

Company Number 897640

NICON DEVELOPMENTS LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997



**HORWATH
CLARK WHITEHILL**
Chartered Accountants

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NICON DEVELOPMENTS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1997

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NICON DEVELOPMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1997

The directors submit their report and the audited accounts for the year ended 31 December 1997.

ACTIVITIES

The principal activities of the company during the year continued to be property development and investment.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the share capital of the company were as follows:

		Ordinary shares of £1 each	
		31 December 1997	1 January 1997
A H Nicholas (Chairman)	- beneficial interest	31	31
	- as trustee	67	47
Mrs S O Nicholas	- beneficial interest	2	2
	- as trustee	18	18
A C Nicholas	- beneficial interest	27	27
	- as trustee	20	20
R J Nicholas	- beneficial interest	27	47
	- as trustee	20	-

In accordance with the Articles of Association the directors do not retire by rotation.

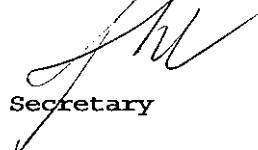
AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing the reappointment of Clark Whitehill as auditors to the company will be put to the annual general meeting.

EXEMPTION

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

By Order of the Board



Secretary

Nicon House
45 Silver Street
Enfield
Middlesex EN1 3EF

NICON DEVELOPMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

The purpose of this statement is to distinguish the directors' responsibilities 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 the profit or loss for that period. In preparing those accounts 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, subject to any material departures disclosed and explained in the accounts ;
- d) prepare the accounts on the going concern basis unless it is inappropriate to assume 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 or 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 under 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 the accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practises 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 the 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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

13 October 1998

Horwath Clark Whitehill

**Chartered Accountants
and Registered Auditors**

NICON DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £	1996 £
TURNOVER	1(f)	475,000	627,000
Cost of sales		394,301	506,741
GROSS PROFIT		<u>80,699</u>	<u>120,259</u>
Administrative expenses		(171,260)	(102,650)
Other operating income		<u>96,633</u>	<u>95,269</u>
OPERATING PROFIT	2	<u>6,072</u>	<u>112,878</u>
Loss on disposal of fixed assets		(10,379)	-
		<u>(4,307)</u>	<u>112,878</u>
Interest receivable		1,681	147
Interest payable		<u>(4,054)</u>	<u>(65,647)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(6,680)</u>	<u>47,378</u>
Tax on loss/profit on ordinary activities 3		(2,541)	(10,829)
RETAINED (LOSS)/PROFIT FOR THE YEAR	11	<u><u>(9,221)</u></u>	<u><u>36,549</u></u>

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

NICON DEVELOPMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £	1996 £
(Loss)/profit for the financial year		(9,221)	36,549
Unrealised surplus on revaluation of investment properties		206,000	-
Deferred taxation on revaluation of investment properties		(60,162)	5,781
Other recognised gains and losses	12	145,838	5,781
Total gains recognised in the year		<u>136,617</u>	<u>42,330</u>

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

Note of historical cost profits and losses

Reported (loss)/profit on ordinary activities before taxation	(6,680)	47,378
Realisation of property revaluation gains of previous years	20,005	-
Historical cost profit on ordinary activities before taxation	<u>13,325</u>	<u>47,378</u>
Historical cost profit for the year retained after taxation	<u>10,784</u>	<u>36,549</u>

NICON DEVELOPMENTS LIMITED

BALANCE SHEET

31 DECEMBER 1997

	Notes	1997	1996
		£	£
FIXED ASSETS			
Tangible assets	4	1,160,585	1,168,824
Investments	5	3,136	3,136
		<u>1,163,721</u>	<u>1,171,960</u>
CURRENT ASSETS			
Stocks		1,218,637	840,745
Debtors	6	28,448	112,420
Cash at bank and in hand		2,599	5,213
		<u>1,249,684</u>	<u>958,378</u>
CREDITORS - amounts falling due within one year	7	<u>882,398</u>	<u>796,110</u>
NET CURRENT ASSETS		<u>367,286</u>	<u>162,268</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,531,007</u>	<u>1,334,228</u>
PROVISION FOR LIABILITIES AND CHARGES	8	<u>140,312</u>	<u>80,150</u>
NET ASSETS		<u>1,390,695</u>	<u>1,254,078</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Revaluation reserve	10	690,392	564,559
Profit and loss account	11	700,203	689,419
SHAREHOLDERS' FUNDS	12	<u>1,390,695</u>	<u>1,254,078</u>

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

Approved by the board on
and signed on its behalf by:

13 October 1998

) Director

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

NICON DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES

a) Basis of accounting

The accounts are 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; and
- (ii) the special provisions of Part VII of the Companies Act 1985 relating to small companies.

b) Depreciation of tangible assets

Depreciation is provided on all tangible fixed assets in use at rates and bases calculated to write off the cost or valuation less estimated residual value, of each asset over its expected useful life as follows:

Furniture and fittings	- 10% straight line
Office equipment	- 10% straight line
Plant	- 15% straight line

c) Stocks

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.

d) 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.

e) Deferred taxation

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes at the corporation tax rate at which it is expected that the timing difference will reverse and to the extent that it is probable that a liability or asset will crystallise in the future.

f) Turnover

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

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 permanent diminution in value.

