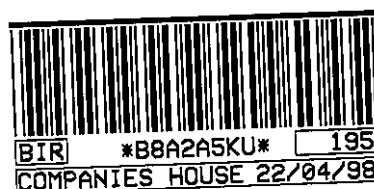


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BELFONT HOMES (BIRMINGHAM) LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1997



BELFONT HOMES (BIRMINGHAM) LIMITED

DIRECTORS Albert J. Mucklow A.C.I.S.
 Rupert J. Mucklow BSc.
 Allan J. Mucklow
 D. Bromley A.C.I.S.
 P.M. Petherbridge

SECRETARY D. Bromley A.C.I.S.

REGISTERED OFFICE Haden Cross,
 Halesowen Road,
 Cradley Heath,
 West Midlands,
 B64 7 JB.

REGISTERED NUMBER 00716333 England and Wales

AUDITORS Deloitte & Touche,
 Colmore Gate,
 2 Colmore Row,
 Birmingham,
 B3 2BN.

ANNUAL REPORT AND ACCOUNTS - 30TH JUNE 1997

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	5	Directors' Shareholdings
	6	Report of the Auditors
	7	Profit and Loss Account
	8	Balance Sheet
	9	Reconciliation of Movement in Shareholders' Funds
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BELFONT HOMES (BIRMINGHAM) LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Annual Report and the Audited Accounts of the company for the year ended 30th June 1997.

ULTIMATE PARENT COMPANY

The company is the wholly owned subsidiary undertaking of the ultimate parent company A & J Mucklow Group plc registered number 00717658 in England and Wales

PRINCIPAL ACTIVITY

The principal activity of the company has been that of property development.

REVIEW OF THE DEVELOPMENT OF BUSINESS

The business was not active during the year.

PROFITS AND DIVIDENDS

The results are set out in the Profit and Loss Account.

DIRECTORS

The Directors who served throughout the year were Messrs Albert J. Mucklow, Allan J. Mucklow, Rupert J. Mucklow, P.M. Petherbridge and D. Bromley.

The interests of the Directors in the Share Capital and Debenture Stocks of the parent company are set out on page 5.

BELFONT HOMES (BIRMINGHAM) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

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 period. In preparing those accounts, the directors are required to:

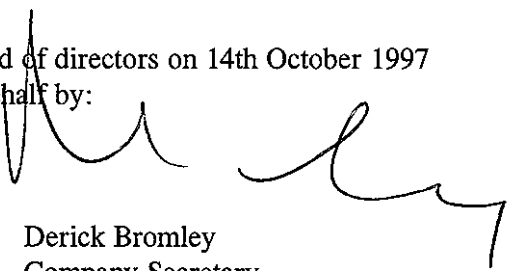
- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent
- Follow applicable accounting standards subject to any material departures disclosed and explained in the accounts.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Deloitte & Touche will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Approved by the board of directors on 14th October 1997
and signed on their behalf by:


Derick Bromley
Company Secretary

BELFONT HOMES (BIRMINGHAM) LIMITED

DIRECTORS' SHAREHOLDINGS

Particulars of the directors' shareholdings, as defined by Section 324 of the Companies Act 1985, in the share capital of the parent company are as follows:

	Ordinary Shares	
	at 30.6.97	at 30.6.96
Albert J. Mucklow	2,072,524 (a)	2,295,473 (a)
Rupert J. Mucklow	913,332	869,207
Allan J. Mucklow	3,971,783	3,924,059
D. Bromley	Nil	Nil
P.M. Petherbridge	2,612,164 (b)	13,766

The holdings marked (a) and (b) include non-beneficial interests in 1,000,000 and 2,598,398 Ordinary shares respectively.

None of the above directors had any beneficial interest in the preference shares or the debentures of the holding company or in the shares of Barr's Industrial Limited at either 30th June 1996 or 30th June 1997.

BELFONT HOMES (BIRMINGHAM) LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

BELFONT HOMES (BIRMINGHAM) LIMITED

We have audited the accounts on pages 7 to 12 which have been prepared under the accounting policies set out on page 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4, 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 accounts. It also includes an assessment of the significant estimates and judgements 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 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 financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30th June 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte + Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors

Birmingham

22 April 1998

BELFONT HOMES (BIRMINGHAM) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 1997

		1997	1996
	NOTE	£	£
Gross rentals		-	-
Property outgoings		<u> </u>	<u>(954)</u>
Operating loss		-	(954)
Dividend		<u> </u>	<u>753</u>
Loss on ordinary activities before taxation		-	(201)
Taxation	2	<u> </u>	<u>2,684</u>
Retained profit for the financial year	7	<u> </u>	<u>2,483</u>

All activities are derived from continuing operations.

