

NICON DEVELOPMENTS LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

HORWATH
CLARK WHITEHILL

Chartered Accountants

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NICON DEVELOPMENTS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
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NICON DEVELOPMENTS LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 1998

The directors present their report and the accounts for the year ended 31 December 1998. The report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ACTIVITIES

The company's principal activity continues to be that of property development and investment.

DIRECTORS AND THEIR INTERESTS

The beneficial interests of the directors in the share capital of the company were as follows:

		Ordinary shares of £ 1 each	
		31/12/98	1/1/98
A H Nicholas	- beneficial interest	18	31
	- as trustee	80	67
Mrs S O Nicholas	- beneficial interest	-	2
	- as trustee	22	18
A C Nicholas	- beneficial interest	41	27
	- as trustee	20	20
R J Nicholas	- beneficial interest	41	47
	- as trustee	20	20

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution to re-appoint Horwath Clark Whitehill as auditors, will be put forward at the Annual General Meeting.

Approved by the board on 29 October 1999 and signed on its behalf.


A C Nicholas
Secretary

NICON DEVELOPMENTS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish the directors' responsibility for the accounts from those of the auditors as stated in their report.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for that period. In preparing those 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 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 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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**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
NICON DEVELOPMENTS LIMITED**



We have audited the accounts on pages 4 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. 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 examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Unqualified opinion

In our opinion, the accounts give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
and Registered Auditors

Date: 29 October 1999

NICON DEVELOPMENTS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1998

	Note	1998 £	1997 £
TURNOVER		-	475,000
Cost of sales		-	(394,301)
GROSS PROFIT		-	80,699
Administrative expenses		(102,560)	(171,471)
Other operating income		84,188	96,664
OPERATING (LOSS)/PROFIT	2	(18,372)	5,892
Net loss on sale of tangible fixed assets		-	(10,379)
		(18,372)	(4,487)
Income from other fixed asset investments		255	180
Interest receivable		1,683	1,681
Interest payable		(49,475)	(4,054)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(65,909)	(6,680)
Taxation on loss on ordinary activities	3	3,000	(2,541)
LOSS FOR THE FINANCIAL YEAR		(62,909)	(9,221)
RETAINED PROFIT BROUGHT FORWARD		700,203	689,419
Transferred from Revaluation Reserve		3,000	20,005
RETAINED PROFIT CARRIED FORWARD		640,294	700,203

The notes on pages 7 to 11 form part of these accounts.

NICON DEVELOPMENTS LIMITED
STATEMENT OF RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 1998

	1998 £	1997 £
Loss for the financial year after taxation	(62,909)	(9,221)
Unrealised surplus on revaluation of properties	-	206,000
Deferred taxation movement on revalued properties	33,115	(60,162)
Total gains and losses relating to the year	<u>(29,794)</u>	<u>136,617</u>

NICON DEVELOPMENTS LIMITED

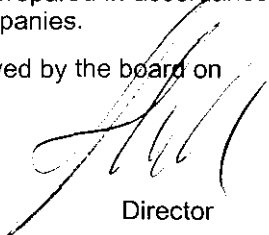
BALANCE SHEET

31 DECEMBER 1998

	Note	£	1998 £	1997 £
FIXED ASSETS				
Tangible fixed assets	4		1,136,478	1,160,585
Investments	5		3,136	3,136
			<u>1,139,614</u>	<u>1,163,721</u>
CURRENT ASSETS				
Stocks		2,388,340		1,218,637
Debtors	6	30,780		28,448
Cash at bank and in hand		2,605		2,599
		<u>2,421,725</u>		<u>1,249,684</u>
CREDITORS: amounts falling due within one year	7	<u>(2,093,241)</u>		<u>(882,398)</u>
NET CURRENT ASSETS			<u>328,484</u>	<u>367,286</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,468,098</u>	<u>1,531,007</u>
PROVISIONS FOR LIABILITIES AND CHARGES	8		<u>(110,892)</u>	<u>(140,312)</u>
NET ASSETS			<u>1,357,206</u>	<u>1,390,695</u>
CAPITAL AND RESERVES				
Called up share capital	9		100	100
Investment property revaluation reserve	10		520,737	515,037
Other revaluation reserve	10		196,075	175,355
Profit and loss account			640,294	700,203
SHAREHOLDERS' FUNDS			<u>1,357,206</u>	<u>1,390,695</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The accounts were approved by the board on 29 October 1999 and signed on its behalf.


 Director

The notes on pages 7 to 11 form part of these accounts.

NICON DEVELOPMENTS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

1. ACCOUNTING POLICIES

a) Basis of preparation of accounts

The accounts have been prepared under the historical cost convention as modified by the inclusion of investment properties at valuation and in accordance with:

- (i) the Financial Reporting Standard for Smaller Entities (Effective March 1999); and
- (ii) the special provisions of Part VII of the Companies Act 1985 relating to small companies.

b) Tangible fixed assets and depreciation

Tangible fixed assets, other than investment properties, are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	15%	straight line
Motor vehicles	-	25%	straight line
Fixtures & fittings	-	10%	straight line
Office equipment	-	10%	straight line

c) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

d) Stocks and work in progress

Stocks include work in progress and land held for development and are stated at the lower of cost and net realisable value. Cost includes the purchase price of raw materials and labour.

e) Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

f) Pensions

The company contributes to the Nicholas Holdings Retirement Benefit Scheme, a defined contribution scheme, and the pension charge for the year represents contributions made to the scheme during the year.

g) Investment properties

Investment properties are revalued annually and the aggregate surplus or deficit is transferred to the investment revaluation reserve. No depreciation is provided in respect of investment properties. This constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their economic useful lives but is necessary to enable the financial statements to give a true and fair view. 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.

h) Investments

The investments are held for the long-term and are stated at cost less provision for the permanent diminution in value.

i) Turnover

Turnover consists of income derived from the sale of land and property.

