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WSS INVESTMENTS LTD

COMPANY NUMBER : 336098

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 31 DECEMBER 1998

Directors: M Blackwell (Chairman)
Mrs E M Williams
Mrs J M Sharp
M J Foden

Secretary: S C Guest

Registered Office: Tauntfield
South Road
Taunton
Somerset
TA1 3ND



DIRECTORS' REPORT

The directors submit herewith their report and financial statements for the year ended 31 December 1998.

Results and Dividends

The loss for the year after taxation and after crediting a realised gain of £22000 on the sale of freehold property amounted to £71000.

Dividends paid and the further dividend recommended by the directors are as follows:-

	£	£
A Preference Shares		
Paid 30 June 1998 at 2.0% net	308	
Paid 18 December 1998 at 2.0% net	309	617

B Preference Shares		
Paid 30 June 1998 at 2.4% net	740	
Paid 18 December 1998 at 2.4% net	740	1480
	-----	-----
		2097
Ordinary Shares		
Paid 7 August 1998 at 23.625p per share	48573	
Proposed	959997	1008570
	-----	-----
		1010667
		=====

This leaves a balance of £1082000 to be transferred from retained profits.

Group Reorganisation

In order to provide a strong foundation to allow for future development the directors have reorganised the WSS Investments group.

The main elements of this reorganisation are as follows:-

1. On 31 December 1998 all shareholders in WSS Investments Ltd sold their shares to Tauntfield Ltd in exchange for similar shares in Tauntfield Ltd. As a consequence WSS Investments Ltd became a wholly owned subsidiary of Tauntfield Ltd.
2. Net assets of WSS Investments Ltd at 31 December 1998 were sold to Tauntfield Ltd at book value.
3. A special dividend amounting to £912000 representing all distributable reserves of WSS Investments Ltd at 31 December 1998 was proposed for the financial year ended on this date and this is to be paid to Tauntfield Ltd on 14 April 1999.
4. Subject to the provisions of Section 176 and 177 of the Companies Act 1985, on 25 March 1999 WSS Investments Ltd entered into an agreement with Tauntfield Ltd to acquire on 3 May 1999 all the issued capital in WSS Investments Ltd other than 2 £1 ordinary shares.

As a consequence of the above measures the business carried on by WSS Investments Ltd has been transferred in its entirety to Tauntfield Ltd and after completion of the reorganisation WSS Investments Ltd will become a dormant subsidiary company of Tauntfield Ltd with an issued capital of £2.

Principal activities

Until 31 December 1998 the company's principal activities were as a holding company and in commercial property letting.

WSS INVESTMENTS LTD

DIRECTOR'S REPORT (continued)

Fair review of the business

Although there was a deficit sustained during the year by the parent company the directors consider that having regard to the much improved performance of its subsidiaries and strong performance from associated companies, the company had a satisfactory year. The results of these subsidiary and associated companies are not consolidated in these accounts.

With properties now fully let there has been an improvement during 1998 in the company's rental income stream.

During the year a substantial part of the company's short term borrowings were converted into a 7 year term loan repayable by instalments.

As a result of the measures already taken, there has been a further reduction in bank borrowings and the directors consider that the company is well placed for the future.

Directors and their interests

The directors of the company who have served during the year and their interests in the company's share capital were as follows:

	<u>Ordinary</u>		<u>A Preference</u>		<u>B Preference</u>	
	<u>£1 shares</u>		<u>£1 shares</u>		<u>£1 shares</u>	
	<u>At 31 December</u>	<u>At 1 January</u>	<u>At 31 December</u>	<u>At 1 January</u>	<u>At 31 December</u>	<u>At 1 January</u>
	<u>1998</u>	<u>1998</u>	<u>1998</u>	<u>1998</u>	<u>1998</u>	<u>1998</u>
<u>Beneficial interests</u> (including family interests)						
Mrs E M Williams	-	56100	-	2140	-	8660
Mrs J M Sharp	-	56100	-	7500	-	5620
M Blackwell	-	6000	-	-	-	-
M J Foden	-	6000	-	-	-	-
<u>Other interests</u>						
Mrs E M Williams	-	29500	-	5000	-	15000
Mrs J M Sharp	-	29500	-	5000	-	15000
M Blackwell	-	46400	-	5480	-	15960

