



LLANOVER PROPERTIES LIMITED

Report and Financial Statements

31 March 2006

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REPORT AND FINANCIAL STATEMENTS 2006

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R A E Herbert, CBE
R E Phillips, FRICS

SECRETARY

D G Metters

REGISTERED OFFICE

23a Gold Tops
Newport
South Wales
NP20 4UL

BANKERS

Butterfield Bank (UK) Limited
National Westminster Bank Plc

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cardiff

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

ACTIVITIES

The company is engaged in the business of trading in land, property letting and investment dealing.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results of the company for the financial year are set out in the profit and loss account on page 5 and its position at the year-end is shown in the balance sheet on page 6. The directors consider that the company is well placed to continue to trade profitably in the future.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year (2005 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company, who served throughout the financial year, are as shown on page 1. Their beneficial interests, as defined by the Companies Act 1985, in the £1 ordinary shares of the company at the beginning and the end of the financial year were as follows:

	31 March 2006 No.	1 April 2005 No.
R A E Herbert, CBE	9,998	9,998
R E Phillips, FRICS	1	1

No director held any interests in the shares of any other group company at any point during the year.

CHARITABLE DONATIONS

The company made charitable donations of £20,000 (2005 - £20,000) during the year.

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have indicated their willingness to continue in office as the company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

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

D G Metters
Secretary

Date 21/12/06

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

UK Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss of the company for that period. The financial statements should also comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed; and
- (d) 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLANOVER PROPERTIES LIMITED

We have audited the financial statements of Llanover Properties Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte Touche W

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cardiff, United Kingdom

Date *8 June 2007*

LLANOVER PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2006

	Note	2006 £	2005 £
TURNOVER		482,729	450,928
Gross profit		482,729	450,928
Administrative expenses		(517,885)	(454,216)
OPERATING LOSS		(35,156)	(3,288)
Profit on disposal of fixed asset investment		331,837	1,003,905
Income from fixed asset investments		11,371	-
Interest receivable and similar income	3	38,094	63,870
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	346,145	1,064,487
Tax on profit on ordinary activities	5	(93,138)	(259,084)
PROFIT FOR THE FINANCIAL YEAR	12	253,007	805,403

All activities derive from continuing operations.

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

BALANCE SHEET
31 March 2006

	Note	£	2006 £	£	2005 £
FIXED ASSETS					
Tangible assets	6	4,798,850		4,660,506	
Investments	7	<u>1,109,481</u>		<u>892,674</u>	
			5,908,331		5,553,180
CURRENT ASSETS					
Debtors	8	317,960		262,717	
Investments		-		500,000	
Cash at bank and in hand		<u>626,421</u>		<u>273,177</u>	
		944,381		1,035,894	
CREDITORS: amounts falling due within one year	9	<u>(1,305,375)</u>		<u>(1,311,535)</u>	
NET CURRENT LIABILITIES			(360,994)		(275,641)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,547,337		5,277,539
PROVISIONS FOR LIABILITIES	10		<u>(42,410)</u>		<u>(25,619)</u>
NET ASSETS			<u>5,504,927</u>		<u>5,251,920</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	11		20,000		20,000
Capital reserve	12		553,221		553,221
Profit and loss account	12		<u>4,931,706</u>		<u>4,678,699</u>
TOTAL SHAREHOLDERS' FUNDS			<u>5,504,927</u>		<u>5,251,920</u>

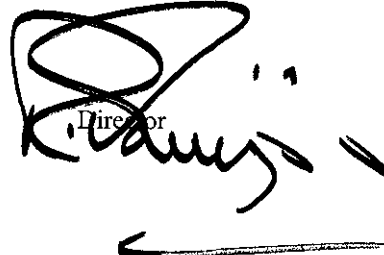
These financial statements were approved and signed by the Board of Directors on 21/12/2006

R A E Herbert, CBE

Director



R E Phillips, FRICS



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

Group financial statements

Group financial statements have not been prepared as the group is entitled to the exemption conferred by section 248 of the Companies Act 1985 from the requirements to prepare them. These financial statements therefore present information concerning Llanover Properties Limited only.

Cash flow statement

As a small company, Llanover Properties Limited is exempt from the requirement to prepare a cash flow statement.

Tangible fixed assets

Tangible fixed assets are depreciated at cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	- 2% per annum
Plant, machinery and office equipment	- 15%-25% per annum

Investment properties

The company's freehold land and buildings are treated as investment properties, as defined by Statement of Standard Accounting Practice No. 19, and their carrying value is reviewed annually by the directors. Accordingly they are not depreciated. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, it is necessary to adopt SSAP 19 and not depreciate in order to give a true and fair view.

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

Investments

Fixed asset investments are stated at cost less provision for any impairment.

