

Reg. No: 1350266

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 1997**

for

**Judlor Limited
and its Subsidiary Undertakings**



Judlor Limited and its Subsidiary Undertakings

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for the Year Ended 31 December 1997

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Judlor Limited and its Subsidiary Undertakings

Parent Company Information
for the Year Ended 31 December 1997

DIRECTORS:	C J Milne J M Robertson
SECRETARY:	C J Milne
REGISTERED OFFICE:	9th Floor 195 Knightsbridge London SW7 1RE
REGISTERED NUMBER:	1350266 (England and Wales)
AUDITORS:	Roffe Swayne Ashcombe House Queen Street Godalming Surrey GU7 1BB Chartered Accountants Registered Auditors
BANKERS:	Bank of Scotland St James's Gate 14-16 Cockspur Street London SW1Y 5BL
SOLICITORS:	Franks, Charlesly & Co Hulton House 161/166 Fleet Street London EC4A 2DY

Judlor Limited and its Subsidiary Undertakings

**Report of the Directors
for the Year Ended 31 December 1997**

The directors present their report with the financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITY

The principal activities of the group in the year under review were property development and investment.

REVIEW OF BUSINESS

In the opinion of the directors the financial position of the group at the balance sheet date was satisfactory.

DIRECTORS

The directors during the year under review were:

C J Milne
J M Robertson

The directors holding office at 31 December 1997 did not hold any beneficial interest in the issued share capital of the company or its subsidiaries at 1 January 1997 or 31 December 1997.

C J Milne and J M Robertson are also directors of Blenheim Securities Limited, the ultimate parent company. Their share interests in the group are disclosed in the accounts of that company.

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 the group and of the profit or loss of the company and the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

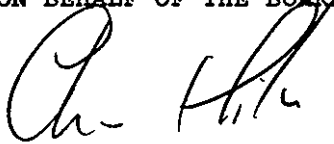
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Roffe Swayne, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

The report of the directors has been prepared in accordance with the special provisions of part VII of the Companies Act 1985, relating to small groups.

ON BEHALF OF THE BOARD:



C J Milne - SECRETARY

Dated: 11 AUGUST 1998

Judlor Limited and its Subsidiary Undertakings

**Report of the Auditors to the Shareholders of
Judlor Limited**

We have audited the financial statements on pages four to fifteen which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page eight.

Respective responsibilities of directors and auditors

As described on page two 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.

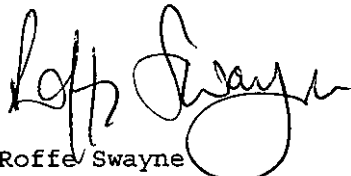
Basis of opinion

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group'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 and the group's affairs as at 31 December 1997 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Roffe Swayne
Ashcombe House
Queen Street
Godalming
Surrey GU7 1BB
Chartered Accountants
Registered Auditors

Date: 18 August 1998

Judlor Limited and its Subsidiary Undertakings

**Consolidated Profit and Loss Account
for the Year Ended 31 December 1997**

	Notes	1997 <u>£</u>	1996 <u>£</u>
TURNOVER	2	52,491	757,896
Cost of Sales		-	545,782
GROSS PROFIT		52,491	212,114
Administrative expenses		106,413	132,077
		(53,922)	80,037
Other operating income		<u>157,017</u>	<u>144,196</u>
OPERATING PROFIT	3	103,095	224,233
Profit on sale of investment properties	4	1,500	62,716
		104,595	286,949
Interest receivable and similar income	5	4,550	791
		109,145	287,740
Interest payable and similar charges		107,343	165,900
		1,802	121,840
Share of associated undertaking profit before taxation		29	78
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,831	121,918
Tax on profit on ordinary activities	6	(3,793)	12,100
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		5,624	109,818
Deficit brought forward		(427,681)	(537,499)
DEFICIT CARRIED FORWARD		<u>(422,057)</u>	<u>(427,681)</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

The notes form part of these financial statements

Judlor Limited and its Subsidiary Undertakings

Statement of Total Recognised Gains and Losses
for the Year Ended 31 December 1997

	Notes	1997 <u>£</u>	1996 <u>£</u>
PROFIT FOR THE FINANCIAL YEAR		5,624	109,818
Unrealised profit on the revaluation of investment properties	20	42,574	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>£ 48,198</u>	<u>£109,818</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the Year Ended 31 December 1997