The interests of directors of WSS Investments Ltd in the company's parent company, Tauntfield Ltd, were as follows:-

	<u>Ordinary</u>		<u>A Preference</u>		<u>B Preference</u>	
	<u>£1 shares</u>		<u>£1 shares</u>		<u>£1 shares</u>	
	<u>At 31 December</u>	<u>At 1 January</u>	<u>At 31 December</u>	<u>At 1 January</u>	<u>At 31 December</u>	<u>At 1 January</u>
	<u>1998</u>	<u>1998</u>	<u>1998</u>	<u>1998</u>	<u>1998</u>	<u>1998</u>
<u>Beneficial interests</u> (including family interests)						
Mrs E M Williams	61300	-	2530	-	9440	-
Mrs J M Sharp	61300	-	7890	-	6400	-
M Blackwell	6000	-	-	-	-	-
M J Foden	6000	-	-	-	-	-
<u>Other interests</u>						
Mrs E M Williams	29500	-	5000	-	15000	-
Mrs J M Sharp	29500	-	5000	-	15000	-
M Blackwell	40000	-	5000	-	15000	-

WSS INVESTMENTS LTD

DIRECTORS' REPORT (continued)

Disabled persons

The company gives consideration to applications for employment from disabled persons and to continuing to employ persons who have become disabled, having regard to the nature of the work involved.

Employee involvement

The directors maintain close contact with the employees and strive to foster an environment where employees can participate fully in decision-making in matters of mutual concern.

Health and Safety

The company strives to achieve the best possible health and safety conditions for all employees.

Close company

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

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 and of the profit or loss of the 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint Messrs Amherst & Shapland as Auditors will be put to the members at the Annual General Meeting.

By order of the board



S C Guest
Secretary

14 April 1999

AUDITORS' REPORT TO THE MEMBERS OF

WSS INVESTMENTS LTD

We have audited the financial statements on pages 1 to 13 which have been prepared under the historical cost convention as modified by the revaluation of investment properties and other freehold property and the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described in their report 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 affairs of the company as at 31 December 1998 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Amherst & Shapland
Chartered Accountants
Registered Auditors
Castle Lodge
Castle Green
Taunton
Somerset
TA1 4AD

14 April 1999

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>Notes</u>	<u>1998</u> £000	<u>1997</u> £000
TURNOVER	1	-	54
Cost of sales		-	82
GROSS LOSS		-	(28)
Administrative expenses		241	171
		(241)	(199)
Rents receivable less expenses		153	140
OPERATING LOSS	2	(88)	(59)
Provision for losses in subsidiaries not required		16	30
Loss on sale of fixed assets		(1)	-
Dividends from associated companies		35	40
Dividend from subsidiary company		15	-
		(23)	11
Interest receivable		-	1
Interest payable	4	71	165
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(94)	(153)
Taxation on loss on ordinary activities	5	(1)	(75)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(93)	(78)
DIVIDENDS	6	1011	148
		(1104)	(226)
TRANSFER FROM REVALUATION RESERVE			
Realised gain on sale of freehold properties		22	392
TOTAL RETAINED (LOSS)/PROFIT FOR THE YEAR ARISING FROM OPERATIONS		(1082)	166

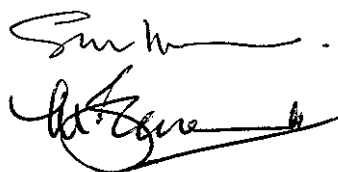
The Notes on Pages 4 to 13 form part of these financial statements.