Current asset investments are stated at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise 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.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover in respect of rents receivable is recognised over the period to which the rent relates. Turnover is stated net of value added tax and arises in the United Kingdom.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006 £	2005 £
Directors' emoluments		
Fees	45,197	90,061
	£	£
Employee costs during the year (including directors)		
Wages and salaries	46,390	84,783
Social security costs	4,820	9,663
	51,210	94,446
	No.	No.
Average number of persons employed (excluding directors)		
Administration	1	1

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £	2005 £
Bank interest	38,094	50,276
Related party loans	-	13,586
Miscellaneous income	-	8
	38,094	63,870

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2006

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006	2005
	£	£
Profit on ordinary activities before taxation is after charging		
Auditors' remuneration	4,000	3,600
Depreciation - owned assets	5,379	5,379
	<u> </u>	<u> </u>
And after crediting		
Income from listed investments	11,371	-
Profit on disposal of fixed asset investment	331,837	1,003,905
	<u> </u>	<u> </u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006	2005
	£	£
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 30% (2005 – 30%)	76,347	252,548
	<u> </u>	<u> </u>
Deferred taxation	16,791	6,536
	<u> </u>	<u> </u>
	<u>93,138</u>	<u>259,084</u>

The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit on ordinary activities before tax	346,145	1,064,487
	<u> </u>	<u> </u>
Tax on profit on ordinary activities before tax at 30% (2005 – 30%)	103,844	319,346
Factors affecting charge for the year		
Expenses not deductible for tax purposes	2,087	393
Capital allowances for the year in excess of depreciation	(16,791)	(6,536)
UK dividend income	(3,411)	-
Marginal rate tax relief	(6,185)	-
Chargeable gains	96,356	240,516
Non-taxable profit on disposal of investment	(99,553)	(301,171)
	<u> </u>	<u> </u>
Current tax charge for year	<u>76,347</u>	<u>252,548</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

6. TANGIBLE FIXED ASSETS

	<u>Freehold properties</u>			Investment properties, Tyson Courtyard, Corby	Plant, machinery and office equipment	Total
	Cordes Trading Estate £	Abercarn Industrial Estate £	Belmont Road, Abergavenny £	£	£	£
Cost						
At 1 April 2005	36,412	59,799	1	4,592,759	21,814	4,710,785
Additions	-	-	-	143,723	-	139,966
At 31 March 2006	36,412	59,799	1	4,736,482	21,818	4,850,751
Depreciation						
At 1 April 2005	18,068	25,308	-	-	6,903	50,279
Charge for year	750	1,096	-	-	3,533	5,379
At 31 March 2006	18,818	26,404	-	-	10,436	55,658
Net book value						
At 31 March 2006	17,594	33,395	1	4,736,482	11,378	4,798,850
At 31 March 2005	18,344	34,491	1	4,592,759	14,911	4,660,506

The directors consider that the market value of the investment properties at 31 March 2006 was not materially different from the cost.

7. INVESTMENTS

	Subsidiary £	Other unlisted £	Total £
Cost			
At 1 April 2005	10,000	934,308	944,308
Additions	-	420,075	420,075
Disposals	-	(203,268)	(203,268)
At 31 March 2006	10,000	1,151,115	1,161,115
Provisions			
As at 1 April 2005 and 31 March 2006	-	51,634	51,634
Net book value			
At 31 March 2006	10,000	1,099,481	1,109,481
At 31 March 2005	10,000	882,674	892,674

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2006

7. INVESTMENTS (continued)

The investment in the subsidiary relates to a 100% holding in Llanover Properties (Corby) Limited, a company registered in England and Wales. The company - whose principal activity is that of property investment - during the period to 31 March 2006 made a profit of £255,239 (2005 - £190,886) and had net assets of £1,336,919 (2005 - £1,081,680) at that date.

Other unlisted investments comprise of stocks and shares held in a number of private limited companies.

8. DEBTORS

	2006 £	2005 £
Trade debtors	153,809	106,146
Amount due from related parties	125,000	125,000
Other debtors and prepayments	39,151	31,591
	<u>317,960</u>	<u>262,717</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade creditors	43,424	6,042
Amounts due to subsidiary company	933,562	622,724
Corporation tax	76,526	252,548
Accruals and deferred income	191,494	340,435
Other creditors	60,369	89,786
	<u>1,305,375</u>	<u>1,311,535</u>

The amounts due to subsidiary company are unsecured, interest-free and repayable on demand.

10. PROVISIONS FOR LIABILITIES

	£
Deferred taxation	
Provision brought forward	25,619
Charge to profit and loss account	16,791
	<u>42,410</u>
Provision carried forward	
	<u>42,410</u>

The amounts of deferred taxation provided in the financial statements are as follows:

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

10. PROVISIONS FOR LIABILITIES (continued)

	2006 £	2005 £
Capital allowances in excess of depreciation	42,410	25,619

11. CALLED UP SHARE CAPITAL

	2006 £	2005 £
	Authorised, allotted and fully paid	
20,000 ordinary shares of £1 each	20,000	20,000

12. COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Profit and loss account £	Capital reserve £	Share capital £	Total 2006 £	Total 2005 £
At 1 April 2005	4,678,699	553,221	20,000	5,251,920	4,446,517
Profit for the year	253,007	-	-	253,007	805,403
At 31 March 2006	4,931,706	553,221	20,000	5,504,927	5,251,920

The company's articles require profits arising on the sale of fixed assets to be transferred to the capital reserve.

13. TRANSACTIONS WITH RELATED PARTIES

Name of related party	Director with a significant interest
Newbridge Construction Limited	R A E Herbert, CBE and R E Phillips, FRICS
Trustees of Llanarth Estate	R A E Herbert, CBE
R E Phillips & Partners	R E Phillips, FRICS
Pontymister Developments Limited	R E Phillips, FRICS
Sully Development Company Limited	R A E Herbert, CBE

During the year, Llanover Properties Limited made purchases from Newbridge Construction Limited of £164 (2005 - £nil); Trustees of Llanarth Estate of £14,963 (2005 - £16,235); R E Phillips & Partners Limited of £106,145 (2005 - £77,599) and Pontymister Developments Limited of £545 (2005 - £23,631).

Sully Development Company Limited owed the company £125,000 at 31 March 2006 (2005 - £125,000).