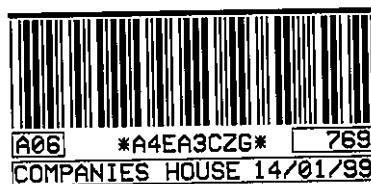

RHONDDA DEVELOPMENT COMPANY LIMITED
ABBREVIATED STATUTORY ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1998



Company No. 1226708 (England and Wales)

**AUDITORS' REPORT TO RHONDDA DEVELOPMENT COMPANY LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 2 to 5, together with the financial statements of the company for the year ended 31st March 1998 prepared under 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered have been properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



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

101 Dunraven Street
Tonypany
Mid Glamorgan
CF40 1AR

Date: 28th August 1998

RHONDDA DEVELOPMENT COMPANY LIMITED

ABBREVIATED BALANCE SHEET
AS AT 31ST MARCH 1998

		1998		1997	
	Note	£	£	£	£
FIXED ASSETS	2				
Tangible assets			3,757,510		3,729,508
Investments			12,000		12,000
			<u>3,769,510</u>		<u>3,741,508</u>
CURRENT ASSETS					
Debtors	3	62,288		48,780	
Cash In hand		2,151		800	
		<u>64,439</u>		<u>49,580</u>	
CREDITORS: amounts falling due within one year	4	(816,283)		(863,395)	
		<u></u>		<u></u>	
NET CURRENT LIABILITIES			(751,844)		(813,815)
			<u></u>		<u></u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,017,666		2,927,693
CREDITORS: amounts falling due after more than one year	4		(65,361)		(136,398)
			<u>2,952,305</u>		<u>2,791,295</u>
			<u>2,952,305</u>		<u>2,791,295</u>
DEFERRED INCOME					
Local authority grants received			74,575		218,014
CAPITAL AND RESERVES					
Called up share capital	5	110,000		110,000	
Profit and Loss account		2,767,730		2,463,281	
		<u>2,877,730</u>		<u>2,573,281</u>	
SHAREHOLDERS' FUNDS			2,877,730		2,573,281
			<u>2,952,305</u>		<u>2,791,295</u>
			<u>2,952,305</u>		<u>2,791,295</u>

In preparing these abbreviated financial statements the directors have taken advantage of the exemptions conferred by Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities. The financial statements was approved by the board on 28th August 1998 and signed on its behalf.

R.A. Hulland
Director

R.A. Hulland

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

RHONDDA DEVELOPMENT COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998

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.

The financial statements have been prepared in accordance with the financial reporting standard for smaller entities.

1.2 TANGIBLE FIXED ASSETS AND DEPRECIATION

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.

Depreciation is provided at rates calculated to write off the cost of valuation 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 Grant 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.

	Accountancy Policy as Adopted by the Company		Had Statement of Standard Accounting Practice No 4 been Adopted	
	1998 £	1997 £	1998 £	1997 £
Profit and Loss Account				
Other Income	177,210	216,517	Nil	Nil
Balance Sheet				
Deferred Income	74,575	218,014	1,823,700	1,789,930

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1998

1.4 RENTS

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

1.5 DEFERRED TAXATION

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is reasonable probability that a liability or asset will crystallise in the near future.

2 FIXED ASSETS

	Tangible Fixed Assets £
Cost	
At 1st April 1997	3,890,608
Additions	103,478
Disposals	(80,183)

At 31st March 1998	3,913,903
	=====
Depreciation	
At 1st April 1997	161,100
Charge for year	4,704
Eliminated in Disposal	(9,411)

At 31st March 1998	156,393
	=====
Net book values	
At 31st March 1998	3,757,510
	=====
At 31st March 1997	3,729,508
	=====

3 DEBTORS

All debtors are repayable within one year

RHONDDA DEVELOPMENT COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1998

4. CREDITORS

Creditors include the following:	1998	1997
	£	£
Secured creditors	65,361 =====	136,398 =====

5. CALLED UP SHARE CAPITAL

	1998	1997
	£	£
Authorised Ordinary Shares of £1 each	110,000 =====	110,000 =====
Alloted, called up and fully paid Ordinary Shares of £1 each	110,000 =====	110,000 =====

6. TRANSACTIONS WITH DIRECTORS

During the year the following transactions were carried out with other Companies in which the Director, R.A. Hulland, has a material interest.

Supply of goods and services by:

	1998	1997
	£	£
R.A. Hulland Limited	49,136	120,507

The transactions were on a normal trading basis.