

SUNLEY PROPERTIES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 1997

Registered Number: 692859



SUNLEY PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1997

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SUNLEY PROPERTIES LIMITED

DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1997

The directors submit their annual report together with the audited financial statements for the year ended 31st December 1997. Consolidated financial statements are presented for the first time.

REVIEW OF THE BUSINESS

The principal activity of the group during the year involved the acquisition, resale and letting of residential properties between group and associated member companies.

RESULTS AND DIVIDENDS

The group made a profit for the year before taxation of £10,752 (1996: Profit £240). The profit for the year after taxation was £6,029 (1996: loss £323).

The directors recommend that no dividend be paid.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company who served during the year are shown below:-

John B. Sunley	(Chairman)
R.C.N. Parr	
James B. Sunley	
G.W. Tucker	
D.T. Sparrow	(resigned 3rd January 1997)

John B. Sunley and James B. Sunley are directors of the ultimate parent company, Sunley Family Limited. Their interests in the ultimate parent company and its subsidiaries are declared in that company's directors' report. None of the other directors had any interest in group companies.

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.

SUNLEY PROPERTIES LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31ST DECEMBER 1997

AUDITORS

Hays Allan have indicated their willingness to continue in office as auditors and offer themselves for re-appointment.

BY ORDER OF THE BOARD



C.J. BUNNING FCA
Secretary

10th March 1998

Registered office:
20 Berkeley Square
London, W1X 6LL

AUDITORS' REPORT TO THE MEMBERS OF

SUNLEY PROPERTIES LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 the group's affairs as at 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


HAYS ALLAN

Chartered Accountants
Registered Auditors

Southampton House
317 High Holborn
London WC1V 7NL

10th March 1998

SUNLEY PROPERTIES LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 1997**

	Note	Group 1997 £	Company 1996 £
TURNOVER	2	-	1,691,505
COST OF SALES	2	-	(1,691,505)
GROSS PROFIT		-	-
ADMINISTRATIVE EXPENSES		(15)	-
SHARE OF LOSS OF ASSOCIATED COMPANY		(11,750)	-
OPERATING LOSS		(11,765)	-
INTEREST RECEIVABLE		22,517	240
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,752	240
TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES	3	(4,723)	(563)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		6,029	(323)
DIVIDENDS PAID ON EQUITY SHARES		-	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		6,029	(323)
RETAINED PROFITS BROUGHT FORWARD		678,845	679,168
RETAINED PROFITS CARRIED FORWARD		£684,874	£678,845

Turnover and operating loss are derived from continuing operations.

All recognised gains and losses are reflected in the profit and loss account.

SUNLEY PROPERTIES LIMITED**CONSOLIDATED BALANCE SHEET****31ST DECEMBER 1997**

	Note	1997 £	1996 £
CURRENT ASSETS			
Debtors	4	1,710,954	1,674,476
Investments	6	11	11
Cash at bank and in hand		1,571	1,560
		<u>1,712,536</u>	<u>1,676,047</u>
CREDITORS: Amounts falling due within one year			
	5	298,662	268,202
		<u>£1,413,874</u>	<u>£1,407,845</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	7	729,000	729,000
PROFIT AND LOSS ACCOUNT		684,874	678,845
EQUITY SHAREHOLDERS' FUNDS		<u>£1,413,874</u>	<u>£1,407,845</u>

Approved by the board on 10th March 1998 and signed on its behalf by:-


R.C.N. PARR - Director

SUNLEY PROPERTIES LIMITED**BALANCE SHEET (THE COMPANY)****31ST DECEMBER 1997**

	Note	1997 £	1996 £
CURRENT ASSETS			
Debtors	4	1,720,001	1,674,476
Investments	6	11	11
Cash at bank and in hand		1,571	1,560
		<u>1,721,583</u>	<u>1,676,047</u>
CREDITORS: Amounts falling due within one year	5	298,662	268,202
NET CURRENT ASSETS		<u>1,422,921</u>	<u>1,407,845</u>
NET ASSETS		<u>£1,422,921</u>	<u>£1,407,845</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	7	729,000	729,000
PROFIT AND LOSS ACCOUNT		693,921	678,845
		<u>£1,422,921</u>	<u>£1,407,845</u>

Approved by the board on 10th March 1998 and signed on its behalf by:-


R.C.N. PARR - Director

SUNLEY PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

a) BASIS OF PREPARATION

The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards.

b) The consolidated financial statements comprise the financial statements of Sunley Properties Limited and its associated company.