There are no other recognised gains and losses for the current or previous financial year.
Accordingly, no statement of recognised gains and losses is given.

The notes on pages 10 to 12 form an integral part of these accounts.

BELFONT HOMES (BIRMINGHAM) LIMITED

BALANCE SHEET AS AT 30TH JUNE 1997

	NOTE	1997 £	1996 £
Current assets			
Stocks	3	10	10
Debtors	4	821,325	822,945
		<u>821,335</u>	<u>822,955</u>
 Creditors: amounts falling due within one year	 5	 (29)	 (1,649)
 Total assets less current liabilities		 <u>821,306</u>	 <u>821,306</u>
 Capital and reserves			
Called up share capital	6	20,004	20,004
Profit and loss account	7	801,302	801,302
 Shareholders' funds		 <u>821,306</u>	 <u>821,306</u>
 Attributable to equity shareholders		 811,304	 811,304
Attributable to non-equity shareholders		 10,002	 10,002
		<u>821,306</u>	<u>821,306</u>

Approved by the Board on 14th October 1997

Albert J. Mucklow

Rupert J. Mucklow


Directors

The notes on pages 10 to 12 form an integral part of these accounts.

BELFONT HOMES (BIRMINGHAM) LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 30TH JUNE 1997

	1997	1996
	£	£
Profit for the Financial Year	-	2,483
Opening Shareholders' Funds	821,306	818,823
Closing Shareholders' Funds	<u>821,306</u>	<u>821,306</u>

BELFONT HOMES (BIRMINGHAM) LIMITED

NOTES TO THE ACCOUNTS

30TH JUNE 1997

1) Accounting policies

(a) Basis

- (i)** The accounts have been prepared under the historical cost convention modified by the revaluation of properties and in accordance with applicable accounting standards.
- (ii)** The accounts are prepared in compliance with Section 230 and Schedule 4 of the Companies Act 1985.

(b) Stocks

Land for and in course of development is stated at the lower of cost and net realisable value.

BELFONT HOMES (BIRMINGHAM) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

30TH JUNE 1997

2) Taxation

	1997	1996
	£	£
Prior year adjustment	<u>-</u>	<u>(2,684)</u>

3) Stocks

	1997	1996
	£	£
Land at cost	<u>10</u>	<u>10</u>

4) Debtors

	1997	1996
	£	£
Amount due from ultimate parent company	<u>821,325</u>	<u>822,945</u>

5) Creditors: Amounts falling due within one year

	1997	1996
	£	£
Amount due to fellow subsidiary undertakings	-	1,649
Corporation tax	<u>29</u>	<u>-</u>
	<u>29</u>	<u>1,649</u>

BELFONT HOMES (BIRMINGHAM) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

30TH JUNE 1997

6) Called up share capital

	1997	1996
	£	£
<u>Authorised</u>		
21,000 shares of £1 each	<u>21,000</u>	<u>21,000</u>
<u>Allotted, Called Up and Fully Paid</u>		
Non-equity Interest		
10,002 4% Preference Shares of £1 each	10,002	10,002
Equity Interest		
10,002 Ordinary Share of £1 each	<u>10,002</u>	<u>10,002</u>
	<u>20,004</u>	<u>20,004</u>

7) Profit and loss account

	1997
	£
As at 1st July 1996 and 30th June 1997	<u>801,302</u>

8) Contingent liabilities

All bank borrowings of the ultimate parent company and subsidiary undertakings are secured by interlocking cross guarantees. There were no outstanding liabilities under these guarantees at the year end.

9) Ultimate parent company and related party disclosures

The ultimate Parent Company is A & J Mucklow Group plc, a company registered in England and Wales. Copies of the group financial statements of A & J Mucklow Group plc are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

As the company is a wholly owned subsidiary it has taken advantage of the exemption under FRS8 "Related Party Disclosures" not to disclose transactions with other companies in the Group.