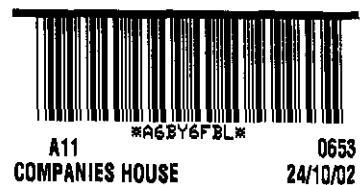


Company Number: 897640

**NICON DEVELOPMENTS LIMITED**  
**REPORT AND ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2001**



**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 2001**

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The directors present their report and the accounts for the year ended 31 December 2001. 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	
		31/12/01	1/1/01
A H Nicholas	- beneficial interest	9	11
	- as trustee	87	85
Mrs S O Nicholas	- beneficial interest	-	-
	- as trustee	26	25
A C Nicholas	- beneficial interest	49	47
	- as trustee	20	20
R J Nicholas	- beneficial interest	49	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 16/10/02 and signed on its behalf.

A C Nicholas  
Secretary



**NICON DEVELOPMENTS LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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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.

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF  
NICON DEVELOPMENTS LIMITED**

**HORWATH  
CLARK WHITEHILL**  
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We have audited the financial statements of Nicon Developments Limited for the year ended 31 December 2001 set out on pages 4 to 11. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention as modified by the inclusion of investment properties at valuation and the accounting policies set out therein.



**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgments 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.

**Unqualified opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Horwath Clark Whitehill*  
Chartered Accountants  
and Registered Auditors

Date:

*21 October 2002*

**NICON DEVELOPMENTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2001**

	Note	2001 £	2000 £
Cost of sales		-	(7,994)
<b>GROSS LOSS</b>		-	(7,994)
Administrative expenses		(142,601)	(185,213)
Other operating income		83,286	81,210
<b>OPERATING LOSS</b>	2	(59,315)	(111,997)
Income from other fixed asset investments		690	-
Interest receivable		1,810	1,495
Interest payable		(137,504)	(23,448)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(194,319)	(133,950)
Taxation on profit/(loss) on ordinary activities	3	-	9,500
<b>LOSS FOR THE FINANCIAL YEAR</b>		(194,319)	(124,450)
<b>RETAINED PROFIT BROUGHT FORWARD</b>		549,072	673,522
Transferred from Revaluation Reserve		10,532	-
<b>RETAINED PROFIT CARRIED FORWARD</b>		365,285	549,072

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 2001**

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	2001 £	2000 £
Loss for the financial year after taxation	(194,319)	(124,450)
Deferred tax movement on revaluation surplus	<u>25,848</u>	<u>23,751</u>
<b>Total gains and losses relating to the year</b>	<u><b>(168,471)</b></u>	<u><b>(100,699)</b></u>

**NICON DEVELOPMENTS LIMITED**  
**BALANCE SHEET**  
**31 DECEMBER 2001**

	Note	£	2001 £	2000 £
<b>FIXED ASSETS</b>				
Tangible fixed assets	4		1,220,606	1,231,654
Investments	5		3,136	3,136
			<u>1,223,742</u>	<u>1,234,790</u>
<b>CURRENT ASSETS</b>				
Stocks		3,137,502		2,888,103
Debtors	6	51,491		51,973
Cash at bank and in hand		2,363		2,657
		<u>3,191,356</u>		<u>2,942,733</u>
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(3,122,241)</u>		<u>(2,690,347)</u>
<b>NET CURRENT ASSETS</b>			<u>69,115</u>	<u>252,386</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,292,857</u>	<u>1,487,176</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	8		<u>(86,565)</u>	<u>(112,413)</u>
<b>NET ASSETS</b>			<u>1,206,292</u>	<u>1,374,763</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	9		100	100
Investment property revaluation reserve	10		597,662	605,961
Other revaluation reserve	10		243,245	219,630
Profit and loss account			365,285	549,072
<b>SHAREHOLDERS' FUNDS</b>			<u>1,206,292</u>	<u>1,374,763</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 16/10/02 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 2001**

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**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 2000); 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 any 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 2001**

---

**2. OPERATING LOSS**

The operating loss is stated after charging:

	2001 £	2000 £
Depreciation of tangible fixed assets		
- owned by the company	9,736	21,779
Auditors' remuneration	3,500	3,100
Directors' emoluments	106,663	105,925
	<hr/>	<hr/>

The number of directors accruing benefits under money purchase schemes was 2 (2000 - 2).