WSS INVESTMENTS LTD**BALANCE SHEET AS AT 31 DECEMBER 1998**

	Notes	1998 £000	1997 £000
FIXED ASSETS			
Tangible assets			
Investment properties	7	-	1342
Other freehold property	7	-	456
Plant, vehicles and equipment	8	-	15
		-----	-----
Total tangible assets		-	1813
Intangible assets			
Investments	9	-	667
		-----	-----
TOTAL FIXED ASSETS		-	2480
CURRENT ASSETS			
Debtors	10	252	394
		-----	-----
		252	394
CREDITORS - Amounts falling due within one year	11	-	1497
		-----	-----
NET CURRENT ASSETS/(LIABILITIES)		252	(1103)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		252	1377
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	12	-	21
		-----	-----
NET ASSETS		252	1356
		=====	=====
CAPITAL AND RESERVES			
Called up share capital: equity	13	205	205
non-equity	13	47	47
		-----	-----
		252	252
Revaluation reserve	15	-	672
Capital reserve	16	-	1
Profit and loss account	17	-	431
		-----	-----
SHAREHOLDERS' FUNDS	14	252	1356
		=====	=====

These financial statements were approved by the board of directors on 14 April 1999.

E M Williams)
) Directors
 M Blackwell)



The Notes on Pages 4 to 13 form part of these financial statements.

WSS INVESTMENTS LTD**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE YEAR ENDED 31 DECEMBER 1998**

	<u>1998</u>	<u>1997</u>
	£000	£000
Loss for the financial year	(93)	(78)
Unrealised deficit on revaluation on transfers to investment property	-	(266)
Unrealised deficit on revaluation of investment properties	-	(34)
Total recognised losses relating to the year	<u>(93)</u>	<u>(378)</u>

Note of Historical Cost Profits and Losses

	<u>1998</u>	<u>1997</u>
	£000	£000
Reported loss on ordinary activities before taxation	(94)	(153)
Realisation of property revaluation gains of previous years (net)	22	392
Historical cost (loss)/profit on ordinary activities before taxation	<u>(72)</u>	<u>239</u>
Historical cost (loss)/profit for the year retained after taxation and dividends	<u>(1082)</u>	<u>166</u>

The notes on pages 4 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 19981. ACCOUNTING POLICIESBasis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties and in accordance with applicable accounting standards. The true and fair override provisions of the Companies Act 1985 have been invoked in relation to investment properties.

Group accounts

Since the company is the wholly owned subsidiary of another company, Tauntfield Ltd, consolidated accounts have not been prepared.

Tangible fixed assets

Property is valued at historic cost or valuation as shown in note 7 to the financial statements. The surplus arising on revaluation of properties is included in the revaluation reserve.

Depreciation is provided on all tangible fixed assets (other than investment properties and other freehold properties except as described below) at the following annual rates on the reducing balance basis in order to write off the cost less estimated residual value of each asset over its expected useful life:

Motor vehicles	30%
Plant, machinery and office equipment	20%

Depreciation is provided on other freehold properties to the extent that it is perceived that a permanent diminution in value has occurred.

No further depreciation charge arises in respect of other freehold property as the estimated residual value of the property is not considered to be less than its depreciated cost.

Investment Properties

Investment properties are stated at open market valuations made annually in accordance with Statement of Standard Accounting Practice Number 19 (Revised). Surpluses or deficits arising on the revaluation are dealt with in the investment property revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

In accordance with Statement of Standard Accounting Practice Number 19 (Revised), no depreciation has been provided on investment properties and associated plant. This is a departure from the Companies Act 1985 requirement to depreciate fixed assets having a limited useful economic life. The directors consider this departure is necessary for the purpose of giving a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because 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.

Deferred taxation

Deferred taxation is provided using the liability method. Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes. No provision is made, however, where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

Finance lease and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives. Finance charges have been calculated using the reducing balance method and charged to the profit and loss account for the year.

Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)2. OPERATING LOSS

	<u>1998</u>	<u>1997</u>
--	-------------	-------------

	<u>£000</u>	<u>£000</u>
--	-------------	-------------

The company's operating loss is arrived at after charging:

Depreciation of assets held under finance leases	-	2
Depreciation of other assets	2	3
Auditors' remuneration	3	4
Loss on disposal of fixed assets	1	-
	<u>==</u>	<u>==</u>

3. DIRECTORS AND EMPLOYEESEmployees

The average monthly number of employees (including directors) was:

	<u>1998</u>	<u>1997</u>
	No.	No.