NICON DEVELOPMENTS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

2. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	1998 £	1997 £
Depreciation of tangible fixed assets - owned by the company	17,807	17,367
Auditors' remuneration	3,000	3,000
Directors' emoluments	<u>45,342</u>	<u>107,612</u>

The number of directors accruing benefits under money purchase schemes was 2 (1997 - 2).

3. TAXATION

	1998 £	1997 £
Current year taxation		
UK corporation tax at 21% (1997 - 21%)	(2,678)	3,000
Prior years		
UK corporation tax	(322)	(459)
	<u>(3,000)</u>	<u>2,541</u>

4. TANGIBLE FIXED ASSETS

	Investment Properties £	Plant & Machinery £	Fixtures & Equipment £	Motor Vehicles £	Total £
Cost or valuation					
At 1 January 1998	1,102,721	4,194	6,119	66,264	1,179,298
Disposals	(3,000)	-	-	(6,600)	(9,600)
At 31 December 1998	<u>1,099,721</u>	<u>4,194</u>	<u>6,119</u>	<u>59,664</u>	<u>1,169,698</u>
Depreciation					
At 1 January 1998	-	1,120	1,318	16,275	18,713
Charge for the year	-	629	612	16,566	17,807
On disposals	-	-	-	(3,300)	(3,300)
At 31 December 1998	<u>-</u>	<u>1,749</u>	<u>1,930</u>	<u>29,541</u>	<u>33,220</u>
Net Book Value					
At 31 December 1998	<u>1,099,721</u>	<u>2,445</u>	<u>4,189</u>	<u>30,123</u>	<u>1,136,478</u>
At 31 December 1997	<u>1,102,721</u>	<u>3,074</u>	<u>4,801</u>	<u>49,989</u>	<u>1,160,585</u>

Investment properties were valued at the year end at open market value, the valuation being carried out by A C Nicholas BSc (Estate Management), who is a director of the company. The cost to the company of these properties was £515,261. All investment properties are freehold.

NICON DEVELOPMENTS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

5. FIXED ASSET INVESTMENTS

	Unlisted investments £
Cost	
At 1 January 1998	3,136
At 31 December 1998	<u>3,136</u>
Net Book Value	
At 31 December 1998	<u>3,136</u>
At 31 December 1997	<u>3136</u>

6. DEBTORS

	1998 £	1997 £
Due within one year		
Trade debtors	12,468	10,294
Other debtors	18,312	18,154
	<u>30,780</u>	<u>28,448</u>

7. CREDITORS:
Amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts (secured)	1,036,338	39,423
Trade creditors	19,300	1,415
Corporation tax	2,678	14,541
Social security and other taxes	17,030	23,740
Other creditors	1,017,895	803,279
	<u>2,093,241</u>	<u>882,398</u>

NICON DEVELOPMENTS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

8. PROVISIONS FOR LIABILITIES AND CHARGES

	1998 £	1997 £
Deferred Tax		
At 1 January 1998	140,312	80,150
Charge for the year to the investment property revaluation reserve	(8,700)	(7,728)
Charge for the year to other revaluation reserve	(20,720)	67,890
At 31 December 1998	<u>110,892</u>	<u>140,312</u>

	1998 £	1997 £	1998 £	1997 £
Accelerated capital allowances	-	-	80,697	86,573
Revalued properties	63,722	72,422	-	-
Held over gain	61,718	67,890	-	-
Other timing differences	-	-	-	(3,416)
Losses carried forward	(14,548)	-	-	-
	<u>110,892</u>	<u>140,312</u>	<u>80,697</u>	<u>83,157</u>

9. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised		
1,000 ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

10. RESERVES

	£
Investment Property Revaluation Reserve	
At 1 January 1998	515,037
Transfer to Profit and Loss account	(3,000)
Deferred tax movement in the year	8,700
At 31 December 1998	<u>520,737</u>
Other revaluation reserve	
At 1 January 1998	175,355
Deferred tax movement in the year	20,720
At 31 December 1998	<u>196,075</u>

NICON DEVELOPMENTS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

11. RELATED PARTIES

Control

Throughout the period the company was controlled by members of the Nicholas family. Details of the director's interests in the company's share capital are set out in the Director's Report.

Transactions

During the year the company received net loans from A H Nicholas, a director of the company, amounting to £97,937 and the amount owing to the director at the year end was £783,956 (1997 - £686,019).

The company also received net monies amounting to £107,448 during the year from the Nicholas Holdings plc group of companies, a group owned and controlled by the Nicholas family, and at the year end that company was owed £199,487 (1997 - £92,039).