

ALVAHERNE LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 29 SEPTEMBER 1998

**Philip Hudson & Co
Chartered Accountants
& Registered Auditors
104/106 Chiswick High Road
London W4 1PU**

The Company's Incorporation No. is: 1487931



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REPORT OF THE DIRECTORS

ALVAHERNE LIMITED

The directors submit their report and the accounts for the year ended 29 September 1998.

Principal activity

The principal activity of the company in the year under review was that of property investment.

Results and dividends

The profit for the period is set out in the profit and loss account. The Directors recommend the payment of a dividend as set out in the profit and loss account.

Directors and their interests

The directors who have held office during the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	Ordinary shares at £1 each	
	<u>1998</u>	<u>1997</u>
M Ludgate (Chairman)	5	5
T Friedman	0	0
H Goldberg (appointed 08/09/97)	5	5
P Sarter	5	5

The directors are sad to report the death of Mr Peter Sarter who died in January 1999.

Auditors

Finniston & Co having resigned as auditors, Philip Hudson & Co have expressed their willingness to act in their stead and a resolution confirming their appointment will be proposed at the annual general meeting.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 year. 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;
- Follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

REPORT OF THE DIRECTORS**ALVAHERNE LIMITED****(CONTINUED)****Directors' responsibilities (continued)**

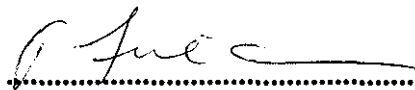
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Finniston & Co resigned as auditors with effect from 26 November 1998 and Philip Hudson & Co have been appointed in their place.

Small company provisions

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

BY ORDER OF THE BOARD

T Friedman
Director

13 Eagle View
Brackla
Bridgend CF31 2NW

21 July 1999

REPORT OF THE AUDITORS TO THE SHAREHOLDERS
OF ALVAHERNE LIMITED

We have audited the accounts on pages 4 to 8.

Respective responsibilities of directors and auditors

As described on pages 1 and 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

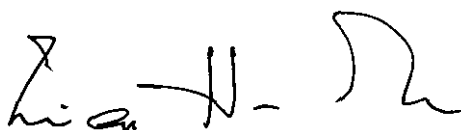
Basis of opinion

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.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 29 September 1998 of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Philip Hudson & Co
Chartered Accountants
and Registered Auditors
104/106 Chiswick High Road
London W4 1PU

21 July 1999

ALVAHERNE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29 SEPTEMBER 1998**

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
Rent received		380	1,822
Operating costs and administration expenses		(2,504)	(7,913)
Operating loss		<u>(2,124)</u>	<u>(6,090)</u>
Gain on sale of property		121,572	-
Interest receivable		5,938	2,220
Profit/(loss) on ordinary activities before taxation	(2)	<u>125,386</u>	<u>(3,871)</u>
Taxation	(3)	12,008	19,270
Profit/(loss) on ordinary activities after taxation		<u>113,378</u>	<u>(23,141)</u>
Dividends paid and proposed	(4)	(58,000)	(20,000)
Retained profit/(loss) for the year	(10)	<u>£ 55,378</u>	<u>£ (43,141)</u>

Continuing operations:

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses:

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

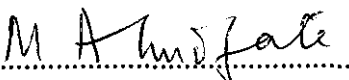
The accompanying notes form an integral part of these accounts.

ALVAHERNE LIMITED**BALANCE SHEET****AT 29 SEPTEMBER 1998**

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
<u>Fixed assets</u>			
Tangible assets	(5)	-	100,000
Investment	(6)	-	25
<u>Current assets</u>			
Debtors and prepayments	(7)	1,114	615
Cash at bank and in hand		119,898	43,266
		<u>121,012</u>	<u>43,881</u>
Creditors: amounts falling due within one year	(8)	(34,658)	(12,940)
		<u>86,354</u>	<u>30,941</u>
Net assets		<u><u>£ 86,354</u></u>	<u><u>£ 130,966</u></u>
<u>Capital and reserves</u>			
Called up share capital	(9)	65	65
Profit and loss account	(10)	86,289	30,911
Revaluation Reserve	(11)	-	99,990
Shareholders' funds		<u><u>£ 86,354</u></u>	<u><u>£ 130,966</u></u>

In preparing these accounts the directors have complied with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The accounts were approved by the board on 21 July 1999.



