

NELSON HOMES LIMITED
ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL 2000

Registered in England No. 906879



NELSON HOMES LIMITED**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL 2000****INDEX**

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NELSON HOMES LIMITED**REPORT OF THE DIRECTORS**

The directors present their report and accounts for the year ended 30th April 2000.

BUSINESS REVIEW

The principal activity of the company continues to be property development.

The company's results are shown in the profit and loss account on page 5. The profit for the financial year was £15,683 (1999 - £418,883).

PROPOSED DIVIDEND

The directors do not propose the payment of a dividend on the ordinary share capital.

The retained profit for the year of £15,683 is added to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who have served during the year were:-

J C Smith
C MacDonald-Hall
R A Green

The director retiring by rotation is Mr J C Smith who, being eligible, offers himself for re-election.

All of the directors are directors of the ultimate parent undertaking AIM Group PLC. Their beneficial interests in the share capital of the ultimate parent undertaking are shown in that company's Directors' Report.

STATEMENT OF 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 result of the company for the year. In preparing those accounts, the directors are required to:

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- iv) 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.

NELSON HOMES LIMITED

REPORT OF THE DIRECTORS (Continued)

AUDITORS

The auditors, PricewaterhouseCoopers have indicated their willingness to be re-appointed and a resolution concerning their re-appointment will be proposed at the next annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'S M Winship', written over the text 'By order of the Board'.

S M Winship
Secretary

31st July 2000

NELSON HOMES LIMITED**REPORT OF THE AUDITORS**

Auditors' report to the members of Nelson Homes Limited

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

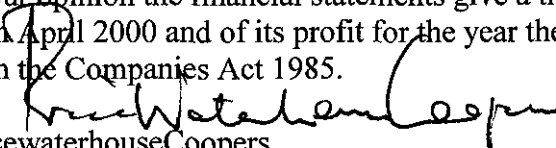
Basis of audit opinion

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 30th April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Southampton
31st July 2000

NELSON HOMES LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 30th April 2000

	Notes	2000 £	1999 £
Turnover	1	1,610,000	-
Cost of sales		(1,617,288)	(243,603)
		<hr/>	<hr/>
Gross (Loss)/Profit		(7,288)	243,603
Administrative expenses		(2,025)	(26,699)
Other operating income		30,666	195,224
		<hr/>	<hr/>
PROFIT FOR THE YEAR BEFORE TAXATION	3	21,353	412,128
Taxation	4	(5,670)	6,755
		<hr/>	<hr/>
PROFIT FOR THE YEAR AFTER TAXATION		15,683	418,883
Retained loss brought forward		(4,918,029)	(5,336,912)
		<hr/>	<hr/>
Retained loss carried forward		(4,902,346)	(4,918,029)
		<hr/>	<hr/>

The company has no recognised gains and losses other than above and therefore no separate statement of total recognised gains and losses has been presented.

All of the company's activities are in respect of continuing operations.

NELSON HOMES LIMITED**BALANCE SHEET AT 30TH APRIL 2000**

	Notes	2000 £	1999 £
CURRENT ASSETS			
Work in progress	5	95,000	1,656,244
Debtors	6	16,002	22,796
		<hr/>	<hr/>
		111,002	1,679,040
CREDITORS			
Amounts falling due within one year	7	(1,753,348)	(3,337,069)
		<hr/>	<hr/>
NET CURRENT LIABILITIES AND NET LIABILITIES		(1,642,346)	(1,658,029)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	8	3,260,000	3,260,000
Profit and loss account		(4,902,346)	(4,918,029)
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' DEFICIT	9	(1,642,346)	(1,658,029)
		<hr/>	<hr/>

J C Smith

Director

These accounts were approved by the board of directors on 31st July 2000.

NELSON HOMES LIMITED

ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Other operating income

Other operating income is primarily rents receivable, which are recognised on a receivable basis.

(c) Work in Progress

The basis of valuation of property development work in progress is the lower of cost and net realisable value. Full provision is made for anticipated losses.

