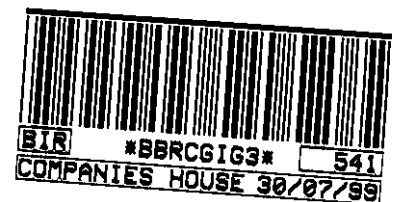


Company Number 1080857

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 1998
for
Pritchard Holdings PLC**



Pritchard Holdings PLC

**Index to the Financial Statements
for the Year Ended 31 December 1998**

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Pritchard Holdings PLC
Company Information
for the Year Ended 31 December 1998

DIRECTORS:

C F Pritchard
J C Pritchard

SECRETARY:

C F Pritchard

REGISTERED OFFICE:

Anglesey Lodge
Hednesford
Staffordshire
WS12 5AB

AUDITORS:

Bentley Jennison
Registered Auditors
Chartered Accountants
1 The Green
Stafford
ST17 4BH

Pritchard Holdings PLC

Chairman's Report

I am pleased to report that Pritchard Holdings plc has made considerable progress during what could have been a difficult year ended 31 December 1998 with continued expansion of our property investment portfolio and our property development programme.

Strategy

Pritchard Holdings plc has a growth strategy focused on a wide spread of tenants within the Cannock Chase area. Knowledge of our market place; keeping properties with minimal voids and low debt ratios, coupled with the acquisition of strategic properties for our development programme is our key to success.

Our most recent acquisitions at Churchbridge Park, and High Green, Cannock are a combination of retail, leisure facilities and mixed use. Two exciting projects to go forward into 1999 and 2000 with.

Investment Portfolio

Pritchard Holdings plc's stated objective is to build a balanced portfolio of properties producing medium and long-term capital income growth. To enhance the value and quality of its property investments through a combination of growth and rental income and improvement in tenant covenants. With totally active management, from our committed team, of in-house professionals.

Developments Programme

This year also sees the success of our development programme in the acquisition of predominantly retail properties in High Green. Planning permission is either existing or being sought. Further expansion of our major quasi-retail and industrial park known as Virage Park, Cannock which was acquired in the year is also planned.

Churchbridge Park, another major acquisition in the year, to be anchored by a hotel is also seen as a major benefit to the future expansion of the company.

Property Disposals

It is not our normal policy to develop and sell properties, however when opportunities present themselves to consolidate our portfolio we react. To this end three properties that did not completely fit our criteria were either sold in 1998 or shortly after the year end.

Future

We are currently seeking to expand our portfolio within our objectives and have a number of sites under consideration.

Other opportunities are actively being pursued to secure additional sales or income revenue on an on-going basis. We look forward to a further prosperous and dynamic year.

C F Pritchard
Chairman
Pritchard Holdings plc

Dated: 28 July 1999

Pritchard Holdings PLC
Report of the Directors
for the Year Ended 31 December 1998

The Directors present their report with the audited financial statements of the Group for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was that of property holding and developing.

REVIEW OF BUSINESS

The results for the year and financial position of the Group are as shown in the annexed financial statements.

Both the level of business and the year end financial position are satisfactory and the directors expect this to be sustained for the foreseeable future.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividends will be distributed for the year 31 December 1998. The retained group profit transferred to reserves will be £527179 .

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

FIXED ASSETS

Additions of fixed assets are shown in note 9 of the financial statements.

MARKET VALUE OF LAND AND BUILDINGS

The group's properties in the UK were valued on 31 December 1998 at open market value and are shown at that value on the balance sheet. The directors are of the opinion that there is no material difference between the market value of these properties and the amounts at which they are shown in the financial statements.

CLOSE COMPANY STATUS

As far as the directors are aware the company is a close company for taxation purposes within the meaning of the Income and Corporation Taxes Act 1988.

DIRECTORS

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

Name	Class of Capital	31.12.98	31.12.97
C F Pritchard	Ordinary £1	91,103	91,103
J C Pritchard	Ordinary £1	8,847	8,847

C F Pritchard held shares in other companies within the group as follows:-

		31.12.98	31.12.97
Pritchard Developments (Midlands) Ltd	Ordinary £1	1	1
Pritchard Estates (Bridgtown) Ltd	Ordinary £1	1	1
<i>Pritchard Properties (Midlands) Ltd</i>	<i>Ordinary £1</i>	<i>1</i>	<i>1</i>
Pritchard Estates (Midlands) Ltd	Ordinary £1	1	1
Pritchard Developments (Cannock) Ltd	Ordinary £1	1	1
Pritchard Estates (Hednesford) Ltd	Ordinary £1	1	1

Pritchard Holdings PLC

**Report of the Directors
for the Year Ended 31 December 1998
(Continued)**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state *whether applicable accounting standards have been followed*, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements 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 statements 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.