	1997 <u>£</u>	1996 <u>£</u>
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,831	121,918
Realisation of property revaluation losses of previous years	-	(268,022)
HISTORICAL COST PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>£ 1,831</u>	<u>£ (146,104)</u>
Historical cost profit for the year retained after taxation	<u>£ 5,624</u>	<u>£109,818</u>

The notes form part of these financial statements

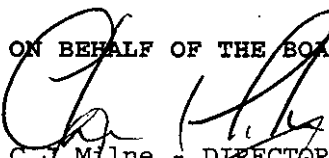
Judlor Limited and its Subsidiary Undertakings

**Consolidated Balance Sheet
as at 31 December 1997**

	Notes	1997		1996	
		£	£	£	£
FIXED ASSETS:					
Investments	8		1,613,126		523,126
CURRENT ASSETS:					
Developments in progress	9	459,988		1,058,871	
Debtors	10	106,049		917,602	
Cash at bank and in hand		38,504		3,988	
		<hr/>		<hr/>	
			604,541		1,980,461
CREDITORS: Amounts falling due within one year	11	540,260		362,000	
		<hr/>		<hr/>	
NET CURRENT ASSETS:			64,281		1,618,461
TOTAL ASSETS LESS CURRENT LIABILITIES:			<hr/>		<hr/>
			1,677,407		2,141,587
CREDITORS: Amounts falling due after more than one year	12		1,056,890		1,569,268
			<hr/>		<hr/>
			£ 620,517		£ 572,319
			<hr/>		<hr/>
CAPITAL AND RESERVES:					
Called up share capital	15		1,000,000		1,000,000
Revaluation reserve	16		42,574		-
Profit and loss account			(422,057)		(427,681)
			<hr/>		<hr/>
Shareholders' funds	20		£ 620,517		£ 572,319
			<hr/>		<hr/>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small groups.

ON BEHALF OF THE BOARD:


C J Milne - DIRECTOR


J M Robertson - DIRECTOR

Approved by the Board on 11 AUGUST 1998

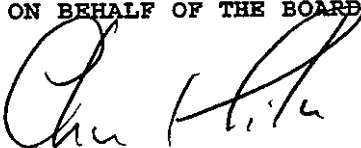
The notes form part of these financial statements

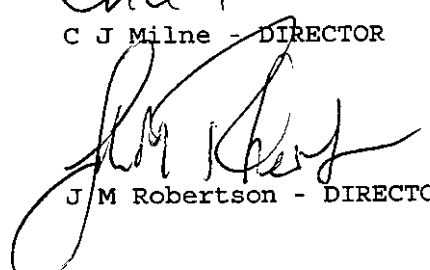
Judlor Limited
Balance Sheet
as at 31 December 1997

	Notes	1997	1996
		£	£
CURRENT ASSETS			
Debtors	10	1,797,859	5,542,345
Cash at bank		38,489	1,947
		<hr/>	<hr/>
		1,836,348	5,544,292
CREDITORS: Amounts falling due within one year	11	116,264	3,912,414
		<hr/>	<hr/>
NET CURRENT ASSETS		1,720,084	1,631,878
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES:		1,720,084	1,631,878
CREDITORS: Amounts falling due after more than one year	12	1,056,890	1,058,334
		<hr/>	<hr/>
		663,194	573,544
		<hr/>	<hr/>
CAPITAL AND RESERVES:			
Called up share capital	15	1,000,000	1,000,000
Profit and loss account		(336,806)	(426,456)
		<hr/>	<hr/>
Shareholders' funds	20	663,194	573,544
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


C J Milne - DIRECTOR


J M Robertson - DIRECTOR

Approved by the Board on 11 AUGUST 1998

The notes form part of these financial statements

Judlor Limited and its Subsidiary Undertakings

**Notes to the Financial Statements
for the Year Ended 31 December 1997**

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the group qualifies as a small group.

Turnover

Turnover represents development properties sold and rents receivable on investment properties, excluding value added tax.

Developments in progress

Developments in progress are stated at the lower of cost of work, including land and related finance charges and net realisable value.

Interest included in the cost of developments in progress is calculated by reference to specific borrowings.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Basis of consolidation

The group accounts comprise the accounts of the company and all subsidiaries made up to 31 December 1997. Investments in subsidiaries are stated at cost less amounts written off.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts.

