

**PLYFLOW LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**

**24 MARCH 1998**

**COMPANY NUMBER: 1799873**



Kidsons Impey  
Chartered Accountants  
Spectrum House  
20-26 Cursitor Street  
London EC4A 1HY

# PLYFLOW LIMITED

## DIRECTORS' REPORT

24 March 1998

The directors present their report and the audited financial statements of the group for the year ended 24 March 1998.

### Principal activities and business review

The principal group activity is property investment. It is anticipated that there will be no change in the group's activity in the near future.

### Year 2000 compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The directors have not yet initiated a project to determine the potential risks to the company's activities arising from the date change to the Year 2000. Until this analysis is prepared it is not possible to assess the likely impact on our business or develop action plans to deal with the key risks.

### Results and dividends

The results for the year are shown in the profit and loss account on page 4. The directors do not recommend the payment of a dividend (1997 - nil).

### Directors

The directors of the company at 24 March 1998 and their interests in the ordinary shares of the company as recorded in the register of directors' interests were as follows:-

	24 March 1998 and 25 March 1997	
	Beneficial	Non-beneficial
D.G. Goldberg	1	2,499
Mrs. S. Goldberg	-	-
Mrs. M.E. Joseph	2,500	-
K.R. Bovan	-	-
D.I. Wheeler	-	-

### Directors' responsibilities

We are required under company law 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 these financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates; and
- prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets; and
- taking reasonable steps for the prevention and detection of fraud.

# PLYFLOW LIMITED

## DIRECTORS' REPORT

24 March 1998

(continued)

### Auditors

Kidsons Impey have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



M.E. Joseph

Director

Registered office:

Maggs House  
78 Queens Road  
Clifton  
Bristol BS8 1QX

September 11th 1998

# PLYFLOW LIMITED

## AUDITORS' REPORT

### Auditors' report to the members of Plyflow Limited

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 6.

#### 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.

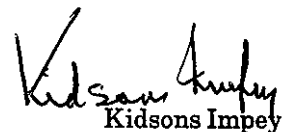
#### Basis of opinion

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 affairs of the company and the group as at 24 March 1998 and of the profit of the group for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

  
Kidsons Impey

Registered Auditors

Chartered Accountants

London

11 September 1998

**PLYFLOW LIMITED**  
**GROUP PROFIT AND LOSS ACCOUNT**  
for the year ended 24 March 1998

	Note	1998 £	1997 £
<b>Turnover - rents receivable</b>		378,607	390,480
Staff costs	2	(25,566)	(25,785)
Depreciation		(70)	(98)
Other operating charges		<u>(24,624)</u>	<u>(47,804)</u>
<b>Operating profit</b>	3	328,347	316,793
Loss on disposal of investment property		(105,000)	-
Share of loss of associated undertaking		(101,398)	(124,651)
Investment income	4	10,314	9,305
Interest payable	5	<u>(140,558)</u>	<u>(191,144)</u>
<b>Group (loss)/profit on ordinary activities before taxation</b>		(8,295)	10,303
Taxation	6	<u>(36,000)</u>	<u>19,000</u>
<b>Group (loss)/profit on ordinary activities after taxation</b>		(44,295)	29,303
Loss attributable to minority interest		<u>38</u>	<u>3</u>
<b>Group (loss)/profit for the financial year attributable to members of the company</b>	15	<u>(44,257)</u>	<u>29,306</u>

The group has had no recognised gains and losses during this year and last year other than profit or loss for the financial year.

All activities of the group are classed as continuing.

