

806836

Report and Accounts

Palmhall Group Limited

31 December 1998



Palmhall Group Limited

Registered No. 806836

DIRECTORS

P W Harris
D C R Allen
J C Cook
R Seaton
D R Whitelam

SECRETARY

D F King

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Barclays Bank PLC
155 Brompton Road
London SW3 1XD

SOLICITORS

Evershed Solicitors
10 Newhall Street
Birmingham B3 3LX

REGISTERED OFFICE

1 Wolsey Road
Hemel Hempstead
Herts HP2 4TU

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The company did not trade during the year.

The directors do not recommend payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company did not trade during the year.

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as listed on page 1.

The directors are also directors of the ultimate parent undertaking, and their interests in the shares of the company are not required to be recorded.

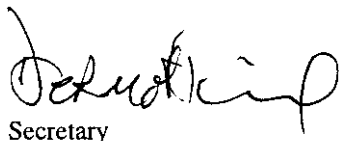
YEAR 2000 SOFTWARE ISSUES

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the year 2000. The risk to the business relates not only to the company's own computer systems, but also to some extent to those of its customers and suppliers. The issue is complex, and no business can guarantee that there will be no year 2000 problems. However, the directors believe that the company's plans and resources are adequate to address the issue.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board


Secretary

18 June 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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; and
- 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.

REPORT OF THE AUDITORS to the members of Palmhall Group Limited

We have audited the accounts on pages 5 to 7, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

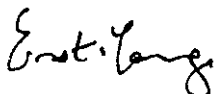
Basis of opinion

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 made by the directors in the preparation of the accounts, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

18 June 1999

Palmhall Group Limited

BALANCE SHEET at 31 December 1998

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
CURRENT ASSETS			
Debtors	2	4,063,196	4,063,196
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,063,196</u>	<u>4,063,196</u>
CAPITAL AND RESERVES			
Called up share capital	3	238,333	238,333
Share premium account	4	7,215	7,215
Profit and loss account	4	3,817,648	3,817,648
		<u>4,063,196</u>	<u>4,063,196</u>



Director

18 June 1999

Palmhall Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Profit and loss

The company has remained dormant throughout the year under review. Auditors' remuneration was borne by a fellow subsidiary undertaking.

2. DEBTORS

	1998 £	1997 £
Amounts owed by group undertaking	4,063,196	4,063,196

3. SHARE CAPITAL

	1998 £	1997 £
Authorised: Equity interests		
8,333,340 Ordinary shares of 1p each	83,333	83,333
2,166,666 Deferred shares of 10p each	216,667	216,667
	300,000	300,000
Allotted, called up and fully paid: Equity interests		
2,166,666 Ordinary shares of 1p each	21,666	21,666
2,166,666 Deferred shares of 10p each	216,667	216,667
	238,333	238,333

The ordinary and deferred shares rank pari passu with each other and carry equal rights to dividends and voting power. Amounts receivable on winding up of the company will be based pro rata on their nominal value.

Palmhall Group Limited

NOTES TO THE ACCOUNTS at 31 December 1998

4. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Share capital £</i>	<i>Share premium £</i>	<i>Profit and loss account £</i>	<i>Total shareholders' funds £</i>
At 1 January 1998	238,333	7,215	3,817,648	4,063,196
At 31 December 1998	238,333	7,215	3,817,648	4,063,196

5. CONTINGENT LIABILITIES

The company and its fellow subsidiaries have jointly guaranteed loan facilities and overdraft facilities to the ultimate parent undertaking and fellow subsidiary undertakings. At the balance sheet date the amount of the loan outstanding was £98,946,000 and the overdraft was £676,255.

The group has a contingent liability to its bankers under letters of credit for £1,200,000.

6. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Foray 989 Limited, a company registered in England and Wales. Copies of its group accounts, which include the company are available from 1 Wolsey Road, Hemel Hempstead, Herts HP2 4TU.