NICON DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1997

2. OPERATING PROFIT	1997	1996
This is stated after charging :	£	£
Auditors' remuneration	3,000	3,000
Depreciation	17,367	886
Pension contributions	-	10,000
Directors' emoluments	116,468	66,250
	<u> </u>	<u> </u>
The number of directors accruing benefits under money purchase schemes	2	2
	<u> </u>	<u> </u>
3. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES		
Corporation tax	3,000	12,000
Taxation (over)/underprovided in previous years:		
Corporation tax	(459)	(1,171)
	<u> </u>	<u> </u>
	2,541	10,829
	<u> </u>	<u> </u>

4. TANGIBLE FIXED ASSETS

	Investment properties £	Plant and equipment £	Motor Vehicles £	Total £
Cost:				
1 January 1997	1,162,950	7,220	-	1,170,170
Additions	-	3,093	66,264	69,357
Revaluations	206,000	-	-	206,000
Disposals	(21,229)	-	-	(21,229)
Transfer	(245,000)	-	-	(245,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 December 1997	1,102,721	10,313	66,264	1,179,298
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation:				
1 January 1997	-	1,346	-	1,346
Provision for year	-	1,092	16,275	17,367
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 December 1997	-	2,438	16,275	18,713
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book values:				
31 December 1997	1,102,721	7,875	49,989	1,160,585
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 December 1996	1,162,950	5,874	-	1,168,824
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Investment properties were valued at 31 December 1997 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 £518,241. All investment properties are freehold.

NICON DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1997

5. INVESTMENTS

	1997	1996
	£	£
Unquoted	3,136	3,136

The investment is in 300 £1,000 shares of The Cave Enterprise Retail Trust 1986-1987 which is managed by Capital Ventures Plc, Cheltenham, GL51 9TR.

6. DEBTORS

	1997	1996
	£	£
Trade debtors	10,294	13,631
Other debtors	18,154	98,789
	<u>28,448</u>	<u>112,420</u>

7. CREDITORS - amounts falling due within one year

Bank overdraft and loan (secured)	39,423	58,052
Trade creditors	1,415	5,227
Corporation tax	14,541	12,000
Other taxes and social security costs	23,740	15,684
Directors' current accounts	686,019	679,834
Other creditors	117,260	25,313
	<u>882,398</u>	<u>796,110</u>

8. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation		
Movement in year:		
At 1 January 1997	80,150	85,931
Charge/(release) to/from revaluation reserve	60,162	(5,781)
At 31 December 1997	<u>140,312</u>	<u>80,150</u>

	Provided		Unprovided	
	1997	1996	1997	1996
	£	£	£	£
Accelerated capital allowances	-	-	86,573	94,489
Revalued properties	72,422	80,150	-	-
Held over gain	67,890	-	-	-
Other timing differences	-	-	(3,416)	(3,258)
	<u>140,312</u>	<u>80,150</u>	<u>83,157</u>	<u>91,231</u>

NICON DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1997

9. SHARE CAPITAL

	1997 £	1996 £
Authorised 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. REVALUATION RESERVE

	Investment Property Revaluation Reserve £	Other Revaluation Reserve £	Total £
Balance as at 1 January 1997	644,709	-	644,709
Revaluation during the year	206,000	-	206,000
Transfer	(243,245)	243,245	-
Realised in the year	(20,005)	-	(20,005)
	<u>587,459</u>	<u>243,245</u>	<u>830,704</u>
Less: deferred taxation	(72,422)	(67,890)	(140,312)
Balance at 31 December 1997	<u>515,037</u>	<u>175,355</u>	<u>690,392</u>

11. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
Retained profits brought forward at 1 January 1997	689,419	652,870
Transfer from revaluation reserve	20,005	-
(Loss)/profit for the year	<u>(9,221)</u>	<u>36,549</u>
Retained profits carried forward at 31 December 1997	<u>700,203</u>	<u>689,419</u>

12. RECONCILIATION OF THE MOVEMENT IN SHAREHOLDERS' FUNDS

Opening shareholders' funds	1,254,078	1,211,748
Retained (loss)/profit for the year	(9,221)	36,549
Other recognised gains and losses	<u>145,838</u>	<u>5,781</u>
Closing shareholders' funds	<u>1,390,695</u>	<u>1,254,078</u>

NICON DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1997

13. RELATED PARTIES

Control

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

Transactions

During the year the company had the following transactions with related parties:

Related party	Transaction	Amount £
A H Nicholas, a director of the company	Monies received	6,185

The amount owed to A H Nicholas at 31 December 1997 was £686,019 (1996: £679,834).

Related party	Transaction	
Nicholas Holdings plc, a company owned and controlled by the Nicholas family.	Monies received	171,368

The amount owed to Nicholas Holdings plc at 31 December 1997 was £92,039 (1996: due from £79,329).