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WILLOWCOMBE LIMITED

FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 1998



GRAHAM COHEN & CO LIMITED
ACCOUNTANTS

WILLOWCOMBE LIMITED

DIRECTORS:

R A Austin
H M Austin
C H Bowden
S M Lupton

SECRETARY:

R A Austin

REGISTERED OFFICE:

16 South End
Croydon
Surrey
CR0 1DN

REGISTERED NUMBER:

1215712

BANKERS:

National Westminster Bank Plc
6 High Street
Teddington
Middlesex
TW11 8EP

ACCOUNTANTS:

Graham Cohen & Co Limited
Accountants
16 South End
Croydon
Surrey
CR0 1DN

WILLOWCOMBE LIMITED
FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

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The following page does not form part of the Statutory Accounts

Appendix

- 1. Trading and Profit and Loss Account

WILLOWCOMBE LIMITED
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 1998

The directors present their annual report with the accounts of the company for the year ended 31st December 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property investment.

DIRECTORS

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	Ordinary Shares of £1 each	
	At 31st Decemeber 1998	At 1st January 1998
R A Austin	5,900	5,900
H M Austin	2,900	2,900
C H Bowden	600	600
S M Lupton	600	600

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial accounts 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 accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial accounts 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 accounts 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.

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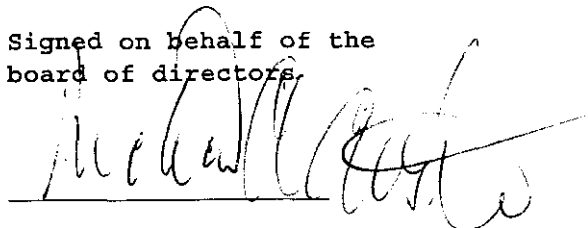
WILLOWCOMBE LIMITED
REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1998

SMALL COMPANY EXEMPTIONS

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the
board of directors,

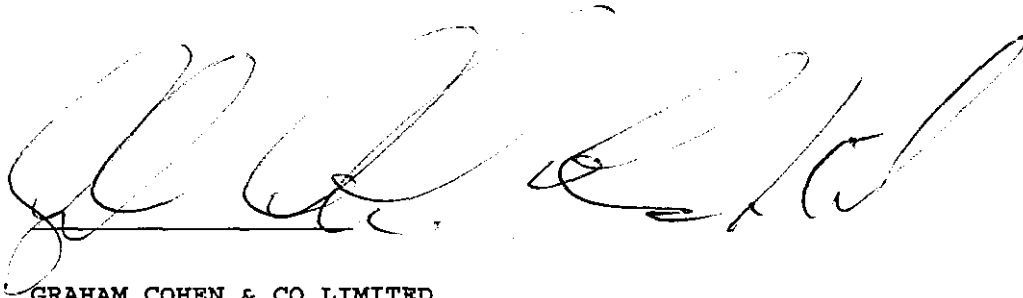
A handwritten signature in dark ink, appearing to read 'R A Austin', is written over a horizontal line.

R A Austin
Secretary

2nd August 1999

ACCOUNTANTS' REPORT
ON THE UNAUDITED FINANCIAL STATEMENTS TO THE DIRECTORS OF
WILLOWCOMBE LIMITED

As described on the balance sheet you are responsible for the preparation of the financial accounts for the year ended 31st December 1998, set out on pages 4 to 11, and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited financial accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.



GRAHAM COHEN & CO LIMITED
Accountants

16 South End
Croydon
Surrey
CR0 1DN

27.10.1999

WILLOWCOMBE LIMITED

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

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
TURNOVER	2	79,430	92,953
Net Operating Expenses			
Administrative Expenses		41,898	35,165
<u>OPERATING PROFIT</u>	3	37,532	57,788
Profit on disposal of Fixed Assets	4	-	(79,225)
		37,532	137,013
Other Interest Receivable and Similar Income	5	11,133	13,937
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		48,665	150,950
Tax on Ordinary Activities	6	12,458	14,958
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		36,207	135,992
Dividends	14	-	1,800
<u>RETAINED PROFIT FOR THE YEAR</u>		<u>£ 36,207</u>	<u>£ 134,192</u>

See Note 12 for Movement on Reserves

The notes on pages 8 to 11 form part of these accounts.

