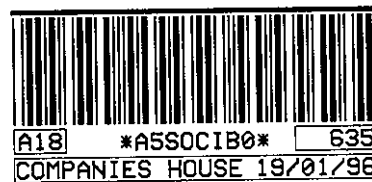


RHONDDA DEVELOPMENT COMPANY LIMITED
ABBREVIATED STATUTORY ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1995



Company No. 1226708 (England and Wales)

RHONDDA DEVELOPMENT COMPANY LIMITED

AUDITORS' REPORT TO THE DIRECTORS OF RHONDDA DEVELOPMENT COMPANY LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5 together with the statutory financial statements of Rhondda Development Company Limited for the year ended 31st March 1995. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 2 and that the abbreviated accounts have been properly prepared from the statutory financial statements.

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Schedule 8 Part III A of that Act in respect of the year ended 31st March 1995 and the abbreviated accounts have been properly prepared from the statutory financial statements.

On 30th November 1995 we reported as auditors of Rhondda Development Company Limited to the members on the full financial statements required by section 226 of the Companies Act 1985 for the year ended 31st March 1995 and our report was as follows:

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 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.

Continued

QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT

As explained in Note 1 Investment Properties have been shown at historical cost and not at their open market value as required by Statement of Standard Accounting Practice No 19, and it is impractical to evaluate the difference between the stated cost and open market value.

Except for the above in our opinion, the financial statement give a true and fair view of the state of the company's affairs as at 31st March 1995 and of its profits for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

~~CURTIS BOWDEN AND THOMAS~~
~~CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS~~

101 Dunraven Street
Tonypany
Mid Glamorgan
CF40 1AR

Date: 30th November 1995

RHONDDA DEVELOPMENT COMPANY LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31ST MARCH 1995

		1995		1994	
	Note	£	£	£	£
FIXED ASSETS	2				
Tangible assets			3,640,572		3,268,206
Investments			12,000		2,100
			<u>3,652,572</u>		<u>3,270,306</u>
CURRENT ASSETS					
Debtors	3	228,549		44,643	
Cash in hand		250		250	
		<u>228,799</u>		<u>44,893</u>	
CREDITORS: amounts falling due within one year		(1,096,667)		(847,655)	
NET CURRENT LIABILITIES			<u>(867,868)</u>		<u>(802,762)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,784,704		2,467,544
CREDITORS: amounts falling due after more than one year	4		(263,487)		(322,575)
			<u>£ 2,521,217</u>		<u>£ 2,144,969</u>
DEFERRED INCOME					
Local authority grant received			599,102		793,180
CAPITAL AND RESERVES					
Called up share capital	5	110,000		100,000	
Profit and loss account		1,812,135		1,251,789	
SHAREHOLDERS FUNDS			<u>1,922,135</u>		<u>1,351,789</u>
			<u>£ 2,521,237</u>		<u>£ 2,144,969</u>

In preparing these abbreviated accounts the directors have taken advantage of the exemptions conferred by Schedule 8 Part III A of the Companies Act 1985, and have done so on the grounds that, in their opinion, the company qualifies as a small company and is entitled to make use of the exemptions.

In preparing the financial statements the directors have taken advantage of special exemptions applicable to small companies under Schedule 8 Part 1 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company qualifies as a small company and is entitled to make use of the special exemptions.

The abbreviated accounts were approved by the board on 30th November 1995, and signed on its behalf.

R.A. Hulland
Director

R.A. Hulland

The notes on pages 3 and 5 form part of these abbreviated accounts.

RHONDDA DEVELOPMENT COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1995

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF ACCOUNTS

The accounts are prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standards No 1 from the requirement to produce cash flow statement on the grounds that it is a small company.

1.2 TANGIBLE FIXED ASSETS AND DEPRECIATION

- a) The freehold properties and improvements thereto are held by the Company as investment properties and are shown at their historical cost. It is not the policy of the Company to revalue investment properties at current market value as required by Standard Accounting Practice Number 19.
- b) Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture and Fittings	20% straight line basis
Office Equipment	20% straight line basis
Plant and Equipment	20% straight line basis
Motor Vehicles	25% reducing balance method

1.3 LOCAL AUTHORITY GRANT RECEIVED

Local Authority Grants Received have been written off on a straight line basis over five years.

The Company has decided not to adopt Statement of Standard Accounting Practice No 4 in respect of the accounting treatment for local authority grants received. It has been decided in order to show a more true and fair view of the state of the Company's affairs as at the balance sheet date and of the profit for the year under review, to write the grants off over their repayable lives.

Detailed below is a comparison between the accounting treatment adopted by the Company and the accounting treatment had Statement of Standard Accounting Practice No 4 been adopted by the company.

	Accounting Policy as Adopted by the Company	Had statement of Standard Accounting Practice No 4 Been Adopted
Profit and Loss Account		
Other Income	£ 217,261	£ Nil
Balance Sheet		
Deferred Income	£ 599,102	£ 1,739,930

RHONDDA DEVELOPMENT COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1995

1.4 RENTS

Rents comprise the total rents receivable by the Company net of Value Added Tax.

1.5 DEFERRED TAXATION

Only such deferred taxation as will become payable in the immediate future is accounted for by the Company. On this basis in the opinion of the Directors no provision for deferred taxation is at present required.

2 FIXED ASSETS

	Tangible Fixed Assets £
Cost	
At 1st April 1994	3,384,659
Additions	396,473
Disposals	(3,947)

At 31st March 1995	3,777,185
	=====
Depreciation	
At 1st April 1994	116,453
Charge for year	12,702
Disposals	(835)
On Additions	8,293

At 31st March 1995	136,613
	=====
Net book values	
At 31st March 1995	3,640,572

At 31st March 1994	3,268,206
	=====

3 DEBTORS

are all due within one year.

RHONDDA DEVELOPMENT COMPANY LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1995

4. CREDITORS

Creditors include the following:	1995 £	1994 £
Bank Loan		
Repayable by installments in more than five years	- =====	28,587 =====

5. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised		
Ordinary Shares of £1 each	110,000 =====	100,000 =====
Issued		
Ordinary Shares of £1 each	110,000 =====	100,000 =====

On 29th March 1995 the authorised share capital of the company has increased by 10,000 £1 ordinary shares. These shares were issued on that date.

6. SECURED LIABILITIES

The bank loan and overdrafts are secured by a fixed charge on selected freehold properties of the company.

	1995 £	1994 £
Aggregate secured liability	788,357 =====	811,758 =====

7. TRANSACTIONS WITH DIRECTORS

During the year the company purchased goods and services from R.A. Hulland Limited, a company in which the director R.A. Hulland has a material interest, these transactions amounted to £216,255 and were on a normal trading basis.