



LLANOVER PROPERTIES LIMITED

Report and Financial Statements

31 March 2007

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REPORT AND FINANCIAL STATEMENTS 2007

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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 2007

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

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 6 and its position at the year-end is shown in the balance sheet on page 7

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 (2006 - £nil)

DIRECTORS AND THEIR INTERESTS

The directors of the company, who served throughout the financial year, are as shown on page 1

The directors' 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

	At 31 March 2007 No.	At 1 April 2006 No
R A E Herbert, CBE	9,998	9,998
R E Phillips, FRICS	1	1

Neither 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 £60,000 (2006 - £20,000) during the year

DIRECTORS' REPORT (continued)

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 3/1/08

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

United Kingdom company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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 2007 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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 consider the implications for our report if we become aware of any apparent misstatements within it.

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 2007 and of its profit for the year then ended,
- 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 LLP

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

Date *29 January 2008.*

LLANOVER PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2007

	Note	2007 £	2006 £
TURNOVER	1	<u>602,845</u>	<u>482,729</u>
Gross profit		602,845	482,729
Administrative expenses		<u>(275,994)</u>	<u>(517,886)</u>
OPERATING PROFIT/(LOSS)		326,851	(35,157)
Profit on disposal of fixed asset investment		22,145	331,837
Income from fixed asset investments		35,752	11,371
Interest receivable and similar income	3	<u>15,830</u>	<u>38,094</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	400,578	346,145
Tax on profit on ordinary activities	5	<u>(94,683)</u>	<u>(93,138)</u>
PROFIT FOR THE FINANCIAL YEAR	12	<u><u>305,895</u></u>	<u><u>253,007</u></u>

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

LLANOVER PROPERTIES LIMITED

BALANCE SHEET

31 March 2007

	Note	£	2007 £	£	2006 £
FIXED ASSETS					
Tangible assets	6	5,354,560		4,798,850	
Investments	7	<u>1,104,084</u>		<u>1,109,481</u>	
			6,458,644		5,908,331
CURRENT ASSETS					
Debtors	8	327,003		317,960	
Cash at bank and in hand		<u>405,926</u>		<u>626,421</u>	
		732,929		944,381	
CREDITORS amounts falling due within one year	9	<u>(1,328,144)</u>		<u>(1,305,375)</u>	
NET CURRENT LIABILITIES			<u>(595,215)</u>		<u>(360,994)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,863,429		5,547,337
PROVISIONS FOR LIABILITIES	10		<u>(52,607)</u>		<u>(42,410)</u>
NET ASSETS			<u>5,810,822</u>		<u>5,504,927</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	11		20,000		20,000
Capital reserve	12		613,262		553,221
Profit and loss account	12		<u>5,177,560</u>		<u>4,931,706</u>
TOTAL SHAREHOLDERS' FUNDS	12		<u>5,810,822</u>		<u>5,504,927</u>

These financial statements were approved and signed by the Board of Directors on 3/1/08

R A E Herbert, CBE

R E Phillips, FRICS

Director



Director



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

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

Under Financial Reporting Standard 1, the company is not required to prepare a cash flow statement as it qualifies as a small company.

Tangible fixed assets

Tangible fixed assets are depreciated at cost in equal annual instalments over their estimated useful lives. 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 2007

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 and revenue recognition

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

	2007 £	2006 £
Directors' emoluments		
Fees	89,476	45,197
	£	£
Employee costs during the year (including directors)		
Wages and salaries	85,713	46,390
Social security costs	9,963	4,820
	95,676	51,210
	No	No.
Average number of persons employed (excluding directors)		
Administration	1	1

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £	2006 £
Bank interest	15,830	38,094

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007 £	2006 £
Profit on ordinary activities before taxation is after charging		
Auditors' remuneration – audit services	4,700	4,000
Depreciation - owned assets	4,283	5,379
Loss on foreign exchange	367	164
	<u> </u>	<u> </u>
And after crediting		
Income from investments	35,752	11,371
Profit on disposal of fixed asset investment	22,145	331,837
Profit on disposal of fixed assets	60,041	-
	<u> </u>	<u> </u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
Current taxation		
United Kingdom corporation tax		
Current tax on income for the year at 30% (2006 – 30%)	86,764	76,347
Adjustment in respect of prior years	(2,278)	-
	<u> </u>	<u> </u>
	84,486	76,347
Deferred taxation	10,197	16,791
	<u> </u>	<u> </u>
	94,683	93,138
	<u> </u>	<u> </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	400,578	346,145
	<u> </u>	<u> </u>
Tax on profit on ordinary activities before tax at 30% (2006 – 30%)	120,173	103,844
	<u> </u>	<u> </u>
Factors affecting charge for the year		
Expenses not deductible for tax purposes	1,159	2,087
Capital allowances for the year in excess of depreciation	(10,197)	(16,791)
UK dividend income	(10,726)	(3,411)
Marginal rate tax relief	(5,310)	(6,185)
Chargeable gains	9,675	96,356
Adjustments in respect of prior years	(2,278)	-
Non-taxable profit on disposal of investment	(18,010)	(99,553)
	<u> </u>	<u> </u>
Current tax charge for the year	84,486	76,347
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

