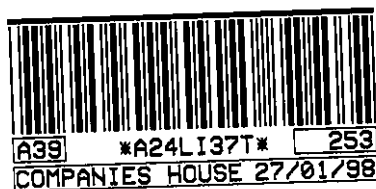


# SPRING VALLEY PROPERTIES LIMITED

Company No. 635278

## ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997



**Spring Valley Properties Limited**  
**Annual Report and Statement of Accounts**  
**For the year ended 31st March 1997**

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**Spring Valley Properties Limited**  
**Report of the Directors**  
**To be presented to the Members of the Company at the Annual General Meeting**

The directors submit their report and the audited accounts for the year ended 31st March 1997.

**Principal Activities**

The company continues as property owners with rental income together with the property trading operation although there has been no activity in the latter area in the year under review.

**Directors**

The directors of the company throughout the year and their interests in the shares of the company were as follows:-

	Ordinary Shares	
	31st March 1997	1st April 1996
Mrs. S.O.M. Young	49	49
Mr. I.G. Young	127,451	127,451
Mrs. E.M. Young (appointed 1st May 1996)	-	-

**Auditors**

Gane Jackson Scott merged their London practice with Kingston Smith on 1st July 1996 and now practice under that name. Kingston Smith have indicated their willingness to continue in office

In preparing the Directors' Report the directors have taken advantage of the special exemptions applicable to small companies under Part VII Companies Act 1985.

**By Order of the Board**

S.O.M. Young  
Secretary

*S. O. M. Young*

The Valley House  
Stratford St. Mary,  
Suffolk

# **Spring Valley Properties Limited**

## **Directors' Responsibilities and Report of the Auditors**

### **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 and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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' Report to the Members of Spring Valley Properties Limited**

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

#### **Respective Responsibilities of Directors and Auditors**

As described above the company's directors are responsible for the preparation of the 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 at 31st March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Kingston Smith  
Chartered Accountants  
and Registered Auditors

Devonshire House  
60 Goswell Road  
London EC1M 7AD

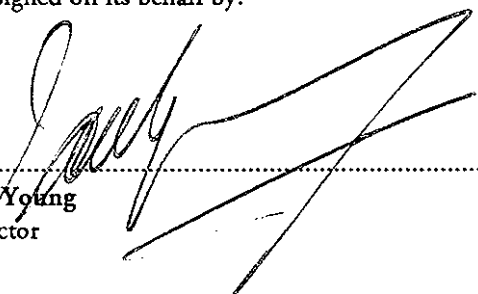
# Spring Valley Properties Limited

## Balance Sheet as at 31st March 1997

	Note	1997 £	1997 £	1996 £	1996 £
<b>Tangible Fixed Assets</b>	2		1,289,674		1,296,847
<b>Current Assets</b>					
Trade debtors		2,313		3,092	
Other debtors	9	230,665		283,444	
Cash at bank		<u>92,336</u>		<u>336,199</u>	
		<u>325,314</u>		<u>622,735</u>	
<b>Creditors: Amounts falling due within one year</b>					
Trade creditors		64,497		64,497	
Taxation and Social Security		8,805		446,255	
Other creditors		<u>31,438</u>		<u>34,916</u>	
		<u>104,740</u>		<u>545,668</u>	
<b>Net Current Assets</b>			<u>220,574</u>		<u>77,067</u>
<b>Total Assets Less Current Liabilities</b>			<u>1,510,248</u>		<u>1,373,914</u>
<b>Capital and Reserves</b>					
Called up share capital	3		147,500		147,500
Capital redemption reserve			102,500		102,500
Profit and loss account	4		<u>1,260,248</u>		<u>1,123,914</u>
			<u>1,510,248</u>		<u>1,373,914</u>

In preparing these accounts, the directors have taken advantage of the special exemptions applicable to small companies under Part VII Companies Act 1985.

The accounts on pages 4 to 8 were approved by the Board on 20 January 1998 and signed on its behalf by:

  
 .....  
 I.G. Young  
 Director

**Spring Valley Properties Limited**  
**Profit and Loss Account**  
**For the year ended 31st March 1997**

	Note	1997 £	1996 £
Turnover	5	277,472	326,334
Administrative expenses		<u>(99,535)</u>	<u>(125,979)</u>
Operating Profit		177,937	200,355
Profit on sale of properties		<u>-</u>	<u>396,212</u>
Profit on Ordinary activities before Interest		177,937	596,567
Interest receivable		1,319	77,369
Interest payable		<u>(4,397)</u>	<u>(1,316)</u>
Profit on Ordinary activities before Taxation	6	174,859	672,620
Tax on ordinary activities	7	<u>(38,525)</u>	<u>(171,810)</u>
Retained Profit for the Year		<u><u>136,334</u></u>	<u><u>500,810</u></u>

All gains or losses arising in the year have been recognised in the profit and loss account and arise from continuing operations.