2. TURNOVER

Turnover is derived from the value of completed show houses acquired from a group company at market value and sold to an investment company within which the company has retained an investment.

3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Group 1997	Company 1996
£	£

The charge for taxation on ordinary activities represents:

Underprovision - earlier years	-	503
Corporation tax based on the profit for the year	7,426	60
Share of tax of associated company	(2,703)	-
	<u>£4,723</u>	<u>£563</u>

4. DEBTORS: DUE WITHIN ONE YEAR

Group 1997	Company 1997	Company 1996
£	£	£

Amounts owed by group companies	1,399,980	1,399,980	1,399,980
Amounts owed by associated companies	310,964	320,011	274,496
Prepayments and accrued income	10	10	-
	<u>£1,710,954</u>	<u>£1,720,001</u>	<u>£1,674,476</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Company and Group 1997	Company 1996
£	£

Other creditors	11	11
Corporation tax (net of income tax)	7,426	58
Amounts owed to group companies	291,225	268,133
	<u>£298,662</u>	<u>£268,202</u>

6. INVESTMENT

Shares in associated company	<u>£11</u>	<u>£11</u>
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SUNLEY PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 1997

7. CALLED UP SHARE CAPITAL

	Authorised		Issued and fully paid	
	1997	1996	1997	1996
	£	£	£	£
Ordinary shares of £1 each	385,500	385,500	364,500	364,500
2% Preference shares of £1 each	364,500	364,500	364,500	364,500
	<u>£750,000</u>	<u>£750,000</u>	<u>£729,000</u>	<u>£729,000</u>

The 2% Preference shares of £1 each entitle the holder to a fixed non-cumulative dividend of 2% per annum in priority to any payment on the Ordinary shares but to no other rights to the profits or assets of the company. The shares carry voting rights only on a resolution directly affecting the rights of the shares.

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 1997	Company 1997	Company 1996
	£	£	£
Profit/(loss) for the financial year	6,029	15,076	(323)
Opening shareholders' funds	1,407,845	1,407,845	1,408,168
Closing shareholders' funds	<u>£1,413,874</u>	<u>£1,422,921</u>	<u>£1,407,845</u>

9. ASSOCIATED COMPANY

An abbreviated profit and loss account of Barley Showhomes Limited is shown below.

	1997	1996
	£	£
Turnover	<u>£147,147</u>	<u>£Nil</u>
(Loss) on ordinary activities before taxation	(23,500)	-
Taxation	<u>5,405</u>	<u>-</u>
Retained (loss) for the period	<u>£(18,095)</u>	<u>£Nil</u>
Share of loss after tax included in these financial statements	<u>£(9,047)</u>	

SUNLEY PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 1997

10. ULTIMATE PARENT COMPANY

The ultimate parent company is Sunley Family Limited, which is registered in England and Wales. Sunley Family Limited is also the head of the largest group of companies, of which the company is a member, that prepares group accounts.

The smallest group of companies, of which the company is a member, that prepares group accounts is headed by Sunley Holdings PLC, which is registered in England and Wales.

Group accounts for both Sunley Family Limited and Sunley Holdings PLC are available to the public, on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Cardiff CF4 3UZ.

11. GROUP COMPANIES

The following is a list of associated companies whereby Sunley Properties Ltd does not retain a controlling interest as at the 31st December 1997.

	% Ownership	Location
Barley Showhomes Limited	50%	England

Barley Showhomes Limited is a joint venture company financed by the Sunley Holdings Group and Barclays Bank PLC and owned equally by both parties. Barley Showhomes Limited purchases showhouse properties from a Group company and charges a licence fee to that Group company for the use of the properties. At 31st December 1997 the amounts owing to the Sunley Holdings Group and Barclays Bank PLC in respect of these properties was £253,726 (1996 £253,726) and £1,437,779 (1996 £1,437,779) respectively. In addition £66,285 was owed by Barley Showhomes Limited to the Sunley Holdings Group in respect of a working capital facility.

At 31st December 1997 Barley Showhomes held properties at a value of £1,734,290 (1996: £1,691,505).