Investments

Investments in associated companies are stated at the amount of the group's share of net assets at 31 December 1997 derived from audited accounts made up to that date. Profit before taxation includes the group's share of the earnings of associated companies.

Other fixed asset investments, excluding properties and the company's investment in shares in group companies, are stated at cost less provision for diminution in value.

Investment properties are accounted for in accordance with SSAP 19 as follows:

Investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Completed investment properties are included in the balance sheet at current market value; properties in the course of construction are included at cost less provision for any diminution in value.

Where investment properties are acquired for refurbishment or development, interest is capitalised until the earlier of the date of letting or one year from the date of completion.

Judlor Limited and its Subsidiary Undertakings

**Notes to the Financial Statements
for the Year Ended 31 December 1997**

2. ANALYSIS OF TURNOVER BY CLASS OF BUSINESS

	1997		1996	
	Group £	Company £	Group £	Company £
Property development	-	-	690,000	-
Investment	52,491	-	67,896	-
	<hr/>	<hr/>	<hr/>	<hr/>
	52,491	-	757,896	-
	<hr/>	<hr/>	<hr/>	<hr/>

3. OPERATING PROFIT

The operating profit is stated after charging:

	1997		1996	
	Group £	Company £	Group £	Company £
Auditors' remuneration	5,400	1,525	4,875	1,000
	<hr/>	<hr/>	<hr/>	<hr/>
Directors' emoluments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The group did not have any employees during the year.

4. PROFIT ON SALE OF INVESTMENT PROPERTIES

The profit on sale of investment properties in 1996 relates to the sale of the properties previously held in Barnstaple and Tewkesbury.

The profit of £1,500 in 1997 relates to the reversal of an overprovision for legal fees on the sale of the Barnstaple property.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997		1996	
	Group £	Company £	Group £	Company £
Interest receivable	4,550	3,953	791	767
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes to the Financial Statements
for the Year Ended 31 December 1997**

6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	1997		1996	
	Group £	Company £	Group £	Company £
UK Corporation Tax	(3,733)	-	12,000	-
Share of associated company taxation	(60)	-	100	-
	<u>(3,793)</u>	<u>-</u>	<u>12,100</u>	<u>-</u>

UK Corporation Tax has been charged at 24.94% (1996 - 24.25%).

7. RESULTS OF PARENT COMPANY

Of the profit attributable to the group £89,650 (1996 - £56,989) is dealt with in the accounts of the parent company.

8. FIXED ASSET INVESTMENTS (Group)

COST:	£
At 1 January 1997	1,241,873
Inter group property transfer from stock at valuation	1,040,000
Additions	50,000
	<u>2,331,873</u>
At 31 December 1997	<u>2,331,873</u>
PROVISIONS:	
At 1 January 1997 and 31 December 1997	<u>718,747</u>
NET BOOK VALUE:	
At 31 December 1997	<u>1,613,126</u>
At 31 December 1996	<u>523,126</u>

Judlor Limited and its Subsidiary Undertakings

**Notes to the Financial Statements
for the Year Ended 31 December 1997**

8. FIXED ASSET INVESTMENTS (Group)

Cost or valuation at 31 December 1997 is represented by:

	£
Cost - Investment in Associated Undertaking	50,001
- Other investments	53,125
Valuation - Investment properties	1,510,000
	<hr/>
	1,613,126
	<hr/>

If the investment properties had not been revalued they would have been included at the following historical cost:

	1997 £	1996 £
Cost	2,228,747	1,188,747
	<hr/>	<hr/>
Aggregate amortisation	(718,747)	(718,747)
	<hr/>	<hr/>

The group's investment properties were valued by external valuers, Messrs Hillier Parker, Chartered Surveyors, as at 23 January 1996, on the basis of Open Market Value in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

The directors consider that the value of the investment properties has not significantly changed since their valuation, or from their cost if acquired since the valuation date.