Administrative staff	7	7
	<u>==</u>	<u>==</u>

Staff costs (for the above persons):

	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>

Wages and salaries	113	122
Redundancy payments	-	11
Social security costs	10	12
Other pension costs	17	27
	<u>-----</u>	<u>-----</u>
	140	172
	<u>==</u>	<u>==</u>

Directors' emoluments

The emoluments paid to the directors was:

	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>

Emoluments for directors' services	59	80
Money purchase pension scheme contributions	4	14
	<u>-----</u>	<u>-----</u>
	63	94
	<u>==</u>	<u>==</u>

The number of directors for whom money purchase pension scheme contributions were paid during the year was:

	<u>1998</u>	<u>1997</u>
	<u>3</u>	<u>3</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)4. INTEREST PAYABLE

	<u>1998</u>	<u>1997</u>
	£000	£000
On bank overdrafts and other loans:		
Repayable within 5 years	33	136
On mortgage loan repaid during the year	-	29
Repayable after 5 years	38	-
	<u>71</u>	<u>165</u>

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	<u>1998</u>	<u>1997</u>
	£000	£000
The taxation credit comprises:		
Transfer from deferred taxation	(1)	(65)
Adjustment to corporation tax charge relating to prior years	-	(10)
	<u>(1)</u>	<u>(75)</u>

6. DIVIDENDS

	<u>1998</u>	<u>1997</u>
	£000	£000
Ordinary shares		
Dividends paid	49	97
Final dividend proposed	48	49
Special dividend proposed	912	-
	<u>1009</u>	<u>146</u>
Preference shares paid		
A at 4.0% net (1997: 4.0%)	1	1
B at 4.8% net (1997: 4.8%)	1	1
	<u>1011</u>	<u>148</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)7. PROPERTY

	<u>Freehold</u> <u>Investment</u> <u>Property</u> £000	<u>Other</u> <u>Freehold</u> <u>Property</u> £000	<u>Total</u> £000
<u>COST OR VALUATION</u>			
At 1 January 1998	1342	456	1798
Additions at cost	3	-	3
Disposals at cost	(5)	-	(5)
Revaluation reserve realised	(22)	-	(22)
Transfer to Tauntfield Ltd	(1318)	(456)	(1774)
	-----	-----	-----
At 31 December 1998	-	-	-
	=====	=====	=====

The historical cost of properties included at valuation is as follows:-

	£000	£000	£000
At 31 December 1998	-	-	-
	=====	=====	=====
At 31 December 1997	792	165	957
	=====	=====	=====

The freehold investment properties are included at open market value and are based on directors valuations. In determining these valuations the valuers have made use of discounted cash flow methodology and key assumptions made concerned the level of existing rents, the market sectors in which the existing tenants operate and the discount rates.

Other freehold properties were revalued in accordance with an open market professional valuations by independent commercial surveyors on 31 December 1988 and 27 March 1986.

WSS INVESTMENTS LTDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998
(continued)8. PLANT, VEHICLES AND EQUIPMENT

	<u>Motor vehicles</u>	<u>Plant and machinery</u>	<u>Total</u>
	£000	£000	£000
<u>COST</u>			
At 1 January 1998	38	10	48
Additions at cost	2	-	2
Disposals at cost	(38)	-	(38)
Transfer to Tauntfield Ltd	(2)	(10)	(12)
	-----	-----	-----
At 31 December 1998	-	-	-
	=====	=====	=====
<u>DEPRECIATION</u>			
At 1 January 1998	30	3	33
Charge for the year	-	2	2
Disposals	(30)	-	(30)
Transfer to Tauntfield Ltd	-	(5)	(5)
	-----	-----	-----
At 31 December 1998	-	-	-
	=====	=====	=====
<u>NET BOOK VALUE</u>			
31 December 1998	-	-	-
	=====	=====	=====
31 December 1997	8	7	15
	=====	=====	=====

Plant, vehicles and equipment held under finance leases included in the above cost amounted to £Nil (1997: £14000), with accumulated depreciation £Nil (1997: £9000) and net book value £Nil (1997: £5000).