M Ludgate
Director

The accompanying notes form an integral part of these accounts.

ALVAHERNE LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 29 SEPTEMBER 1998****1. Accounting policies**

The principal accounting policies, which have been consistently applied, are:-

a) Basis of accounting

The accounts have been prepared under the historical cost convention subject to the revaluation of the freehold property and in accordance with the Financial Reporting Standard for Small Entities.

b) Turnover

Turnover, represents ground rents receivable from lessees.

c) Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard 1 from producing a cash flow statement on the grounds that it is a small company.

2. Profit/(loss) before taxation

	<u>1998</u>	<u>1997</u>
	£	£
The profit/(loss) for the year before taxation is arrived at after deducting:-		
Auditors remuneration	822	881
Directors remuneration	NIL	NIL
	<u>=====</u>	<u>=====</u>

3. Taxation

	<u>1998</u>	<u>1997</u>
This comprises:-		
Corporation tax at 21%	18,140	520
(Over)/Underprovision in prior years	(6,132)	18,750
	<u>£ 12,008</u>	<u>£ 19,270</u>
	<u>=====</u>	<u>=====</u>

4. Dividends

	<u>1998</u>	<u>1997</u>
Dividend paid 30 October 1997	48,000	20,000
Unclaimed dividends:-		
re 1995 dividend	4,000	-
1996 dividend	2,000	-
1997 dividend	4,000	-
	<u>£ 58,000</u>	<u>£ 20,000</u>
	<u>=====</u>	<u>=====</u>

ALVAHERNE LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 29 SEPTEMBER 1998****(CONTINUED)****5. Tangible fixed assets**

	Freehold property
Cost/valuation	
Opening balance	100,000
Disposals	(100,000)
Closing balance	£ -

The freehold investment property (flat 60) was valued on an existing basis, at open market value, by the Directors.

6. Investment

This comprises 1 share in Townshend Court Block E & F Company Ltd at cost. This share was sold in October 1997.

7. Debtors

	<u>1998</u>	<u>1997</u>
Prepayments and accrued income	-	615
Other debtors	1,114	-
	<u>£ 1,114</u>	<u>£ 615</u>

8. Creditors falling due within one year

	<u>1998</u>	<u>1997</u>
Accruals and deferred income	1,650	1,175
Corporation tax	19,905	8,770
Due to associated company	1,938	3,595
Unclaimed dividends	10,000	-
Directors loan accounts	900	(600)
Other creditors	265	-
	<u>£ 34,658</u>	<u>£ 12,940</u>

ALVAHERNE LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 29 SEPTEMBER 1998****(CONTINUED)****9. Share Capital**

	<u>1998</u>	<u>1997</u>
Ordinary shares of £1 each		
Authorised	£ 100	£ 100
	=====	=====
Allotted , called up and fully paid	£ 65	£ 65
	=====	=====

10. Profit and loss account

	<u>1998</u>	<u>1997</u>
Brought forward	30,911	75,817
Retained profit/(loss) for the period	55,378	(43,141)
Prior year adjustments	-	(1,765)
	=====	=====
Carried forward	£ 86,289	£ 30,911
	=====	=====

11. Revaluation Reserve

	<u>1998</u>	<u>1997</u>
Brought forward	99,990	99,990
Less: flat 60 sold in 1998	(99,990)	-
	=====	=====
Carried forward	£ -	£ 99,990
	=====	=====

Corporation tax has been provided on the gain on the disposal of flat 60 during the year.