**3. TAXATION**

	2001 £	2000 £
<b>Current year taxation</b>		
UK corporation tax at 20% (2000 - 20%)	-	(9,218)
<b>Prior years</b>		
UK corporation tax	-	(282)
	<hr/>	<hr/>
	-	(9,500)

There is no liability to corporation tax as a result of the loss for the year. At 31 December 2001 the company had approximately £330,000 of losses carried forward. These losses have been reflected as part of the deferred taxation note, see note 8.

**NICON DEVELOPMENTS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2001**

**4. TANGIBLE FIXED ASSETS**

	Investment Properties £	Plant & Machinery £	Fixtures & Equipment £	Motor Vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2001	1,207,521	5,547	12,834	77,659	1,303,561
Additions	-	-	58	12,630	12,688
Disposals	(14,000)	-	-	-	(14,000)
At 31 December 2001	<u>1,193,521</u>	<u>5,547</u>	<u>12,892</u>	<u>90,289</u>	<u>1,302,249</u>
<b>Depreciation</b>					
At 1 January 2001	-	3,371	4,375	64,161	71,907
Charge for the year	-	832	1,248	7,656	9,736
At 31 December 2001	<u>-</u>	<u>4,203</u>	<u>5,623</u>	<u>71,817</u>	<u>81,643</u>
<b>Net Book Value</b>					
At 31 December 2001	<u>1,193,521</u>	<u>1,344</u>	<u>7,269</u>	<u>18,472</u>	<u>1,220,606</u>
At 31 December 2000	<u>1,207,521</u>	<u>2,176</u>	<u>8,459</u>	<u>13,498</u>	<u>1,231,654</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 £509,293. All investment properties are freehold.

**5. FIXED ASSET INVESTMENTS**

	£
<b>Cost</b>	
At 1 January 2001	<u>3,136</u>
At 31 December 2001	<u>3,136</u>
<b>Net Book Value</b>	
At 31 December 2001	<u>3,136</u>
At 31 December 2000	<u>3,136</u>

**NICON DEVELOPMENTS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2001**

**6. DEBTORS**

	2001 £	2000 £
<b>Due within one year</b>		
Trade debtors	17,131	12,752
Other debtors	34,360	39,221
	<u>51,491</u>	<u>51,973</u>

**7. CREDITORS:**

**Amounts falling due within one year**

	2001 £	2000 £
Bank loans and overdrafts (secured)	1,820,743	1,486,832
Trade creditors	6,199	10,552
Corporation tax	-	9,218
Social security and other taxes	6,654	147
Other creditors	1,288,645	1,183,598
	<u>3,122,241</u>	<u>2,690,347</u>

**8. PROVISIONS FOR LIABILITIES AND CHARGES**

	2001 £	2000 £
<b>Deferred Tax</b>		
At 1 January 2001	112,413	136,164
Charge for the year to the investment property revaluation reserve	(2,233)	(1,616)
Charge for the year to other revaluation reserve	(23,615)	(22,135)
At 31 December 2001	<u>86,565</u>	<u>112,413</u>

	Provided		Unprovided	
	2001 £	2000 £	2001 £	2000 £
Accelerated capital allowances	-	-	77,186	76,067
Revalued properties	86,565	88,798	-	-
Held over gain	61,718	61,718	-	-
Other timing differences	-	-	-	-
Losses carried forward	(61,718)	(38,103)	(37,179)	-
	<u>86,565</u>	<u>112,413</u>	<u>40,007</u>	<u>76,067</u>

**NICON DEVELOPMENTS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2001**

**9. CALLED UP SHARE CAPITAL**

	2001 £	2000 £
<b>Authorised</b>		
1,000 ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

**10. RESERVES**

	£
<b>Investment Property Revaluation Reserve</b>	
At 1 January 2001	605,961
Transfer to Profit and Loss account	(10,532)
Deferred tax movement in the year	2,233
	<u>597,662</u>
<b>At 31 December 2001</b>	
	£
<b>Other revaluation reserve</b>	
At 1 January 2001	219,630
Deferred tax movement in the year	23,615
	<u>243,245</u>
<b>At 31 December 2001</b>	

**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 repaid net loans to A H Nicholas, a director of the company, amounting to £31,569 and the amount owing to the director at the year end was £639,339 (2000 - £670,908).

The company also received net monies relating to advances and recharges amounting to £105,688 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 group was owed £594,453 (2000 - £488,765).