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 2006	36,413	59,799	1	4,736,482	21,814	4,854,509
Additions	-	-	-	562,040	37,730	599,770
Disposals	(200)	(59,799)	-	-	-	(59,999)
At 31 March 2007	<u>36,213</u>	<u>-</u>	<u>1</u>	<u>5,298,522</u>	<u>59,544</u>	<u>5,394,280</u>
Depreciation						
At 1 April 2006	18,818	26,404	-	-	10,436	55,658
Charge for the year	750	-	-	-	9,716	10,466
Disposals	-	(26,404)	-	-	-	(26,404)
At 31 March 2007	<u>19,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,152</u>	<u>39,720</u>
Net book value						
At 31 March 2007	<u>16,645</u>	<u>-</u>	<u>1</u>	<u>5,298,522</u>	<u>39,392</u>	<u>5,354,560</u>
At 31 March 2006	<u>17,594</u>	<u>33,395</u>	<u>1</u>	<u>4,736,482</u>	<u>11,378</u>	<u>4,798,850</u>

The directors consider that the market value of the investment properties at 31 March 2007 was not materially different from the cost

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2007

7. INVESTMENTS

	Subsidiary	Quoted	Unlisted	Total
	£	investments	investments	£
		£	£	
Cost				
At 1 April 2006	10,000	590,812	508,669	1,109,481
Additions	-	-	15,666	15,666
Disposals	-	-	(21,063)	(21,063)
	<u>10,000</u>	<u>590,812</u>	<u>503,272</u>	<u>1,104,084</u>
At 31 March 2007	10,000	590,812	503,272	1,104,084
Net book value				
At 31 March 2007	<u>10,000</u>	<u>590,812</u>	<u>503,272</u>	<u>1,104,084</u>
At 31 March 2006	<u>10,000</u>	<u>590,812</u>	<u>508,669</u>	<u>1,109,481</u>

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 year ended 31 March 2007 made a profit of £327,584 (2006 - £255,239) and had net assets of £1,664,503 (2006 - £1,336,919) at that date.

Quoted investments consist of 195,677 ordinary shares in Resolution Group Plc. The market value of the quoted investments at 31 March 2007 was £1,214,176 (2006 - £1,155,171).

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

8 DEBTORS

	2007	2006
	£	£
Trade debtors	191,189	153,809
Amounts owed by related parties	125,000	125,000
Other debtors and prepayments	8,536	39,151
Corporation tax	2,278	-
	<u>327,003</u>	<u>317,960</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Trade creditors	6,867	43,424
Amounts owed to subsidiary company	981,562	933,562
Corporation tax	86,764	76,526
Accruals and deferred income	174,846	191,494
Other creditors	78,105	60,369
	<u>1,328,144</u>	<u>1,305,375</u>

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2007

10. PROVISIONS FOR LIABILITIES

	£
Deferred taxation	
Provision brought forward	42,410
Charge to profit and loss account	10,197
	<u>52,607</u>
Provision carried forward	<u>52,607</u>

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

	2007 £	2006 £
Capital allowances in excess of depreciation	<u>52,607</u>	<u>42,410</u>

11. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised, allotted and fully paid		
20,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

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

	Profit and loss account £	Capital reserve £	Share capital £	Total 2007 £	Total 2006 £
At 1 April	4,931,706	553,221	20,000	5,504,927	5,251,920
Profit for the year	305,895	-	-	305,895	253,007
Transfer to capital reserve	(60,041)	60,041	-	-	-
At 31 March	<u>5,177,560</u>	<u>613,262</u>	<u>20,000</u>	<u>5,810,822</u>	<u>5,504,927</u>

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 £nil (2006 - £164), Trustees of Llanarth Estate of £15,000 (2006 - £14,963), R E Phillips & Partners of £70,519 (2006 - £106,145) and Pontymister Developments Limited of £562 (2006 - £545)

Sully Development Company Limited owed the company £125,000 at 31 March 2007 (2006 - £125,000)