AUDITORS

Bentley Jennison have indicated their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'C F Pritchard', written over a horizontal line.

C F Pritchard - Secretary

Dated: 28 July 1999

Pritchard Holdings PLC

**Report of the Auditors to the Shareholders of
Pritchard Holdings plc
for the Year Ended 31 December 1998**

We have audited the financial statements on pages six to twenty which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets during the year and the accounting policies set out on page eleven.

Respective responsibilities of directors and auditors

As described on page four, 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 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 and the group as at 31 December 1998 and of the group's profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Bentley Jennison
Registered Auditors
Chartered Accountants
1 The Green
Stafford
ST17 4BH

Dated: 28 July 1999

Pritchard Holdings PLC

**Consolidated Profit and Loss Account
for the Year Ended 31 December 1998**

	Notes	31.12.98 £	31.12.97 £
TURNOVER:	2	<u>2,448,159</u>	<u>2,132,338</u>
GROSS PROFIT:		2,448,159	2,132,338
Administrative Expenses		800,853	698,151
Other operating income		<u>-</u>	<u>-</u>
OPERATING PROFIT:	4	1,647,306	1,434,187
Interest Receivable	5	51,100	65,531
Income from Investments	6	7,411	5,590
Profit on Sale of Investments		<u>29,672</u>	<u>23,823</u>
		1,735,489	1,529,131
Interest Payable	7	<u>1,230,910</u>	<u>1,060,198</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:		504,579	468,933
Tax on Profit on Ordinary Activities	8	<u>(32,123)</u>	<u>75,064</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION:		536,702	393,869
Minority Interests		<u>9,523</u>	<u>6,043</u>
		527,179	387,826
Dividends		<u>-</u>	<u>-</u>
RETAINED PROFIT:		<u><u>527,179</u></u>	<u><u>387,826</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current previous years.

HISTORICAL COST PROFITS AND LOSSES

There was no material difference between the result shown in the profit and loss account and the result on an unmodified cost basis.

The notes form part of these financial statements

Pritchard Holdings PLC

**Statement of Total Recognised Gains and Losses
for the Year Ended 31 December 1998**

	31.12.98	31.12.97
	£	£
PROFIT FOR THE FINANCIAL YEAR	527,179	387,826
Property revaluation	<u>2,992,819</u>	<u>658,318</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>3,519,998</u></u>	<u><u>1,046,144</u></u>

The notes form part of these financial statements

Pritchard Holdings PLC


**Consolidated Balance Sheet
As at 31 December 1998**

	Notes	31.12.98		31.12.97	
		£	£	£	£
FIXED ASSETS:					
Tangible Assets	9		30,282,925		24,719,616
Investments	12		<u>212,798</u>		<u>349,715</u>
			30,495,723		25,069,331
CURRENT ASSETS:					
Debtors	13	1,924,447		1,798,547	
Cash at Bank		<u>918,132</u>		<u>946,286</u>	
		2,842,579		2,744,833	
CREDITORS:					
Amounts falling due within one year	14	<u>2,353,364</u>		<u>2,099,286</u>	
NET CURRENT (LIABILITIES)/ASSETS:			<u>489,215</u>		<u>645,547</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			30,984,938		25,714,878
CREDITORS:					
Amounts falling due after more than one year	15		<u>12,658,882</u>		<u>10,918,343</u>
			<u>18,326,056</u>		<u>14,796,535</u>
CAPITAL AND RESERVES:					
Called up Share Capital	18		99,950		99,950
Share Premium	19		2,838,957		2,838,957
Investment Revaluation	19		12,275,434		9,282,615
Profit and Loss Account	19		<u>2,916,491</u>		<u>2,389,312</u>
Shareholders Funds	25		18,130,832		14,610,834
Minority Interest			<u>195,224</u>		<u>185,701</u>
			<u>18,326,056</u>		<u>14,796,535</u>

