

Company Registration Number: 2886335

**LONDON AND WESSEX ESTATES LIMITED
LIMITED**

Directors' Report and Accounts
for the year ended
30 June 1998



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 1998.

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 made a loss on ordinary activities before taxation of £(44,477) (1997: profit £305,577).

No dividend was paid during the year (1997: £192,000). The retained loss for the year is £(25,970) (1997: profit £11,329) which has been transferred to reserves, giving a retained loss carried forward of £(25,532).

Share Capital

There have been no movements in Share Capital during the year (1997: Nil).

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>
J L Beckwith	-	1 August 1995	31 December 1997
MPE Dudley-Williams	24,500	11 January 1995	-
P H Gibbon	-	1 August 1995	31 December 1997
C J Hoddell	-	31 December 1997	-
P M Jackson	-	18 January 1994	31 December 1997
J F R Moss	-	31 December 1997	-
J M Robertson	-	31 December 1997	-

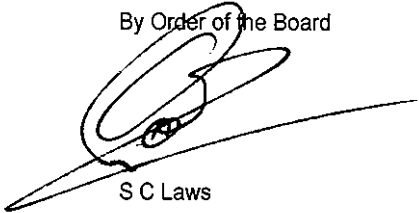
Charitable Donations

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

16 November 1998

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 1998 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


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

16 November 1998

LONDON AND WESSEX ESTATES LIMITED

Profit and Loss Account for the period ended 30 June 1998

	Note	1998 £	1997 £
Turnover	2	22,546	2,282,075
Cost of sales		(2,301)	(1,664,401)
Gross profit		<u>20,245</u>	<u>617,674</u>
Administration expenses		(46,762)	(211,045)
Operating (loss)/profit	3	<u>(26,517)</u>	<u>406,629</u>
Interest receivable		5,387	2,821
Interest payable	4	(23,347)	(103,873)
(Loss)/Profit on ordinary activities before taxation		<u>(44,477)</u>	<u>305,577</u>
Taxation on (loss)/profit on ordinary activities	5	18,507	(102,248)
(Loss)/Profit on ordinary activities after taxation		<u>(25,970)</u>	<u>203,329</u>
Dividends		-	(192,000)
Retained (loss)/profit for the year	10	<u><u>(25,970)</u></u>	<u><u>11,329</u></u>

An analysis of reserves is given in Note 10.

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/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.

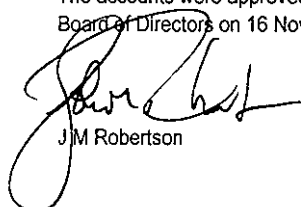
LONDON AND WESSEX ESTATES LIMITED

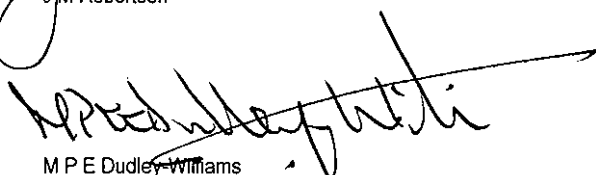
Balance Sheet as at 30 June 1998

	Note	1998 £	1997 £
CURRENT ASSETS			
Stock	6	1,873,429	-
Debtors	7	241,525	467
Cash at bank and in hand		-	162,014
		<u>2,114,954</u>	<u>162,481</u>
CREDITORS (amounts falling due within one year)	8	(2,088,486)	(110,043)
NET CURRENT ASSETS		<u>26,468</u>	<u>52,438</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		26,468	52,438
		<u>26,468</u>	<u>52,438</u>
CAPITAL AND RESERVES			
Called up share capital	9	50,000	50,000
Profit and loss account	10	(23,532)	2,438
SHAREHOLDERS' FUNDS		<u>26,468</u>	<u>52,438</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 16 November 1998


J M Robertson


M P E Dudley-Williams

LONDON AND WESSEX ESTATES LIMITED

Cash Flow Statement

for the year ended 30 June 1998

	Note	1998 £	1997 £
Net cash (outflow)/inflow from operating activities	12.1	(2,102,559)	1,653,436
Returns on investments and servicing of finance			
Interest received		5,387	2,821
Interest paid		(11,573)	(116,172)
Dividends paid		-	(192,000)
Financing	12.3	2,035,692	(1,184,422)
Taxation			
Tax paid		(96,533)	(1,649)
(Decrease)/increase in cash in the year	12.2	<u>(169,586)</u>	<u>162,014</u>

Reconciliation of Net Cash Flow to Movement in Net Debt for the year ended 30 June 1998

	1998 £	1997 £
(Decrease)/Increase in cash in the year	(169,586)	162,014
Cash inflow from (increase)/decrease in debt	(2,047,832)	1,184,422
Facility fees paid	12,140	-
Movement in net debt in the year	<u>(2,205,278)</u>	<u>1,346,436</u>
Net debt as at 1 July 1997	162,014	(1,184,422)
Net debt as at 30 June 1998	<u><u>(2,043,264)</u></u>	<u><u>162,014</u></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 1998

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.