**GROUP RATE OF HISTORICAL COST PROFITS AND LOSSES**

	1998 £	1997 £
(Loss)/profit on ordinary activities before taxation	(8,295)	10,303
Transfer from revaluation reserve on disposal of fixed assets investment	<u>169,230</u>	<u>-</u>
Historical cost profit on ordinary activities before taxation and minority interest	<u>160,935</u>	<u>10,303</u>
Historical cost profit on ordinary activities after taxation and minority interest retained	<u>124,973</u>	<u>10,303</u>

# PLYFLOW LIMITED

## BALANCE SHEETS

24 March 1998

	Note	Group		Company	
		1998	1997	1998	1997
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	3,631,483	4,011,553	-	-
Investments	8	<u>50,774</u>	<u>50,774</u>	<u>708,761</u>	<u>708,761</u>
		<u>3,682,257</u>	<u>4,062,327</u>	<u>708,761</u>	<u>708,761</u>
<b>Current assets</b>					
Debtors	9	29,707	14,667	707	707
Cash at bank and in hand		<u>133,806</u>	<u>62,600</u>	<u>146</u>	<u>176</u>
		163,513	77,267	853	883
<b>Creditors: amounts falling due within one year</b>	10	<u>(551,281)</u>	<u>(515,816)</u>	<u>(319,483)</u>	<u>(319,483)</u>
<b>Net current liabilities</b>		<u>(387,768)</u>	<u>(438,549)</u>	<u>(318,630)</u>	<u>(318,600)</u>
<b>Total assets less current liabilities</b>		3,294,483	3,623,778	390,131	390,161
<b>Creditors: amounts falling due after more than one year</b>	11	(1,408,000)	(1,729,000)	(385,000)	(385,000)
<b>Provisions for liabilities and charges</b>					
Deferred taxation	12	<u>(47,000)</u>	<u>(11,000)</u>	-	-
		<u>1,839,483</u>	<u>1,883,778</u>	<u>5,131</u>	<u>5,161</u>
<b>Capital and reserves</b>					
Called up share capital	13	5,000	5,000	5,000	5,000
Revaluation reserve	14	1,649,390	1,818,620	-	-
Capital redemption reserve		500	500	-	-
Profit and loss account	15	<u>184,582</u>	<u>59,609</u>	<u>131</u>	<u>161</u>
		1,839,472	1,883,729	5,131	5,161
<b>Minority interests</b>		<u>11</u>	<u>49</u>	-	-
<b>Equity shareholders' funds</b>	16	<u>1,839,483</u>	<u>1,883,778</u>	<u>5,131</u>	<u>5,161</u>

The financial statements on pages 4 to 11 were approved by the board of directors on September 11th 1998.

*David Goldberg*

D.G. Goldberg

- Director

# PLYFLOW LIMITED

## NOTES ON FINANCIAL STATEMENTS

24 March 1998

### 1 Principal accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except for freehold investment land and buildings which are stated at valuation. The profits or losses arising on the disposal of items stated at valuation are determined by reference to the difference between the valuation and the sale proceeds. No separate profit and loss account is presented for the company as provided by section 230 of the Companies Act 1985.

#### Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small groups.

#### Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings. Profits and losses of companies entering or leaving the group are included from the date of acquisition or up to the date of disposal. The net assets of subsidiaries acquired are included on the basis of their fair value at the date of acquisition being the date on which control passes. Goodwill arising on consolidation is immediately written off.

#### Associated undertaking

Subsidiary undertakings are partners in The Tychon Partnership (associated undertaking). The group's share of results is included in the group profit and loss account.

#### Depreciation

No depreciation has been provided on freehold land and buildings since these are held as investments and in the opinion of the directors their value is at least equal to net book amount.

Depreciation of other fixed assets is charged at rates estimated to write off their cost or valuation less any residual value over the expected useful lives at the following rates:-

Fixtures and fittings - 10% to 33 $\frac{1}{3}$ % per annum on net book amount

#### Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

#### Defined contribution scheme

The pension charge in the profit and loss account is based on the cost of its provision on a systematic basis over the periods benefiting from the scheme members' services.