# Spring Valley Properties Limited

## Notes to the Accounts

### For the year ended 31st March 1997

#### 1 Accounting Policies

##### Basis of Accounting

The attached accounts are prepared under the historical cost basis of accounting in accordance with applicable accounting standards except that the investment properties are not reflected at their open market value as required by Statement of Standard Accounting Practice 19.

##### Depreciation

With the exception of freehold properties, depreciation of Fixed Assets is provided at rates estimated to write off each asset over its remaining life. The rates used are as follows:-

Motor vehicles	- 25% per annum of cost
Plant and equipment	- 10% per annum of cost

No depreciation is provided on freehold properties and ground rent. This is contrary to the provisions of the Companies Act 1985 and is done in order to give a true and fair view, as required by the Statement of Standard Accounting Practice 19.

#### 2 Tangible Fixed Assets

	Land and Buildings £	Plant and Machinery £	Total £
<b>Cost</b>			
1st April 1996	1,269,408	37,915	1,307,323
Additions	-	315	315
31st March 1997	1,269,408	38,230	1,307,638
<b>Depreciation</b>			
1st April 1996	-	10,476	10,476
Charge for the year	-	7,488	7,488
31st March 1997	-	17,964	17,964
<b>Net Book Value</b>			
31st March 1997	1,269,408	20,266	1,289,674
31st March 1996	1,269,408	27,439	1,296,847

Properties with a net book value of £982,045 are subject to legal charges.

As stated in note 1 freehold properties are not depreciated. This represents a departure from the Companies Act 1985, and is done in accordance with the Statement of Standard Accounting Practice No.19, in order to give a true and fair view of the company's results.

Statement of Standard Accounting Practice 19 requires investment properties to be carried in the Balance Sheet at their open market values. In the opinion of the directors, however, the cost and difficulties involved in obtaining such a valuation at this time outweigh the benefits to be gained by doing so. The open market value is considered to be well in excess of the Balance Sheet values.

**Spring Valley Properties Limited**  
**Notes to the Accounts**  
**For the year ended 31st March 1997 (Continued)**

3 Share Capital	1997 £	1996 £
Authorised: 250,000 ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Issued and fully paid: 147,500 (1996: 147,500) ordinary shares of £1 each	<u>147,500</u>	<u>147,500</u>

4 Reconciliation of Shareholders' Funds	Share Capital £	Capital Redemption Reserve £	Profit and Loss Account £	Total £
Balance at 1st April 1995	250,000	-	2,383,089	2,633,089
Profit for the year after taxation	-	-	500,810	500,810
Purchase of own shares	<u>(102,500)</u>	<u>102,500</u>	<u>(1,759,985)</u>	<u>(1,759,985)</u>
At 31st March 1996	147,500	102,500	1,123,914	1,373,914
Profit for the year after taxation	<u>-</u>	<u>-</u>	<u>136,334</u>	<u>136,334</u>
Balance at 31st March 1997	<u>147,500</u>	<u>102,500</u>	<u>1,260,248</u>	<u>1,510,248</u>

**5 Turnover**

Turnover which comprises rents received arises within the United Kingdom.

6 Operating Profit	1997 £	1996 £
Operating profit is stated after charging:		
Directors' emoluments	54,836	73,470
Depreciation	7,488	7,531
Auditors' remuneration	<u>2,000</u>	<u>1,700</u>

**7 Taxation**

	1997	1996
Corporation tax payable on profit for the year at 24% (1996: 28.55%)	43,188	132,756
Prior year adjustment	827	-
Irrecoverable ACT	(1,990)	39,054
Tax indemnity received re-disposal of freehold properties in 1996	<u>(3,500)</u>	<u>-</u>
	<u>38,525</u>	<u>171,810</u>

The charge for 1996 included £53,605 in respect of the disposal of freehold properties.



**Spring Valley Properties Limited**  
**Notes to the Accounts**  
**For the year ended 31st March 1997 (Continued)**

**8 Capital Commitments**

No expenditure other than that included in creditors had been contracted by the directors at 31st March 1997.

**9 Other Debtors**

Other debtors includes ACT recoverable of £197,564.

**10 Contingent Liability**

The company has been involved in litigation in connection with a former property, the costs of which are largely due to be met by the other party, final settlement has not yet been reached. The company's solicitors estimate that total costs to date are in the order of £12,000 of which the company will bear some £2,000 for which provision has been made in these accounts.