C F Pritchard - Director

Approved by the Board on

28 July 1999

 The notes form part of these financial statements

Pritchard Holdings PLC

**Balance Sheet
As at 31 December 1998**

	Notes	31.12.98		31.12.97	
		£	£	£	£
FIXED ASSETS:					
Tangible Assets	11		4,272		5,696
Investments	12		<u>3,103,703</u>		<u>3,240,620</u>
			3,107,975		3,246,316
CURRENT ASSETS:					
Debtors	13	1,387,702		826,180	
Cash at Bank		<u>79,363</u>		<u>420,763</u>	
		1,467,065		1,246,943	
CREDITORS:					
Amounts falling due within one year	14	<u>417,829</u>		<u>199,751</u>	
NET CURRENT ASSETS:			<u>1,049,236</u>		<u>1,047,192</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			4,157,211		4,293,508
CREDITORS:					
Amounts falling due after more than one year	15		<u>1,142,026</u>		<u>1,256,726</u>
			<u><u>3,015,185</u></u>		<u><u>3,036,782</u></u>
CAPITAL AND RESERVES:					
Called Up Share Capital	18		99,950		99,950
Share Premium	19		2,838,957		2,838,957
Profit and Loss Account	19		<u>76,278</u>		<u>97,875</u>
			<u><u>3,015,185</u></u>		<u><u>3,036,782</u></u>

No separate profit and loss account for the holding company has been included in the financial statements.
Details of the companies profit for the year can be found in note 27 to the financial statements.

C F Pritchard - Director

Approved by the Board on

28 July 1999

The notes form part of these financial statements

Pritchard Holdings PLC

**Consolidated Cash Flow Statement
for the Year Ended 31 December 1998**

	Notes	31.12.98 £	31.12.97 £
RECONCILIATION OF OPERATING PROFIT/(LOSS) TO OPERATING CASH FLOWS			
Operating profit		1,647,306	1,434,187
Profit on sales of fixed assets		-	-
Depreciation of owned assets		2,396	2,842
Decrease/(increase) in debtors		(125,900)	(757,036)
(Decrease)/increase in creditors		36,711	770,592
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		<u>1,560,513</u>	<u>1,450,585</u>
 CASH FLOW STATEMENT			
Cashflow from operating activities		1,560,513	1,450,585
Returns on investments and servicing of finance	22	(1,172,399)	(989,078)
Taxation		(71,946)	(66,525)
Capital expenditure	22	(2,406,296)	(1,810,804)
Acquisitions and disposals	22	-	-
		<u>(2,090,128)</u>	<u>(1,415,822)</u>
Financing	22	2,076,451	656,350
INCREASE/(DECREASE) IN CASH	23	<u>(13,677)</u>	<u>(759,472)</u>

The notes form part of these financial statements

Pritchard Holdings PLC
Notes to the Financial Statements
for the Year Ended 31 December 1998

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Basis of Consolidation

The consolidated accounts incorporate the financial statements of Pritchard Holdings plc and all of its subsidiary undertakings.

Turnover

Turnover represents the invoiced amount of management fees and rents received during the year.

Tangible Fixed Assets

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

Plant & Equipment	-	10% on reducing balance
Motor Vehicles	-	25% on reducing balance
Fixtures and Fittings	-	10% on reducing balance

Investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. Depreciation is not provided in respect of the said properties as it is considered to be one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. TURNOVER

The turnover and profit before taxation are attributable to principal activities of property holding and development.

Pritchard Holdings PLC

**Notes to the Financial Statements
for the Year Ended 31 December 1998**

3. STAFF COSTS

There were no staff costs for the year ended 31 December 1998 nor for the year ended 31 December 1997.

Details of directors remuneration are given in note 4.

The average weekly number of employees during the year were as follows:-

	31.12.98	31.12.97
Directors	2	2

4. OPERATING PROFIT

The operating profit is stated after charging:-

	31.12.98	31.12.97
	£	£
Directors' Emoluments	-	-
Auditors' Remuneration	10,528	13,500
Depreciation of tangible fixed assets	<u>2,396</u>	<u>2,842</u>

5. INTEREST RECEIVABLE

	31.12.98	31.12.97
	£	£
Deposit Account Interest	27,154	10,494
Building Society Interest	23,946	12,252
Other Interest	<u>-</u>	<u>42,785</u>
	<u>51,100</u>	<u>65,531</u>

6. INCOME FROM INVESTMENTS

	31.12.98	31.12.97
	£	£
Income from fixed asset investments of listed companies	<u>7,411</u>	<u>5,590</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.98	31.12.97
	£	£
Bank Loans, Overdrafts and Other Loans repayable both within five years and after five years	1,228,843	1,056,802
Interest on Corporation Tax	<u>2,067</u>	<u>3,396</u>
	<u>1,230,910</u>	<u>1,060,198</u>