WSS INVESTMENTS LTD**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)****9. FIXED ASSET INVESTMENTS**

		<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	% of	% of issued ordinary capital		£000	£000
	voting	%	%		
	rights				
SUBSIDIARIES					
Spiller & Webber Ltd					
85000 ordinary shares of £1	-	-	100	-	612
Somerset Conservation Ltd					
29000 ordinary shares of £1	-	-	100	-	22
Quantock Finishings Ltd					
7000 ordinary shares of £1	-	-	100	-	-
R S L (South West) Ltd					
5720 ordinary shares of £1	-	-	100	-	-
Dyer Ltd					
9075 ordinary shares of £1	-	-	100	-	-
Rosland Ltd					
100 ordinary shares of £1	-	-	100	-	-
Woolaway Stansell Ltd					
2 ordinary shares of £1	-	-	100	-	-
Taunton Electrical Services Ltd					
16000 ordinary shares of £1	-	-	100	-	-
Stansell & Wells Conservation Ltd					
1000 ordinary shares of £1	-	-	100	-	-
TOTAL OF SUBSIDIARIES				<u>-</u>	<u>634</u>
ASSOCIATED COMPANIES					
Blackdown Estates Ltd					
212668 ordinary shares of £1	-	-	27.8	-	18
Summerfield Developments (SW) Ltd					
11412 ordinary shares of £1	-	-	27.7	-	15
TOTAL OF ASSOCIATED COMPANIES				<u>-</u>	<u>33</u>
TOTAL OF INVESTMENTS				<u>-</u>	<u>667</u>

All subsidiaries and associates are incorporated and operate in the United Kingdom with the exception of Rosland Limited, which is incorporated in Gibraltar. All the activities of the subsidiary and associated companies are in building and associated services.

All shares included in fixed asset investments are fully paid.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)10. DEBTORS

	<u>1998</u>	<u>1997</u>
	£000	£000
Trade debtors	-	25
Amounts recoverable on contracts	-	20
Other debtors	-	29
Prepayments	-	13
Cash at bank and in hand	-	1
Advance corporation tax recoverable after one year	-	98
Owed by group undertakings	252	176
Owed by associated undertakings	-	32
	-----	-----
	<u>252</u>	<u>394</u>

11. CREDITORS: Amounts falling due within one year

	<u>1998</u>	<u>1997</u>
	£000	£000
Bank overdraft	-	804
Dividends	-	49
Advance corporation tax on dividends	-	25
Social security and other taxes	-	6
Hire purchase and leasing obligations	-	5
Other creditors	-	71
Accruals and deferred income	-	67
Owed to group undertakings	-	420
Owed to associated undertakings	-	50
	-----	-----
	<u>-</u>	<u>1497</u>

12. PROVISION FOR LIABILITIES AND CHARGES

	<u>1998</u>	<u>1997</u>
	£000	£000
The provision for liabilities and charges comprises:-		
Deferred taxation attributable to accelerated taxation allowances on capital expenditure	-	21
	-----	-----
Total provided in these accounts	<u>-</u>	<u>21</u>
Additional potential liability if property were to be disposed of at revalued amounts	-	200
	-----	-----
Full potential liability	<u>-</u>	<u>221</u>

Deferred taxation has been provided for at 31% (1997: 31.25%).

