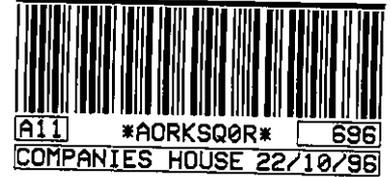


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P.N.W. PROPERTIES LIMITED

DIRECTOR'S REPORT

YEAR ENDED 31ST DECEMBER 1995



The director presents his report and audited financial statements for the year ended 31st December 1995.

DIRECTOR

The director during the year was as follows:-

Mr. P.N. Williamson

RESULTS AND DIVIDENDS

The year's results are set out in the financial statements which follow. A dividend of £26,000 was paid for the year under review.

REVIEW OF THE BUSINESS

The company has continued its main activity of managing the development and letting of property owned by the company.

In the director's opinion, the state of the company's affairs is satisfactory.

DIRECTOR'S INTERESTS

The director's interest in the company's shares as disclosed in the company's register of directors' share interests was as stated below:-

	<u>£1 Ordinary shares</u>	
	<u>1995</u>	<u>1994</u>
Mr. P.N. Williamson	37,499	37,499

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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:

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
4. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.



P.N.W. PROPERTIES LIMITED

DIRECTORS REPORT

YEAR ENDED 31ST DECEMBER 1995 (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 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

The director resolved to take advantage of s249A Companies Act 1985 and did not appoint auditors for the year under review.

On behalf of the board

..12/31/96..
Date

J. Vidy Wilkerson
Secretary
VW



PROFIT AND LOSS ACCOUNTYEAR ENDED 31ST DECEMBER 19951994

<u>£</u>		<u>Notes</u>	<u>£</u>
12,000	Turnover	8	40,000
<u>(912)</u>	Professional and financial expenses		<u>977</u>
11,088	OPERATING PROFIT	9	39,023
<u>3</u>	Bank deposit interest		<u>28</u>
11,091			39,051
<u>(5,808)</u>	Interest payable	10	<u>(7,000)</u>
5,283	Profit on ordinary activities before taxation		32,051
<u>(1,321)</u>	Taxation	11	<u>(8,792)</u>
3,962	Profit on ordinary activities after taxation		<u>23,259</u>
<u>(9,000)</u>	Dividends	12	<u>(26,000)</u>
<u>(5,038)</u>			<u>(2,741)</u>
52,321	RETAINED PROFITS AT 1ST JANUARY 1995		47,283
<u>47,283</u>	RETAINED PROFITS AT 31ST DECEMBER 1995		<u>£ 44,542</u>
=====			=====

The notes on pages 5 and 6 form part of these financial statements.

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.

NOTES TO THE ACCOUNTSYEAR ENDED 31ST DECEMBER 1995

1. ACCOUNTING POLICIES

a. Basis of accounting

The accounts have been prepared under the historical cost convention.

- b. In order to comply with SSAP 19, no depreciation has been provided on the freehold property as this is held for investment purposes. This represents a departure from the requirements of the Companies Act, but is required in order to show a true and fair view.

2. TANGIBLE FIXED ASSETS

	<u>Freehold property</u>
Cost at 1st January 1995 and at 31st December 1995	£128,692 =====

3. DEBTORS

	<u>1995</u>	<u>1994</u>
	£	£
ACT recoverable	6,500	2,346
Other debtors	<u>10,715</u>	<u>30,537</u>
	17,215	32,883
	=====	=====

4. CREDITORS: amounts falling due within one year

Director's current account	533	131
Taxation and social security	15,292	3,571
Sundry creditors and accruals	<u>3,906</u>	<u>4,906</u>
	£19,731	£ 8,608
	=====	=====

5. CREDITORS: amounts falling due after more than one year

Loans	£70,000	£70,000
	=====	=====

The original loan of £70,000, secured by the Director, was repaid on the 1st May 1994 with funds borrowed from the PNW Executive Pension Plan. The latter is controlled by PNW Associates Limited, which in turn is controlled by the Director, Mr P. N. Williamson who is also a trustee of the Pension Plan.

The loan from the PNW Executive Pension Plan is repayable on the 1st May 2004 and interest is charged at a rate of 3% over the base rate of the London Clearing Banks.

6. SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
Authorised:-		
Ordinary shares of £1 each	£37,500	£37,500
	=====	=====
Called up:-		
Allotted, issued and fully paid:		
Ordinary shares of £1 each	£37,500	£37,500
	=====	=====



P.N.W. PROPERTIES LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 31ST DECEMBER 1995 (Continued)

7. SHAREHOLDERS FUNDS

Reconciliation of movement in shareholders funds:-

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Profit for the financial year after taxation	23,259	3,962
Dividends paid	(26,000)	(9,000)
Shareholders funds B/Fwd	<u>84,783</u>	<u>89,821</u>
Shareholders funds C/Fwd	<u>82,042</u>	<u>84,783</u>

8. TURNOVER

Turnover for the year represents sales invoiced to customers excluding value added tax. The turnover and pre-tax profit is all attributable to the one principal activity of the company.

9. OPERATING PROFIT

The operating profit is stated after charging:

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Auditors' remuneration (all services provided)	£ 823	£ 823

10. INTEREST PAYABLE

On loans and overdrafts	£ 7,000	£ 5,808
-------------------------	---------	---------

11. TAXATION

Corporation tax based on profit for the year at the small company rate

£ 8,792	£ 1,321
---------	---------

12. DIVIDENDS

Paid in the year	£26,000	£ 9,000
------------------	---------	---------

13. DIRECTOR'S INTERESTS

The rental income in the year, as previously, was received from P.N.W. Associates Limited; a company in which the director holds a controlling interest.

During the year the director received an interest free loan from the company. The maximum indebtedness amounted to £25,600 in September 1995. The loan was repaid in full at the year end.

DETAILED PROFIT AND LOSS ACCOUNT

YEAR TO 31ST DECEMBER 1995

<u>1994</u>				
<u>£</u>	<u>£</u>		<u>£</u>	<u>£</u>
		REVENUE		
12,000		Rent receivable		40,000
<u>3</u>		Bank deposit interest		<u>28</u>
12,003				40,028
		EXPENDITURE		
	588	Audit and accountancy	588	
	235	Financial consultancy	235	
	-	Legal and professional	18	
	5,808	Loan interest	7,000	
	<u>89</u>	Bank charges and interest	<u>136</u>	
<u>6,720</u>		TOTAL COSTS		<u>7,977</u>
£5,283		PROFIT FOR THE YEAR BEFORE TAX		<u>£32,051</u>
=====				=====