8. TAXATION

	31.12.98	31.12.97
	£	£
The Taxation Charge for the Year is arrived at as follows:		
UK Corporation Tax	7,904	52,261
Prior Year Adjustment	<u>(40,027)</u>	<u>22,803</u>
	<u>(32,123)</u>	<u>75,064</u>

Pritchard Holdings PLC

**Notes to the Financial Statements
for the Year Ended 31 December 1998**

9. TANGIBLE FIXED ASSETS

GROUP	Freehold Land & Buildings £	Fixtures & Fittings £	Plant & Equipment £	Motor Vehicles £	Total £
COST OR VALUATION					
Valuation/Cost 1.1.98	24,706,203	13,247	-	24,000	24,743,450
Additions	2,570,885	-	2,000	-	2,572,885
Disposals	-	-	-	-	-
Surplus on Revaluation	2,992,819	-	-	-	2,992,819
Valuation/Cost 31.12.98	<u>30,269,907</u>	<u>13,247</u>	<u>2,000</u>	<u>24,000</u>	<u>30,309,154</u>
DEPRECIATION					
At 1.1.98	-	5,529	-	18,304	23,833
Charge for Year	-	772	200	1,424	2,396
Depreciation 31.12.98	<u>-</u>	<u>6,301</u>	<u>200</u>	<u>19,728</u>	<u>26,229</u>
NET BOOK VALUE					
As at 31.12.98	<u>30,269,907</u>	<u>6,946</u>	<u>1,800</u>	<u>4,272</u>	<u>30,282,925</u>
As at 31.12.97	<u>24,706,202</u>	<u>7,718</u>	<u>-</u>	<u>5,696</u>	<u>24,719,616</u>

10. FREEHOLD LAND BUILDINGS

Net book value comprises

	1998 £	1997 £
Investment properties	<u>30,269,907</u>	<u>24,706,202</u>

Historic cost and aggregate depreciation based on cost of land and buildings included at valuation:

	1998 £	1997 £
Cost	<u>15,245,613</u>	<u>12,633,525</u>
Net book value	<u>15,245,613</u>	<u>12,633,525</u>

A revaluation of freehold land and buildings was made on 31 December 1998 by C F Pritchard (BIAT) and A Price (ARICS) who are officers of the company. The properties were valued on the basis of open market value for their existing use.

Pritchard Holdings PLC

**Notes to the Financial Statements
for the Year Ended 31 December 1998**

11. TANGIBLE FIXED ASSETS

COMPANY	Freehold Land & Buildings £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
As at 1.1.98	-	-	24,000	24,000
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31.12.98	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>24,000</u>
DEPRECIATION				
As at 1.1.98	-	-	18,304	18,304
Charge for Year	-	-	1,424	1,424
As at 31.12.98	<u>-</u>	<u>-</u>	<u>19,728</u>	<u>19,728</u>
NET BOOK VALUE				
As at 31.12.98	<u>-</u>	<u>-</u>	<u>4,272</u>	<u>4,272</u>
As at 31.12.97	<u>-</u>	<u>-</u>	<u>5,696</u>	<u>5,696</u>

12. FIXED ASSETS INVESTMENTS

The following were subsidiary companies at the end of the year and have been included in the consolidated accounts

Name	Country of Registration	Activity	Holding
Pritchard Estates (Hednesford) Ltd	England and Wales	Property Holding	99%
Pritchard Developments (Midlands) Ltd	England and Wales	Property Holding	99.9%
Pritchard Estates (Bridgtown) Ltd	England and Wales	Property Holding	99.9%
Pritchard Properties (Midlands) Ltd	England and Wales	Property Holding	99.9%
Pritchard Estates (Midlands) Ltd	England and Wales	Property Holding	99.9%
Pritchard Developments (Cannock) Ltd	England and Wales	Property Holding	99.9%
Pritchard Estates (Staffs) Ltd	England and Wales	Property Holding	100%

COST

	Group Undertaking	Unlisted Investments	Listed Investments	Total
At 1 January 1998	2,890,905	45,750	303,965	3,240,620
Additions	-	-	31,537	31,537
Disposals	-	(39,975)	(128,479)	(168,454)
At 31 December 1998	<u>2,890,905</u>	<u>5,775</u>	<u>207,023</u>	<u>3,103,703</u>

The listed investments have a value of £192,018 at 31 December 1998.