WSS INVESTMENTS LTD**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)****13. SHARE CAPITAL**

	<u>Authorised</u>		<u>Allotted, called up, issued and fully paid</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
£1 ordinary shares	951	951	205	205
£1 A preference shares	16	16	16	16
£1 B preference shares	33	33	31	31
	-----	-----	-----	-----
	<u>1000</u>	<u>1000</u>	<u>252</u>	<u>252</u>

14. SHAREHOLDERS' FUNDS

Reconciliation of movements:	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>
<u>Equity shareholders' funds</u>		
Loss for the financial year	(93)	(78)
Dividends	(1011)	(148)
	-----	-----
	(1104)	(226)
Unrealised deficit on revaluation on transfers to investment property	-	(266)
Unrealised deficit on revaluation of investment property	-	(34)
	-----	-----
Opening equity shareholders' funds	(1104)	(526)
	1307	1833
Closing equity shareholders' funds	-----	-----
	203	1307
<u>Non-equity shareholders' funds</u>		
"A" preference shares	16	16
"B" preference shares	33	33
	-----	-----
Total shareholders' funds	<u>252</u>	<u>1356</u>
	=====	=====
15. REVALUATION RESERVE		
	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>
At 1 January 1998	672	1364
Realised gain transferred to revenue reserve	(22)	(392)
Deficit arising on revaluation on transfers to freehold investment property	-	(266)
Deficit arising on revaluation of investment properties	-	(34)
Transfer to revenue reserve on group reorganisation	(650)	-
	-----	-----
At 31 December 1998	<u>-</u>	<u>672</u>
	=====	=====
Represented by:		
Investment property revaluation reserve	-	549
Other revaluation reserve	-	123
	-----	-----
	<u>-</u>	<u>672</u>
	=====	=====

WSS INVESTMENTS LTD**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)****16. CAPITAL RESERVE**

	<u>1998</u> £000	<u>1997</u> £000
At 1 January 1998	1	1
Transfer to revenue reserve on group reorganisation	(1)	-
At 31 December 1998	<u>-</u>	<u>1</u>

17. REVENUE RESERVES

	<u>1998</u> £000	<u>1997</u> £000
At 1 January 1998	431	265
Retained loss for the year	(1104)	(226)
Transferred from revaluation reserve	22	392
Transfers on group reorganisation:		
Revaluation reserve	650	-
Capital reserve	1	-
At 31 December 1998	<u>-</u>	<u>431</u>

18. SECURITIES

The bank borrowings are secured by fixed charges on property, plant and debtors and by floating charges on other assets of the company and its subsidiaries.

Hire purchase obligations are secured by a fixed charge on the relevant assets.

19. GUARANTEES

The company has guaranteed the bank borrowings of certain fellow subsidiaries.

There were no cross guarantees to secure the borrowings of associated companies at 31 December 1998 (1997: £4022932).

20. FINANCIAL COMMITMENTS

At 31 December 1998 and 1997 there were no capital commitments contracted for.

WSS INVESTMENTS LTD**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)****21. NET LEASING OBLIGATIONS**

Amounts due on assets acquired under hire purchase and finance leases:

	<u>1998</u>	<u>1997</u>
	£000	£000
Under 1 year	-	5
2 - 5 years	-	-
Over 5 years	-	-
	<u>-----</u>	<u>-----</u>
	-	5
	<u>=====</u>	<u>=====</u>

22. PENSION SCHEME**Defined Contribution Scheme**

During the year the company operated a defined contribution pension scheme and a group personal pension scheme. The assets of the schemes are held separately from the assets of the company in independently administered funds. The pension cost charge representing the contributions payable by the company to the funds amounted to £17000 (1997: £27000). The pension scheme obligations were transferred to Tauntfield Ltd, the parent company, on 31 December 1998 under the terms of the reorganisation of the WSS Investments group.

23. RELATED PARTY TRANSACTIONS

The company is taking advantage of the disclosure exemption conferred by Financial Reporting Standard 8, "Related Party Transactions" on the grounds that its voting shares are more than 90% controlled within the Tauntfield group.

During the year the company provided a loan to Mrs J M Sharp, a shareholder and director of the company. The maximum amount outstanding during the year was £156481. The loan was repaid in full during the year and no interest was charged.

Beyond this, during the year no contracts or transactions were entered into by the company, in which the directors had a material interest.