2. Turnover

Turnover is analysed as follows:

	1998 £	1997 £
Sale proceeds	-	2,235,000
Net rental income	22,546	47,075
	<u>22,546</u>	<u>2,282,075</u>

3. Operating (Loss)/Profit

Operating (loss)/profit is stated after charging/ (crediting):

	1998 £	1997 £
Auditor's remuneration		
Audit fee	1,000	1,000
Other services	1,750	1,550
Net rents receivable	(22,546)	(47,075)

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, The General Property Investment Company Limited up to 31 December 1997, Portfolio Holdings Limited from January 1998 and Malcolm Dudley-Williams throughout the year. Management fees of £12,500 were paid to each of Portfolio Holdings Limited and South Park Estates of which Malcolm Dudley-Williams is partner.

4. Interest payable

	1998 £	1997 £
Interest payable on bank loans and overdrafts payable within 5 years	18,016	54,681
Other interest	5,331	49,192
	<u>23,347</u>	<u>103,873</u>

LONDON AND WESSEX ESTATES LIMITED

Notes to the Accounts

for the year ended 30 June 1998

(continued)

5. Taxation

Tax on profit after ordinary activities is analysed as follows:

	1998	1997 £
Corporation tax at 32.5% (1997 - 33%)	(14,455)	100,841
Under/ Over-provision in prior year	(4,052)	1,407
	<u>(18,507)</u>	<u>102,248</u>

6. Stock

	1998 £	1997 £
Property held for resale	<u>1,873,429</u>	<u>-</u>

7. Debtors

Debtors are analysed as follows:

	1998 £	1997 £
Trade debtors	9,012	467
Prepayments and accrued income	1,858	-
Corporation tax	14,455	-
VAT	216,200	-
	<u>241,525</u>	<u>467</u>

LONDON AND WESSEX ESTATES LIMITED

Notes to the Accounts

for the year ended 30 June 1998

(continued)

8. Creditors (amounts falling due within one year)

	1998 £	1997 £
Bank loans	1,425,965	-
Bank overdraft	7,572	-
Accruals and deferred income	43,555	9,224
Amounts due to parent undertaking	311,811	-
Amounts due to shareholder	299,583	-
ACT payable	-	48,000
Corporation tax	-	52,585
Other creditors	-	234
	<u>2,088,486</u>	<u>110,043</u>

The bank loan is repayable as follows:

	1998 £	1997 £
In one year or less	1,436,438	-
Less: Facility fees not yet written off	(10,473)	-
	<u>1,425,965</u>	<u>-</u>

9. Called up Share Capital

As at 30 June 1998 and 30 June 1997 the authorised and issued share capital of the Company comprised:

	Authorised		Issued	
	Number	£	Number	£
"A" ordinary £1	25,500	25,500	25,500	25,500
"B" ordinary £1	24,500	24,500	24,500	24,500
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

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

LONDON AND WESSEX ESTATES LIMITED

Notes to the Accounts

for the year ended 30 June 1998

(continued)

10. Reserves

	Profit and Loss Account £
Balance as at 1 July 1997	2,438
Retained loss for the year	(25,970)
Balance as at 30 June 1998	<u>(23,532)</u>

11. Reconciliation of Movement in Shareholders' Funds

	1998 £	1997 £
(Loss)/Profit for the financial year	(25,970)	11,329
New share capital subscribed	-	-
Net (decrease)/increase in shareholders' funds	<u>(25,970)</u>	<u>11,329</u>
Shareholders' funds as at 1 July 1997	52,438	41,109
Shareholders' funds as at 30 June 1998	<u>26,468</u>	<u>52,438</u>

LONDON AND WESSEX ESTATES LIMITED

Notes to the Accounts

for the year ended 30 June 1998

(continued)

12. Cash Flow Statement

12.1 Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

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

	1998 £	1997 £
Operating (loss)/profit	(26,517)	406,629
(Increase)/Decrease in stock	(1,873,429)	1,318,835
(Increase)/Decrease in debtors	(226,603)	11,055
(Increase)/Decrease in creditors	23,990	(83,083)
	<u>(2,102,559)</u>	<u>1,653,436</u>

12.2 Analysis of changes in net debt

	Cash £	Bank/Shareholder loan Less than one year £
Balance as at 1 July 1997	162,014	-
Cashflow during the year	(169,586)	(2,047,832)
Facility fees paid	-	12,140
Facility fees amortised	-	(1,667)
Balance as at 30 June 1998	<u>(7,572)</u>	<u>(2,037,359)</u>

12.3 Analysis of changes in financing during the year

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

	£
Proceeds of bank loan	1,424,298
Proceeds of shareholder loan	611,394
	<u>2,035,692</u>

LONDON AND WESSEX ESTATES LIMITED

Notes to the Accounts

for the year ended 30 June 1998

(continued)

13. Related Party Transactions

Management fees of £12,500 were paid to each of Portfolio Holdings Limited and South Park Estates of which Malcolm Dudley-Williams is a partner.

14. Holding Company

The largest group of which the Company is a member and for which group accounts are prepared is Pacific Investments Limited and the smallest group is Portfolio Holdings Limited. Both the above companies are registered in England and Wales and prepare accounts to 30 June. Copies of their accounts can be obtained from the Company Secretary at 195 Knightsbridge, London, SW7 1RE.

15. Economic and Monetary Union and Year 2000 Compliance

The costs associated with year 2000 compliance and changes made necessary as a result of the introduction of the Euro on 1 January 1999 are thought to be immaterial. Costs associated with both these events will be written off to the profit and loss account as they are incurred.