WILLOWCOMBE LIMITEDSTATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 1998

	<u>1998</u>	<u>1997</u>
	£	£
Profit for the financial year	36,207	135,992
Unrealised surplus on revaluation of Fixed Assets	<u>100,023</u>	<u>43,622</u>
Total Recognised gains and losses relating to the year	<u>136,230</u>	<u>179,614</u>

WILLOWCOMBE LIMITEDBALANCE SHEET
AS AT 31ST DECEMBER 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
FIXED ASSETS			
Tangible Assets	8	1,097,874	804,235
CURRENT ASSETS			
Debtors	9	170,178	196,142
Cash at Bank and in Hand		208,296	405,204
		<u>378,474</u>	<u>601,346</u>
CREDITORS : Amounts Falling			
Due within One Year	10	(38,286)	(126,490)
		<u>340,188</u>	<u>474,856</u>
NET CURRENT ASSETS			
		<u>1,438,062</u>	<u>1,279,091</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
PROVISION FOR LIABILITIES			
AND CHARGES	13	(45,242)	(22,500)
		<u>£1,392,820</u>	<u>£1,256,591</u>
CAPITAL AND RESERVES			
Share Capital	11	10,000	10,000
Revaluation Reserve	12	170,189	84,661
Profit and Loss Account	12	1,212,631	1,161,930
<u>TOTAL SHAREHOLDERS' FUNDS</u>		<u>£1,392,820</u>	<u>£1,256,591</u>

continued

WILLOWCOMBE LIMITEDBALANCE SHEET

(continued)

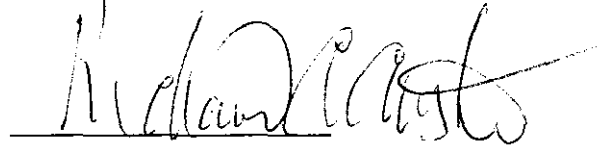
AS AT 31ST DECEMBER 1998

The directors consider that for the year ended 31st December 1998 the company was entitled to exemption under subsection 1 of section 249A of the Companies Act 1985. No member or members have deposited a notice requesting an audit for the current financial year under subsection 2 of section 249B of the Act.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985 and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

Signed on behalf of the
board of directors



R A Austin
Director

Approved by the board: 2nd August 1999

The notes on pages 8 to 11 form part of these accounts.

WILLOWCOMBE LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998**1. ACCOUNTING POLICIES****Basis of Accounting**

The accounts have been prepared under the historical cost convention as modified to incorporate the revaluation of certain fixed assets.

Turnover

Turnover represents net rents receivable.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold Property	Nil% on cost or revalued amount
Plant and Equipment	15% on the reducing balance

Deferred Taxation

Deferred Taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Cash Flow Statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

2. TURNOVER

The Turnover and Profit (1997 - Profit) before taxation for the year is attributable to the principal activity of the company which is property investment and rental of premises

In the opinion of the Directors, all of the company's turnover took place within the UK (1997-100%).

3. OPERATING PROFIT

The Operating Profit (1997 - Profit) is stated after charging:

	<u>1998</u>	<u>1997</u>
	£	£
Depreciation of Tangible Fixed Assets	72	44
	<u> </u>	<u> </u>

4. EXCEPTIONAL GAINS

	<u>1998</u>	<u>1997</u>
	£	£
Profit on disposal of Fixed Assets	-	(79,225)
	<u> </u>	<u> </u>

**5. OTHER INTEREST RECEIVABLE
AND SIMILAR INCOME**

	<u>1998</u>	<u>1997</u>
	£	£
Bank Interest Received	11,133	13,937
	<u> </u>	<u> </u>

WILLOWCOMBE LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

6. TAXATION

The tax charge on the profit on ordinary activities was as follows:

	<u>1998</u> £	<u>1997</u> £
Corporation Tax	12,458	15,605
Over provision in prior years	-	(647)
	<u>12,458</u>	<u>14,958</u>

Corporation tax has been charged on the profit at 21% (1997 21.75%).

The charge for the year has been increased by expenditure not allowable for taxation.