2 Directors and employees	1998 £	1997 £
Group staff costs including directors' emoluments		
Wages and salaries	22,011	23,210
Social security costs	2,555	1,575
Other pension costs	<u>1,000</u>	<u>1,000</u>
	<u>25,566</u>	<u>25,785</u>

**PLYFLOW LIMITED**  
**NOTES ON FINANCIAL STATEMENTS**

**24 March 1998**  
(continued)

<b>2 Directors and employees (continued)</b>	<b>1998</b>	<b>1997</b>
	<b>Number</b>	<b>Number</b>
Average number employed	<u>5</u>	<u>5</u>
	£	£
Directors' emoluments	<u>23,854</u>	<u>23,854</u>
The group operates a defined contribution pension scheme in respect of certain employees. The assets of the scheme are held separately from those of the group in independently administered funds.		
<b>3 Operating profit</b>	<b>1998</b>	<b>1997</b>
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	<u>5,500</u>	<u>5,500</u>
<b>4 Investment income</b>		
Interest on short term bank deposit	1,544	4,229
Other interest receivable	<u>8,770</u>	<u>5,076</u>
	<u>10,314</u>	<u>9,305</u>
<b>5 Interest payable</b>		
Loans wholly repayable within five years	25,365	25,365
Bank term loan	<u>115,193</u>	<u>165,779</u>
	<u>140,558</u>	<u>191,144</u>
<b>6 Taxation</b>		
Deferred taxation (see note 12)	<u>36,000</u>	<u>19,000</u>
	<u>36,000</u>	<u>19,000</u>

There are taxation losses amounting to approximately £565,000 (1997 - £663,000) of which £396,000 (1997 - £396,000) is available to carry forward against future trading income only, £51,000 (1997 - £51,000) is available to carry forward against future capital gains only and £118,000 (1997 £216,000) is available to carry forward against non-trading income.



**PLYFLOW LIMITED**  
**NOTES ON FINANCIAL STATEMENTS**

**24 March 1998**  
(continued)

**7 Tangible fixed assets**

<b>Group</b>	<b>Freehold investment land and buildings £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
25 March 1997	4,010,853	5,166	4,016,019
Additions	-	-	-
Disposals	<u>(380,000)</u>	<u>-</u>	<u>(380,000)</u>
24 March 1998	<u>3,630,853</u>	<u>5,166</u>	<u>3,636,019</u>
<b>Depreciation</b>			
25 March 1997	-	4,466	4,461
Charge for year	<u>-</u>	<u>70</u>	<u>70</u>
24 March 1998	<u>-</u>	<u>4,536</u>	<u>4,536</u>
<b>Net book amount</b>			
24 March 1998	<u>3,630,853</u>	<u>630</u>	<u>3,631,483</u>
25 March 1997	<u>4,010,853</u>	<u>700</u>	<u>4,011,553</u>

**Freehold investment land and buildings at valuation**

	<b>1998 £</b>	<b>1997 £</b>
Directors' valuation at 24 March 1997	<u>3,636,019</u>	<u>4,010,853</u>

The freehold investment land and buildings are valued at open market value on an existing use basis.

**Historical cost information**

Historical cost and net book amount of revalued land and buildings	<u>1,981,463</u>	<u>2,192,233</u>
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The group's freehold investment land and buildings are leased to third parties.

**8 Fixed asset investments**

£

**Group**

**Unlisted investment**

Associated undertaking

24 March 1998 and 25 March 1997

50,774

Kadar Developments Limited - see below - has introduced capital of £50,774 to The Tychon Partnership, a limited partnership which is registered in England, in which the company is a general partner. The Tychon Partnership's principal activities are to deal in and refurbish and develop property.

# PLYFLOW LIMITED

## NOTES ON FINANCIAL STATEMENTS

24 March 1998

(continued)

### 8 Fixed asset investments (continued)

£

#### Company

#### Unlisted investments

Shares in subsidiaries at cost

24 March 1998 and 25 March 1997

708,761

At 24 March 1998 the company had the following subsidiary undertakings which are incorporated and operate in Great Britain:-

	Proportion held	Nature of business
Kadar Developments Limited	)	Property investment
Lyner Estate Agents Limited	) 100%	Non trading
The Plymouth Builders Limited	)	Non trading
Book of Brilliant Things Limited	88%	Property refurbishment

### 9 Debtors

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Amounts falling due within one year				
Trade debtors	16,780	12,045	-	-
Other debtors	335	335	335	335
Prepayments and accrued income	3,748	2,287	-	-
Amounts owed by group undertakings	8,844	-	-	-
Tychon Partnership		-	-	-
Amounts owed by group undertakings		-	372	372
	<u>29,707</u>	<u>14,667</u>	<u>707</u>	<u>707</u>