Pritchard Holdings PLC

**Notes to the Financial Statements
for the Year Ended 31 December 1998**

13. DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.98	31.12.97	31.12.98	31.12.97
	£	£	£	£
Trade Debtors	200,406	114,531	-	-
Other Debtors	1,724,041	1,684,016	48,309	45,748
Amounts Owed by Group				
Undertakings	-	-	1,339,393	780,432
	<u>1,924,447</u>	<u>1,798,547</u>	<u>1,387,702</u>	<u>826,180</u>

**14. CREDITORS : AMOUNTS
FALLING DUE WITHIN
ONE YEAR**

	Group		Company	
	31.12.98	31.12.97	31.12.98	31.12.97
	£	£	£	£
Bank Loan and Overdraft (See note 15)	1,151,451	830,016	223,481	144,736
Director's Current Account	453	453	453	453
Taxation and Social Security	116,449	28,195	-	-
Tax Creditors	21,491	372,004	3,804	12,100
Accruals	462,014	733,219	2,100	2,100
Corporation Tax	20,962	125,030	-	6,520
Other Creditors	580,544	10,369	120,000	-
Amounts Owed to Group				
Undertakings	-	-	67,991	33,842
	<u>2,353,364</u>	<u>2,099,286</u>	<u>417,829</u>	<u>199,751</u>

Pritchard Holdings PLC

**Notes to the Financial Statements
for the Year Ended 31 December 1998**

**15. CREDITORS : AMOUNTS FALLING
DUE AFTER ONE YEAR**

	Group		Company	
	31.12.98	31.12.97	31.12.98	31.12.97
	£	£	£	£
Bank Loans	<u>12,658,882</u>	<u>10,918,343</u>	<u>1,142,026</u>	<u>1,256,726</u>

(See note 16)

16. LOANS AND OVERDRAFTS

The aggregate amount of loans and overdrafts was as follows:

	Group		Company	
	31.12.98	31.12.97	31.12.98	31.12.97
	£	£	£	£
Amounts falling due within one year:				
Bank Overdrafts	250,408	264,885	87,925	18,470
Bank Loans	<u>901,043</u>	<u>565,131</u>	<u>135,556</u>	<u>126,266</u>
	<u>1,151,451</u>	<u>830,016</u>	<u>223,481</u>	<u>144,736</u>
Amounts falling due after more than one year:				
Bank Loans:				
Due between one and two years	1,095,574	747,321	130,184	118,143
Two to five years	3,847,950	2,703,790	502,759	462,402
After five years	<u>7,715,358</u>	<u>7,467,232</u>	<u>509,083</u>	<u>676,181</u>
	<u>12,658,882</u>	<u>10,918,343</u>	<u>1,142,026</u>	<u>1,256,726</u>

SECURITY

The bank borrowing is secured by a legal mortgage over the companies investment properties and an unlimited guarantee give by the holding company.

17. DEFERRED TAXATION

No provision for deferred taxation is required. Provision on the full liability method would have been:

	31.12.98	31.12.97
	£	£
On Revaluation Surplus	<u>4,461,964</u>	<u>787,052</u>

Pritchard Holdings PLC

**Notes to the Financial Statements
for the Year Ended 31 December 1998**

18. CALLED UP SHARE CAPITAL

Authorised

Number	Class	Nominal Value	31.12.98 £	31.12.97 £
500,000	Ordinary	£1	<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid:

Number	Class	Nominal Value	31.12.98 £	31.12.97 £
99,950	Ordinary	£1	<u>99,950</u>	<u>99,950</u>

19. RESERVES

	Share Premium Account £	Investment Revaluation Reserve £	Profit and Loss Account £
Group			
Balance at 1 January 1998	2,838,957	9,282,615	2,389,312
Profit for the year	-	-	527,179
Revaluations	-	2,992,819	-
Goodwill written off	-	-	-
Balance at 31 December 1998	<u>2,838,957</u>	<u>12,275,434</u>	<u>2,916,491</u>
Company			
Balance at 1 January 1998	2,838,957	-	97,875
Profit for the year	-	-	(21,596)
Balance at 31 December 1998	<u>2,838,957</u>	<u>-</u>	<u>76,279</u>

Further details of the company's loss can be found in note 27 to the financial statements.

20. POST BALANCE SHEET EVENTS

There were no material events outside normal activities between the year and the approval of the financial statements.

Pritchard Holdings PLC

**Notes to the Financial Statements
for the Year Ended 31 December 1998**

21. TRANSACTIONS WITH DIRECTORS

The directors are also directors of a number of other companies outside the group. These companies are under the control of the directors. Transactions took place during the year in the normal course of business. Amounts due to and from these companies are described as connected companies.

