

Company Registration Number: 2886335

**LONDON AND WESSEX ESTATES LIMITED
LIMITED**

Directors' Report and Accounts
for the year ended
30 June 1996



LONDON AND WESSEX ESTATES LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited accounts for the year ended 30 June 1996.

Statement of 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 company for that period. 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;
- d) prepare 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Review of the Business

The principal activity of the Company is property investment in the UK.

In the opinion of the directors the financial position of the Company at the Balance Sheet date was satisfactory.

Results and Dividends

The results for the year are detailed on page 4. The Company achieved a profit on ordinary activities before taxation of £13,596.

During the year, the directors paid a dividend of £18,000. The retained loss for the year is £(8,891), which has been transferred to reserves, giving a retained loss carried forward of £(8,891).

Share Capital

The movements in Share Capital during the year are set out in Note 10.

LONDON AND WESSEX ESTATES LIMITED

DIRECTORS' REPORT (continued)

Directors and their Interests

The directors holding office during the year were as follows:

	<i>Number of shares</i>	<i>Date of Appointment</i>	<i>Date of Resignation</i>
JL Beckwith	-	1 August 1995	
MPE Dudley-Williams	24,500	11 January 1995	
PH Gibbon	-	1 August 1995	
CAC Dudley-Williams	-	11 January 1995	5 July 1995
RAF Lascelles	-	11 March 1994	5 July 1995
MA Lutyens	-	11 March 1994	12 July 1995
PM Jackson	-	18 January 1994	

JL Beckwith does not have any interest in the share capital of the Company other than by virtue of his interest in one of its shareholders, Pacific Investments Limited which is disclosed in the accounts of that company. Neither PH Gibbon nor PM Jackson has any interest in the share capital of the Company.

Charitable Donations

There were no charitable donations during the year.

Auditors

A resolution to re-appoint Benriches as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



S C Laws

195 Knightsbridge
London
SW7 1RE

23 December 1996

AUDITOR'S REPORT TO THE SHAREHOLDERS

OF

LONDON AND WESSEX ESTATES LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 an 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 the Company's affairs as at 30 June 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Benches
Chartered Accountants
and Registered Auditor
1 Reef House
Coral Row
Plantation Wharf
London SW11 3UF

23 December 1996

LONDON AND WESSEX ESTATES LIMITED

Profit and Loss Account for the period ended 30 June 1996

	Note	1996 £	1995 £
Turnover	3	85,789	-
Cost of sales		(26,682)	
Gross profit		<u>59,107</u>	<u>-</u>
Administration expenses		(26,961)	-
Operating profit	4	<u>32,146</u>	<u>-</u>
Interest receivable		1,284	-
Interest payable	5	(19,834)	-
Profit on ordinary activities before taxation		<u>13,596</u>	<u>-</u>
Taxation on profit on ordinary activities	6	(4,487)	-
Profit on ordinary activities after taxation		<u>9,109</u>	<u>-</u>
Dividends		(18,000)	-
Retained loss for the year	11	<u><u>(8,891)</u></u>	<u><u>-</u></u>

An analysis of reserves is given in Note 11.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and the historical cost equivalents.

Turnover and operating profit derive wholly from continuing operations.

There are no recognised gains or losses other than the profit for the year shown above.

The notes on pages 7 to 12 form an integral part of these accounts.

LONDON AND WESSEX ESTATES LIMITED

Balance Sheet as at 30 June 1996

	Note	1996 £	1995 £
CURRENT ASSETS			
Stock	7	1,318,835	-
Debtors	8	11,535	-
Cash at bank and in hand		-	2
		<u>1,330,370</u>	<u>2</u>
CREDITORS (amounts falling due within one year)			
	9	(1,289,261)	-
		<u>41,109</u>	<u>2</u>
NET CURRENT ASSETS			
CAPITAL AND RESERVES			
Called up share capital	10	50,000	2
Profit and loss account	11	(8,891)	-
		<u>41,109</u>	<u>2</u>

The notes on pages 7 to 12 form an integral part of these accounts.

The accounts were approved by the
Board of Directors on 23 December 1996

J L Beckwith

LONDON AND WESSEX ESTATES LIMITED

Cash Flow Statement for the year ended 30 June 1996

	Note	1996 £	1995 £
Net cash outflow from operating activities	13.1	(1,205,685)	-
Returns on investments and servicing of finance			
Interest received		1,284	-
Interest paid		(7,521)	-
Dividends paid		(18,000)	-
		<u>(24,237)</u>	<u>-</u>
Taxation			
ACT paid		<u>(4,500)</u>	<u>-</u>
Net cash outflow before financing		<u>(1,234,422)</u>	<u>-</u>
Financing			
Issue of share capital		(49,998)	(2)
Proceeds of bank loan		(733,633)	-
Proceeds of other loans repayable in less than one year		(438,600)	-
		<u>(1,222,231)</u>	<u>(2)</u>
Decrease/(increase) in cash and cash equivalents	13.2	(12,191)	2
		<u>(1,234,422)</u>	<u>0</u>

The notes on pages 7 to 12 form an integral part of these accounts.

LONDON AND WESSEX ESTATES LIMITED

Notes to the Accounts **for the year ended 30 June 1996**

1. Accounting Policies

- a) Basis of accounting - The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- b) Turnover - Turnover represents net rental income and proceeds of sales of trading properties in the United Kingdom.
- c) Deferred taxation - Provision is made for deferred taxation to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes. The provision is maintained to the extent that timing differences are not expected, with reasonable certainty, to continue into the foreseeable future.

