

MORFA DEVELOPMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 1997

Company Number 1041042



MORFA DEVELOPMENTS LIMITED

Directors A.B. Mathias (appointed 29 March 1996)
 A.V. John (appointed 26 September 1996)

Secretary: A.B. Mathias

Registered Office: The Grange
 Margam
 Port Talbot
 SA13 2SP

Auditors: Mullens & Robinson
 Chartered Accountants and
 Registered Auditors
 Aberafan House
 Aberafan Centre
 Port Talbot
 SA13 1BU

Bankers: Barclays Bank Plc
 48 Station Road
 Port Talbot
 SA13 1LJ

Bank of Wales
Kingsway
Cardiff
CF1 4YB

MORFA DEVELOPMENTS LIMITED
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FOR THE PERIOD ENDED 30 JUNE 1997

CONTENTS

	Page
Directors' Report	1
Auditors' Report	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	5 - 7

MORFA DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period ended 30 June 1997.

PRINCIPAL ACTIVITIES

The principal activities of the company are the construction of private dwellings and the development of private industrial estates and buildings.

DIRECTORS

The directors who served during the period were:

A.B. Mathias	A.C.I.B. (appointed 29 March 1996)
A.V. John	(appointed 26 September 1996)

DIRECTORS' RESPONSIBILITIES

Company law requires us as directors to prepare financial statements for each financial period 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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

We 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. We 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.

AUDITORS

Mullens & Robinson have expressed their willingness to continue in office as auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

The report of the directors has been 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 on 20 August 1998.



A.B. Mathias
Director

AUDITORS' REPORT TO THE MEMBERS OF
MORFA DEVELOPMENTS LIMITED

We have audited the financial statements on page 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

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.

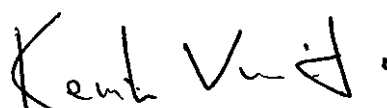
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Mullens & Robinson
Chartered Accountants and
Registered Auditors
Aberafan House
Aberafan Centre
Port Talbot
SA13 1BU

Date: 20 August 1998

MORFA DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 JUNE 1997

	Note	Eighteen months ended 30.6.1997 £	Fifty two weeks ended 29.12.1995 £
TURNOVER	1	3,858,772	467,500
Direct costs		<u>4,154,767</u>	<u>430,562</u>
GROSS (LOSS)/PROFIT		(295,995)	36,938
Administrative expenses		<u>137,705</u>	<u>158,136</u>
OPERATING (LOSS)	2	(433,700)	(121,198)
(Increase) in provision against developments		-	(433,728)
Investment income (net)	3	<u>523,590</u>	<u>201,191</u>
		89,890	(353,735)
Interest payable and similar charges	4	<u>200,990</u>	<u>329,099</u>
(LOSS) BEFORE PROVISION		(111,100)	(682,834)
Provision against amount due from fellow subsidiary undertaking		<u>-</u>	<u>198,976</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(111,100)	(881,810)
Taxation	5	<u>-</u>	<u>-</u>
(LOSS) FOR THE FINANCIAL PERIOD	10	(111,100)	(881,810)
Profit and loss account (deficit) at 29 December 1995		<u>(1,308,658)</u>	<u>(426,848)</u>
Profit and loss account (deficit) at 30 June 1997		<u>(1,419,758)</u> =====	<u>(1,308,658)</u> =====

The loss for the financial period was the total recognised gains and losses relating to the period.

There were no acquisitions and no discontinued operations in the period.

The notes on pages 5 to 7 form part of these financial statements.

MORFA DEVELOPMENTS LIMITED

BALANCE SHEET
AT 30 JUNE 1997

	Note	1997 £	1995 £
FIXED ASSETS			
Investments	6	<u>50,000</u>	<u>50,000</u>
CURRENT ASSETS			
Land for development		11,064	34,906
Sites in course of development		21,694	873,462
Completed development		-	3,199,951
Debtors	7	11,274	149,392
Cash at bank		<u>5,168</u>	-
		49,200	4,257,711
CREDITORS			
Amounts falling due within one year	8	<u>1,518,858</u>	<u>5,616,269</u>
NET CURRENT LIABILITIES		<u>(1,469,658)</u>	<u>(1,358,558)</u>
NET LIABILITIES		<u>(1,419,658)</u>	<u>(1,308,558)</u>
		=====	=====
CAPITAL AND (DEFICIT)			
Called up share capital	9	100	100
Profit and loss account (deficit)		<u>(1,419,758)</u>	<u>(1,308,658)</u>
SHAREHOLDERS' (DEFICIT)	10	<u>(1,419,658)</u>	<u>(1,308,558)</u>
		=====	=====

The notes on pages 5 to 7 form part of these financial statements.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

These financial statements were approved by the Board on 20 August 1998.