**22. RETURNS ON INVESTMENTS AND
SERVICING OF FINANCE**

	31.12.98	31.12.97
	£	£
Interest received	51,100	65,531
Interest paid	(1,230,910)	(1,060,199)
Dividends received	<u>7,411</u>	<u>5,590</u>
	<u>(1,172,399)</u>	<u>(989,078)</u>
Capital expenditure		
Purchase of investments	(31,537)	(284,520)
Sale of investments	198,126	125,448
Purchase of tangible fixed assets	(2,572,885)	(1,651,732)
Sale of tangible fixed assets	<u>-</u>	<u>-</u>
	<u>(2,406,296)</u>	<u>(1,810,804)</u>

Financing

Receipt of loan	<u>2,076,451</u>	<u>656,350</u>
	<u>2,076,451</u>	<u>656,350</u>

**23. RECONCILIATION OF NET CASH FLOW
TO MOVEMENT IN NET FUNDS/(DEBT)**

	31.12.98	31.12.97
	£	£
Net cash inflow/(outflow)	(13,677)	(759,472)
Change in debt within one year	(335,912)	(90,872)
Change in debt over one year	<u>(1,740,540)</u>	<u>(563,576)</u>
Change in net funds in the year	<u>(2,090,129)</u>	<u>(1,413,920)</u>
Net (debt)/funds at 1 January 1998	<u>(10,802,072)</u>	<u>(9,388,152)</u>
Net funds/(debt) at 31 December 1998	<u>(12,892,201)</u>	<u>(10,802,072)</u>

Pritchard Holdings PLC

**Notes to the Financial Statements
for the Year Ended 31 December 1998**

24. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	As at 1.1.98 £	Cash Flows £	Non-cash Changes £	As at 31.12.98 £
Cash in hand at bank	946,286	(28,154)	-	918,132
Overdrafts	(264,885)	14,477	-	(250,408)
	681,401	(13,677)	-	667,724
Debt due within one year	(565,131)	(335,912)	-	(901,043)
Debt due after one year	(10,918,342)	(1,740,540)	-	(12,658,882)
Total	(10,802,072)	(2,090,129)	-	(12,892,201)

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	31.12.98 £	31.12.97 £
Profit for the financial year	527,179	387,826
Goodwill written off	-	-
Net addition to shareholders fund	527,179	387,826
Other recognised gains relating to the year (net)	2,992,819	658,319
	3,519,998	1,046,145
Opening shareholders funds	14,610,834	13,564,689
Closing shareholders funds	18,130,832	14,610,834

26. CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date.

27. LOSS ATTRIBUTABLE TO PRITCHARD HOLDINGS PLC

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in the financial statements. The loss for the year before taxation shown in the accounts of the parent company is £21596 (1997 £44894).

Pritchard Holdings PLC

**Notes to the Financial Statements
for the Year Ended 31 December 1998**

28. RELATED PARTY TRANSACTIONS

C F Pritchard has a controlling interest in a number of companies outside the group.

During the year Pritchard Holdings Plc traded with such companies as follows:-

Company - amounts expended

	Insurance	Rents	Property Repairs and Improvements
	£	£	£
Pritchard Financial & Insurance Services Limited	557		
Anglesey Estates Limited		38,298	

Group - amounts expended

Pritchard Financial & Insurance Services Limited	6,312		
Anglesey Estates Limited		38,298	
Pritchard Construction Limited			1,428,130

All such related party transactions were on a normal commercial basis.

The following amounts were due from / (owed) to such companies:-

	Group	Company
	£	£
Pritchard Developments Limited	(108,929)	-
Pritchard Construction Ltd	<u>1,236,890</u>	<u>(86,688)</u>
	<u>1,127,961</u>	<u>(86,688)</u>

29. CONTINGENT LIABILITIES

All subsidiaries of Pritchard Holdings Plc provide unlimited guarantee's to the company's bankers, Lloyds Bank Plc. The indebtedness of the holding company at 31 December 1998 was £1,365,507 (1997: £1,401,461).

Subsidiaries providing other guarantee's are as follows:-

Pritchard Estates (Hednesford) Ltd

The company provides an unlimited guarantee on behalf of Anglesey Country Homes Ltd to its bankers, Lloyds Bank Plc. The total indebtedness at 31 December 1998 was £315,616 (1997: £413,362).