### 10 Creditors: amounts falling due within one year

Bank term facility	80,000	36,000	-	-
Loans from directors	30,427	30,427	-	-
Other loans	146,810	146,810	-	-
Corporation tax	80	80	-	-
Other taxation and social security	-	1,269	-	-
Accruals and deferred income	40,342	56,572	62	62
The Tychon Partnership (note 8)	253,622	244,658	-	-
Amounts owed to group undertakings	-	-	319,421	319,421
	<u>551,281</u>	<u>515,816</u>	<u>319,483</u>	<u>319,483</u>

The bank term facility is secured on freehold property and has been renewed until 31 January 2002. The rates of interest at 24 March 1998 were 9.69% on £1,103,000.

### 11 Creditors: amounts falling due after more than one year

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank term facility (see note 10)	1,023,000	1,344,000	-	-
Loans repayable after more than five years				
Unsecured subordinated loan (see below)	<u>385,000</u>	<u>385,000</u>	<u>385,000</u>	<u>385,000</u>
	<u>1,408,000</u>	<u>1,729,000</u>	<u>385,000</u>	<u>385,000</u>

The unsecured subordinated loan is repayable in 2035. The rate of interest payable is 12.5% per annum.

**PLYFLOW LIMITED**  
**NOTES ON FINANCIAL STATEMENTS**

24 March 1998  
(continued)

12 Deferred taxation	1998		1997	
	Potential liability	Provision made	Potential liability	Provision made
Group	£	£	£	£
Corporation tax deferred by:				
Capital allowances	222,000	222,000	222,000	222,000
Other timing differences	-	-	(6,000)	(6,000)
Chargeable gain on revaluation surplus	631,870	-	685,000	-
Taxation losses	<u>(175,000)</u>	<u>(175,000)</u>	<u>(205,000)</u>	<u>(205,000)</u>
	<u>678,870</u>	<u>47,000</u>	<u>696,000</u>	<u>11,000</u>

The potential liability and provision are based on a corporation tax rate of 31% (1997 - 31%).

13 Called up share capital	1998		1997	
	Number of shares	£	Number of shares	£
Authorised allotted called up and fully paid				
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

14 Revaluation reserve	Freehold investment land and buildings	
	£	£
At 25 March 1997	1,818,620	1,818,620
Disposals in the year	<u>(169,230)</u>	<u>-</u>
At 24 March 1998	<u>1,647,390</u>	<u>1,818,620</u>

15 Profit and loss account	£
25 March 1997	59,609
Retained (loss)/profit	(44,257)
Transfer from revaluation reserve on disposal	<u>169,230</u>
24 March 1998	<u>184,582</u>

The loss dealt with in the accounts of the parent company was £29 (1997 - £29).

16 Movement in equity shareholders' funds	1998	1997
	£	£
At 25 March 1997	1,883,778	1,854,475
Profit/(loss) for the year	<u>(44,295)</u>	<u>29,303</u>
At 24 March 1998	<u>1,839,483</u>	<u>1,883,778</u>

# PLYFLOW LIMITED

## NOTES ON FINANCIAL STATEMENTS

24 March 1998

(continued)

17 Guarantees and other financial commitments	1998 £	1997 £
(i) The group has guaranteed the following bank term facilities of:		
Other companies within the group	1,103,000	1,380,000
The Tychon Partnership (note 8)	<u>1,667,000</u>	<u>1,667,000</u>
(ii) Two subsidiary undertakings are jointly and severally liable for the financial commitments of The Tychon Partnership (note 8).		
18 Directors' interests		
(i) Mr. D.G. Goldberg has a 15% interest in a freehold property, the remaining 85% of which is included in the balance sheet of a subsidiary undertaking at a valuation of £1,296,250.		
(ii) Mr. D.G. Goldberg is a limited partner in The Tychon Partnership (note 8). At 24 March 1998 his contribution to the capital of that partnership amounted to £40,000.		