42,000	42,000
After five years	95,411	109,518
	165,411	624,068
Other loans including finance leases and hire purchase contracts net of future finance charges		
Within one year or on demand	9,948	112,769
Between one and two years	-	9,150
After five years	675,000	675,000
	684,948	796,919

The bank overdraft and loan are 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 1998

17. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised:		
125,000 ordinary shares of £1 each	125,000	125,000
Allotted and fully paid:		
91,102 ordinary shares of £1	<u>91,102</u>	<u>91,102</u>

18. ADDITIONAL INFORMATION ON SUBSIDIARY

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

The subsidiary company had net assets of £2,357 as at 30 November 1998 (1997 - net liabilities of £173).

19. STATEMENT OF MOVEMENT ON RESERVES

	Capital Redemption reserve (non- distributable) £	Revaluation Reserve (non- distributable) £	Profit and loss account (distributable) £
Balance at 1 December 1997	19,000	1,564,791	2,159,509
Profit for the year	-	-	72,109
Transfer of deferred tax	-	3,000	-
Balance at 30 November 1998	<u>19,000</u>	<u>1,567,791</u>	<u>2,231,618</u>



NOTES TO THE ACCOUNTS

Year ended 30 November 1998

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit/(loss) attributable to the members of the company	72,109	(6,145)
Transfer from deferred tax	3,000	5,000
Opening shareholders funds	3,834,402	3,835,547
	<u>3,909,511</u>	<u>3,834,402</u>

21. RELATED PARTY TRANSACTIONS

During the year the company received rental income of £130,000 (1997 - £65,000) from Cottrell Park Golf Club Limited, a company with common directors.

During the year property at Trehill was transferred to William Powell and Sons Limited by Earlcourt Properties Limited a wholly owned subsidiary of the company, for a value of £20,000. A balance of £2,355 was owed by the company to Earlcourt Properties Limited at the year end.