On behalf of the board

A Mathias

A.B. Mathias

Director

MORFA DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 1997

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous period and also have been consistently applied within the same financial statements.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements are for the period ended 30 June 1997 and the comparative amounts are for the fifty two weeks ended 29 December 1995.

The effect of events relating to the period ended 30 June 1997 which occurred before the date of approval of the financial statements by the board of directors have been included in the statements to the extent required to show a true and fair view of the state of affairs at 30 June 1997 and of the loss for the period ended on that date.

Turnover

Turnover consists of the invoiced value (excluding VAT) of developments during the period.

Land, sites in course of development and completed developments

These are stated at the lower of direct cost and net realisable value.

Pensions

An employee was a member of a defined benefit pension scheme.

The assets of the scheme are invested and managed independently of the finances of the company.

Contributions to the scheme were calculated by a qualified actuary based on a constant percentage of current and expected pensionable salaries, and the company's share of regular pension costs so calculated were charged to the profit and loss account.

Taxation

The charge for taxation is based on the loss for the period. Deferred taxation is provided in full on the liability method at the rate of corporation tax that it is estimated will be applicable if the timing differences reverse.

2. OPERATING (LOSS)

	1997 £	1995 £
The operating (loss) is stated after charging		
Directors' emoluments	11,772	52,285
Director's redundancy	29,250	-
Consultancy fee to director	4,000	-
Consultancy fee to former director	8,458	-
Auditors' remuneration	1,500	1,500
Non audit fee payable to auditors	2,500	2,500
	=====	=====

MORFA DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. INVESTMENT INCOME (NET)

	1997 £	1995 £
Rents, insurance, and electricity charges receivable (net)	523,590 =====	201,191 =====

4. INTEREST PAYABLE AND SIMILAR CHARGES

Bank interest	200,990 =====	329,099 =====
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5. TAXATION

There are losses available for offset against future taxable trading profits, subject to the agreement of the Inland Revenue.

6. INVESTMENTS

	Ordinary shares		Loan	Total
	Subsidiaries £	Associated £	£	£
Cost				
At 30.12.95 and at 30.06.97	10,100	5,000	45,000	60,100
Provision				
At 30.12.95 and at 30.06.97	(10,100)	-	-	(10,100)
Net book value				
At 30.12.95 and at 30.06.97	- =====	5,000 =====	45,000 =====	50,000 =====

Subsidiaries comprise Markskill Limited and Ablebody Limited. The proportion of the nominal value of the issued ordinary shares held of both companies is 100%. The principal activity of Markskill Limited is property development. Ablebody Limited is dormant.

The investment in the associate comprises 5,000 ordinary shares in Amodeo Scott Developments Limited, representing 50% of the issued share capital of that company. Its principal activity is the redevelopment of Tredegar Town Centre. The loan to Amodeo Scott Developments Limited comprises £45,000 unsecured loan notes 1991/1996, which is repayable by April 1999.

All companies are incorporated in Great Britain and registered in England and Wales.

7. DEBTORS

	1997 £	1995 £
Amounts falling due within one year		
Trade debtors	11,274	147,006
Other debtors	-	100
Prepayments	-	2,286
	11,274 =====	149,392 =====

MORFA DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. CURRENT LIABILITIES

	1997 £	1995 £
Amounts falling due within one year		
Bank overdrafts	-	3,754,169
Amount due to group undertaking	-	107,802
Other creditors	4,747	54,298
Accrual	<u>1,514,111</u>	<u>1,700,000</u>
	<u>1,518,858</u>	<u>5,616,269</u>
	=====	=====

Secured liabilities amount to £Nil (1995 £3,754,169).

9. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid 100 Ordinary shares of £1 each	100	100
	=====	=====

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)

(Loss) for the financial period	(111,100)	(881,810)
Opening shareholders' (deficit)	<u>(1,308,558)</u>	<u>(426,748)</u>
Closing shareholders' (deficit)	<u>(1,419,658)</u>	<u>(1,308,558)</u>
	=====	=====

11. CONTINGENT LIABILITY

Bank loans and overdrafts of the company were secured by charges, debentures and cross guarantees on all the assets of the company.