2. Comparative Figures

The Company was incorporated on 11 January 1994 and the prior year comparatives represent the period from that date to 30 June 1995 during which the Company did not trade.

3. Turnover

Turnover is analysed as follows:

	£
Sale proceeds	80,000
Net rental income	5,789
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	85,789
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LONDON AND WESSEX ESTATES LIMITED

Notes to the Accounts for the year ended 30 June 1996

(continued)

4. Operating Profit

Operating profit is stated after charging/ (crediting):

	£
Auditor's remuneration	
Audit fee	1,000
Net rents receivable	(5,789)

None of the Directors received any emoluments from the Company during the year. The Company did not have any employees during the year. The Company was managed by its shareholders, Pacific Investments Limited and Malcolm Dudley-Williams. Management fees of £5,000 were paid to each of Pacific Investments Limited and South Park Estates Limited of which Malcolm Dudley-Williams is a director.

5. Interest payable

	£
Interest payable on bank loans and overdrafts payable within 5 years	12,210
Other interest	7,624
	<u>19,834</u>

6. Taxation

Tax on profit after ordinary activities is analysed as follows:

	£
Corporation tax at 33%	4,487
	<u>4,487</u>

LONDON AND WESSEX ESTATES LIMITED

Notes to the Accounts for the year ended 30 June 1996

(continued)

7. Stock	1996 £	1995 £
Property held for resale	<u>1,318,835</u>	<u>-</u>
Stock of property held for resale at 30 June 1996 represents a freehold property in Taunton, Devon, which is currently included at cost plus renovation costs.		
8. Debtors	1996 £	1995 £
Trade debtors	693	-
Other debtors	7,903	-
Corporation tax	13	-
Prepayments and accrued income	2,926	-
	<u>11,535</u>	<u>-</u>
9. Creditors (amounts falling due within one year)	1996 £	1995 £
Bank loans and overdrafts	745,822	-
Accruals and deferred income	104,839	-
Amounts due to parent undertaking	267,100	-
Other creditors	171,500	-
	<u>1,289,261</u>	<u>-</u>

On 24 April 1996, Pacific Investments Limited and Malcolm Dudley-Williams funded the Company's investment in the Taunton property for £178,500 and £171,500 respectively. This is in accordance with the terms of an agreement between the shareholders. These loans which are unsecured are repayable within a year. The loans attract interest at an annual rate of 2% above the base rate of National Westminster Bank plc.

LONDON AND WESSEX ESTATES LIMITED

Notes to the Accounts

for the year ended 30 June 1996

(continued)

9. Creditors (amounts falling due within one year) - continued

Bank loans and overdrafts are analysed as follows:

	1996 £	1995 £
Bank overdrafts (repayable on demand)	12,189	-
Bank loan	741,308	-
Less: Unamortised element of bank facility fee	(7,675)	-
	733,633	-
Total bank loans and overdrafts	745,822	-

10. Called up Share Capital

As at 30 June 1996 the authorised share capital of the Company comprised:

	Authorised Number	£	Issued Number	£
"A" ordinary £1	25,500	25,500	25,500	25,500
"B" ordinary £1	24,500	24,500	24,500	24,500
	50,000	50,000	50,000	50,000

On 1 August 1995, it was resolved to increase the authorised share capital of the company from 1,000 ordinary shares of £1 each to 25,500 "A" ordinary shares of £ 1 each and 24,500 "B" ordinary shares of £1 each.

"A" and "B" ordinary shares carry the same rights and rank in all respects pari passu according to the nominal value of the shares.

11. Reserves

	Profit and Loss Account £
Balance as at 1 July 1995	-
Retained loss for the year	(8,891)
Balance as at 30 June 1996	(8,891)

LONDON AND WESSEX ESTATES LIMITED

Notes to the Accounts

for the year ended 30 June 1996

(continued)

12. Reconciliation of Movement in Shareholders' Funds

	£
Loss for the financial year	(8,891)
New share capital subscribed	49,998
	<hr/>
Net increase in shareholders' funds	41,107
Opening shareholders' funds	2
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Shareholders' funds as at 30 June 1996	41,109
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13. Cash Flow Statement

13.1 Reconciliation of operating profit to net cash outflow from operating activities

The reconciliation of operating profit to net cash outflow from operating activities is as follows:

	1996 £	1995 £
Operating profit	32,146	-
Increase in stock	(1,318,835)	-
Increase in debtors	(11,535)	-
Increase in creditors	92,539	-
	<hr/>	<hr/>
	(1,205,685)	-
	<hr/>	<hr/>

13.2 Analysis of changes in cash and cash equivalents during the period

	£
Balance as at 1 July 1995	2
Net cash outflow	(12,191)
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Balance as at 30 June 1996	(12,189)
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13.3 Analysis of the balance of cash and cash equivalents

	£
Bank overdrafts	(12,189)
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LONDON AND WESSEX ESTATES LIMITED

Notes to the Accounts for the year ended 30 June 1996

(continued)

13. Cash Flow Statement (continued)

13.4 Analysis of changes in financing during the year

The analysis of changes in financing during the year is as follows:

	Share capital £	Bank loan £	Other loans due in less than 1 year £
Balance as at 1 July 1995	2	-	-
Cash inflow from financing	49,998	733,633	438,600
Balance as at 30 June 1996	<u>50,000</u>	<u>733,633</u>	<u>438,600</u>

14. Holding Company

The Company is owned by Pacific Investments Limited and Malcolm Dudley-Williams. Pacific Investments Limited, a company registered in England and Wales, is the largest group of which the Company is a member and for which group accounts are prepared. The consolidated accounts of that company can be obtained from the secretary at 195 Knightsbridge, London, SW7 1RE.