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	£	£	1998 £	£	1997 £
TURNOVER			-		54000
COST OF SALES			-		82060
GROSS MARGIN			-		-
PERSONNEL COSTS			-		(28060)
Staff Salaries	61695				
Less: Recharged	11026				
		50669		74097	
Directors' Salaries		61340		73249	
Redundancy Costs		-		10587	
Pensions		17418		28550	
Private Medical Insurance		12652		8053	
			142079		194536
OTHER OPERATING EXPENSES					
Consultancy		-		4751	
Subscriptions and Donations	148			152	
Insurance	25638			6440	
Advertising	-			1365	
Telephone & Postage	2579			3347	
Stationery and Printing	176			530	
Bank Charges	5761			10773	
Audit	3350			4500	
Travelling and Entertaining	5170			9813	
Sundry	7081			(315)	
Legal and Professional	49278			29803	
Depreciation	1901			4985	
Rates	3543			4769	
			104625		80913
			(246704)		(303509)
Management Charges (net) - Subsidiaries	28500			26500	
- Associates	(25211)			(33740)	
- Other	2734			12225	
			6023		4985
Dividend from subsidiary			15000		-
Dividends from associates			34762		39502
Interest Receivable			484		1415
Net Rents					
Gross	171559			191518	
Less Expenses	(18328)			(51301)	
			153231		140217
Provision for losses in subsidiaries written back			16000		30000
(Loss)/Profit on Sale of Assets			(1098)		99666
			(22302)		12276
Interest Payable			71311		165693
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			(93613)		(153417)
Tax on Loss on Ordinary Activities					
Corporation Tax				(10157)	
Transfer from Deferred Taxation	(1000)			(65000)	
			(1000)		(75157)
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION			(92613)		(78260)
DIVIDENDS					
Preference	2097			2097	
Ordinary	97146			145719	
			99243		147816
RETAINED LOSS FOR THE YEAR			(191856)		(226076)
TRANSFER FROM REVALUATION RESERVE					
Realisation on sale of freehold property			21915		391638
			(169941)		165562
UNAPPROPRIATED PROFIT BROUGHT FORWARD			430370		264808
UNAPPROPRIATED PROFIT CARRIED FORWARD			£260429		£430370

This page does not form part of the statutory accounts.

WSS INVESTMENTS LTD**BALANCE SHEET AS AT 31 DECEMBER 1998**

	Notes	1998		1997
		£	£	£
		<u>Column A</u>	<u>Column B</u>	
FIXED ASSETS				
Tangible assets:				
Freehold property	7	-	1773016	1797263
Plant and machinery, etc	8	-	7409	15075
		-----	-----	-----
Total tangible assets		-	1780425	1812338
Investments	9	-	686908	667122
		-----	-----	-----
TOTAL FIXED ASSETS		-	2467333	2479460
		=====	=====	-----
CURRENT ASSETS				
Debtors	10	251860	216884	394561
		-----	-----	-----
		251860	216884	394561
CREDITORS - Amounts falling due within one year	11	-	1103593	1497881
		-----	-----	-----
NET CURRENT ASSETS/(LIABILITIES)		251860	(886709)	(1103320)
		-----	-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		251860	1580624	1376140
CREDITORS - Amounts falling due after one year	12	-	397340	-
		-----	-----	-----
		251860	1183284	1376140
		-----	-----	-----
PROVISION FOR LIABILITIES AND CHARGES	13	-	20000	21000
		-----	-----	-----
NET ASSETS		£251860	£1163284	£1355140
		=====	=====	=====
CAPITAL AND RESERVES				
Called up share capital	14	251860	251860	251860
Revaluation reserve	16	-	649479	671394
Capital reserve	17	-	1516	1516
Profit and loss account	18	-	260429	430370
		-----	-----	-----
SHAREHOLDERS' FUNDS	15	£251860	£1163284	£1355140
		=====	=====	=====

Note Column B shows the balance sheet immediately prior to the transfer of net assets to Tauntfield Ltd.
Column A shows the balance sheet after this transfer has taken place and after adjusting for the proposed dividend payable to Tauntfield Ltd of £911424.

This page does not form part of the statutory accounts.