(d) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

(e) Turnover represents the proceeds from the sale of properties and is stated net of all sales taxes.

NELSON HOMES LIMITED**NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 2000****1. TURNOVER AND PROFIT FOR THE YEAR**

Turnover and profit for the year are both wholly derived from the company's principal activity in the United Kingdom.

2. EMPLOYEES

The average number of people employed by the company (including directors) during the year was as follows:-

	2000	1999
Management and administration	3	3
	==	==
Staff costs were:		
	£	£
Wages and salaries	-	21,000
Social security costs	-	2,047
	-----	-----
	-	23,047
	=====	=====

The management of this company is carried out by the directors, who have received no remuneration in the year.

3. PROFIT FOR THE YEAR BEFORE TAXATION

The profit for the year is stated after charging/ (crediting):-

	2000	1999
	£	£
Auditors' remuneration:		
audit fees	2,025	2,883
Directors' emoluments:		
as executives - salary and benefits	-	21,000
Rent receivable	(30,071)	(195,018)
	=====	=====

NELSON HOMES LIMITED
NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 2000
(Continued)

4.	TAXATION	2000	1999
		£	£
	Current year		
	Corporation tax at 30% (1999 - 30%)	(4,271)	(41)
	Adjustments in respect of earlier years:		
	Corporation tax	(1,399)	6,796
		<u>(5,670)</u>	<u>6,755</u>

The effective tax rate is below 30% because of the effect of group relief acquired for nil consideration.

5.	WORK IN PROGRESS	2000	1999
		£	£
	Property held for resale	95,000	1,656,244
		<u>95,000</u>	<u>1,656,244</u>

6.	DEBTORS	2000	1999
		£	£
	Amounts falling due within one year:		
	Trade debtors	16,002	16,000
	Corporation tax	-	6,796
		<u>16,002</u>	<u>22,796</u>

7.	CREDITORS	2000	1999
		£	£
	Amounts falling due within one year:		
	Bank overdraft	307,987	1,855,835
	Trade creditors	1,500	6,000
	Amounts owed to group companies:		
	ultimate parent undertaking	1,440,802	1,438,191
	Corporation tax	3,059	-
	Social security and other tax	-	875
	Other	-	36,168
		<u>1,753,348</u>	<u>3,337,069</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

NELSON HOMES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 2000
(Continued)

8. SHARE CAPITAL

	2000 £	1999 £
Authorised:		
3,260,000 ordinary shares of £1 each	3,260,000	3,260,000
	=====	=====
Allotted, called-up and fully paid:		
3,260,000 ordinary shares of £1 each	3,260,000	3,260,000
	=====	=====

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the year	15,683	418,883
Opening shareholders' deficit	(1,658,029)	(2,076,912)
	-----	-----
Closing shareholders' deficit	(1,642,346)	(1,658,029)
	=====	=====

10. CONTINGENT LIABILITIES

The company has entered into a joint guarantee and debenture to secure bank borrowings of the ultimate parent undertaking and fellow subsidiary undertakings. At 30th April 2000 the aggregate amount outstanding was £8,670,211 (1999 - £10,140,292)

11. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is AIM Group PLC which is the parent undertaking of the smallest and largest group to consolidate these accounts. Copies of AIM Group PLC's consolidated accounts can be obtained from the Company Secretary at 16 Carlton Crescent, Southampton, SO15 2ES.

12. GOING CONCERN

The accounts have been prepared on the basis that the company is a going concern, although at the balance sheet date total liabilities exceeded total assets by £1,642,346.

The company is dependent upon the continued support of its ultimate parent undertaking for its continued existence. The ultimate parent undertaking has indicated that it will not withdraw its support in the foreseeable future.

The directors have considered the position of the ultimate parent undertaking and have taken into account the plans for the operation of the company, and consider that the going concern basis is appropriate.

NELSON HOMES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 2000
(Continued)

13. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing group transactions on the grounds that its results are included in the consolidated accounts of AIM Group PLC which are publicly available.