7. DIRECTORS' REMUNERATION

	<u>1998</u> £	<u>1997</u> £
Directors' Emoluments	<u>8,130</u>	<u>2,850</u>

8. TANGIBLE FIXED ASSETS

	Land & Buildings	Plant & Machinery etc	TOTAL
	£	£	£
COST OR VALUATION			
At 1st January 1998	803,985	1,171	805,156
Additions in year	328,711	-	328,711
Disposals in year	(35,000)	(150)	(35,150)
At 31st December 1998	<u>1,097,696</u>	<u>1,021</u>	<u>1,098,717</u>
DEPRECIATION			
At 1st January 1998	-	921	921
Write off on Disposal	-	(109)	(109)
Charge for the year	-	31	31
At 31st December 1998	<u>-</u>	<u>843</u>	<u>843</u>
NET BOOK VALUE			
At 31st December 1998	<u>1,097,696</u>	<u>178</u>	<u>1,097,874</u>
At 31st December 1997	<u>803,985</u>	<u>250</u>	<u>804,235</u>

The historical cost of Freehold Land and Buildings included above at a valuation of £1,097,696 was £882,256 (1997- £696,822) and the aggregate depreciation thereon would have been £Nil (1997-£Nil).

WILLOWCOMBE LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

9. DEBTORS

	<u>1998</u>	<u>1997</u>
	£	£
Amounts due within one year:		
Related Party- Cherryoak Limited	140,178	136,142
Related Party- Thurland Limited	30,000	60,000
	<hr/>	<hr/>
	170,178	196,142
	<hr/>	<hr/>

10. CREDITORS: Amounts Falling Due within One Year

	<u>1998</u>	<u>1997</u>
	£	£
Social Security and Other Taxes	990	-
Other Creditors	37,296	126,490
	<hr/>	<hr/>
	38,286	126,490
	<hr/>	<hr/>

Included in Other Creditors are:

Taxation	8,363	-
Director's Loan Account- R A Austin	19,723	12,355
Director's Loan Account- H M Austin	4,829	18,293
Director's Loan Account- C H Bowden	24	4,829
Proposed Dividend	2,000	2,000
Accruals and Other Creditors	2,357	89,013
	<hr/>	<hr/>
	37,296	126,490
	<hr/>	<hr/>

11. SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
Authorised £1 Ordinary Shares	10,000	10,000
	<hr/>	<hr/>
Allotted, Called Up and Fully Paid	10,000	10,000
	<hr/>	<hr/>

All of the above shares are equity shares.

WILLOWCOMBE LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

12. RESERVES

	<u>Revaluation Reserve</u> £	<u>Profit & Loss A/c</u> £
At 1st January 1998	84,661	1,161,929
Surplus on revaluation of Land & Buildings	100,023	-
Transfers to/from Profit & Loss	(14,495)	14,495
Retained Profit for the year	-	36,207
At 31st December 1998	<u>170,189</u>	<u>1,212,631</u>

In accordance with FRSSE properties owned by the company for investment purposes are shown at open market valuation. The valuations were carried out by R Austin, a director of the company. Any surplus or deficit is taken to the Investment Revaluation Reserve.

13. PROVISION FOR LIABILITIES AND CHARGES

<u>Provisions:</u>	<u>At Start of Year</u> £	<u>Movement</u> £	<u>At End of Year</u> £
Deferred Taxation (see below)	22,500	22,742	45,242
	<u>22,500</u>	<u>22,742</u>	<u>45,242</u>

<u>Deferred taxation is attributable to:</u>	<u>Provided</u>		<u>Unprovided</u>	
	<u>1998</u> £	<u>1997</u> £	<u>1998</u> £	<u>1997</u> £
Chargeable Gains	<u>45,242</u>	<u>22,500</u>	<u>-</u>	<u>-</u>

14. DIVIDENDS

	<u>1998</u> £	<u>1997</u> £
Dividends - Final Paid	<u>-</u>	<u>1,800</u>

15. RELATED PARTIES

The directors of the company are also directors of Cherryoak Limited and Thurland Limited.

During the year management fees of £15,240 were charged by Cherryoak Limited.

The ultimate controlling parties are Mr R Austin and Mrs H Austin, directors.