	1997 £	1996 £
Unlisted investments	1,613,126	523,126
	<hr/>	<hr/>

	1997 £	% Held	1996 £	% Held
Company's share of subsidiary and associated undertakings				
Subsidiary undertakings				
Rakekirk Limited	1,000	100	1,000	100
Moy Property Co. Limited	100	100	100	100
Ikefield Limited	100	100	100	100
Oakmarsh Limited	2	100	2	100
	<hr/>		<hr/>	
	1,202		1,202	
Amount provided	(1,202)		(1,202)	
	<hr/>		<hr/>	
	-		-	
Associated undertaking				
Millagent Limited	1	50	1	50
Davies Street Docklands Limited	50,000	25	-	
	<hr/>		<hr/>	
	50,001		1	
	<hr/>		<hr/>	

At 31 December 1997 the companies listed above were all undertakings of Judlor Limited and each one was incorporated in England and Wales.

Judlor Limited and its Subsidiary Undertakings

**Notes to the Financial Statements
for the Year Ended 31 December 1997**

8. FIXED ASSET INVESTMENTS

The aggregate capital and reserves of Millagent Limited attributable to the group were £66 (1996 £(22)).

The first accounts for Davies Street Docklands Limited will be prepared for the period to 31 March 1998, and are not yet available. The company's net assets are not expected to be materially different from the called up share capital.

The company also owns 2 ordinary shares in Carlwell Estates Limited a company registered in England and Wales whose principal activity was property development, through its holding in Oakmarsh Limited. This represents 100% of the ordinary share capital in Carlwell Estates Limited.

9. DEVELOPMENTS IN PROGRESS (GROUP)

	1997 £	1996 £
Site purchases including costs	330,175	890,743
Building costs, fees, expenses	123,791	149,606
Interest	6,022	18,522
	<u>459,988</u>	<u>1,058,871</u>

**10. DEBTORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	1997		1996	
	Group £	Company £	Group £	Company £
Trade debtors	30,700	-	868,659	-
Other debtors	11,274	41	12,056	1,966
Prepayments & accrued income	37,766	9,515	10,642	-
Amounts due from group undertakings	-	1,788,239	-	5,540,379
Loans to associated companies	26,309	64	26,245	-
	<u>106,049</u>	<u>1,797,859</u>	<u>917,602</u>	<u>5,542,345</u>

**11. CREDITORS: AMOUNTS FALLING DUE
DUE WITHIN ONE YEAR**

	1997		1996	
	Group £	Company £	Group £	Company £
Bank loans and overdrafts (see note 13)	44,005	44,000	54,100	43,000
Trade creditors	9,950	-	29,646	-
Amount due to parent undertakings	61,000	61,000	61,000	61,000
Amount due to group undertakings	-	500	-	3,796,138
Accrued expenses	414,795	10,764	82,466	12,276
Social security and other taxes	4,410	-	122,788	-
Taxation	6,100	-	12,000	-
	<u>540,260</u>	<u>116,264</u>	<u>362,000</u>	<u>3,912,414</u>

Judlor Limited and its Subsidiary Undertakings

**Notes to the Financial Statements
for the Year Ended 31 December 1997**

**12. CREDITORS; AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

	Group £	1997 Company £	Group £	1996 Company £
Bank loans (see note 13)	1,076,688	1,076,688	1,595,066	1,084,132
Less: issue costs (see note 13)	(19,798)	(19,798)	(25,798)	(25,798)
	<u>1,056,890</u>	<u>1,056,890</u>	<u>1,569,268</u>	<u>1,058,334</u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	Group £	1997 Company £	Group £	1996 Company £
Amounts falling due within one year or on demand:				
Bank overdrafts	5	-	-	-
Bank loans	44,000	44,000	54,100	43,000
	<u>44,005</u>	<u>44,000</u>	<u>54,100</u>	<u>43,000</u>
Amounts falling due between one and two years:				
Bank loans	48,000	48,000	58,800	46,800
	<u>48,000</u>	<u>48,000</u>	<u>58,800</u>	<u>46,800</u>
Amounts falling due between two and five years:				
Bank loans	176,000	176,000	208,600	166,100
	<u>176,000</u>	<u>176,000</u>	<u>208,600</u>	<u>166,100</u>
Amounts falling due in more than five years:				
Bank loans	852,688	852,688	1,327,666	871,232
Less: issue costs	(19,798)	(19,798)	(25,798)	(25,798)
	<u>832,890</u>	<u>832,890</u>	<u>1,301,868</u>	<u>845,434</u>

**Notes to the Financial Statements
for the Year Ended 31 December 1997**

14. SECURED DEBTS

The following secured debts are included within creditors

	1997		1996	
	Group £	Company £	Group £	Company £
Bank overdrafts	5	-	-	-
Bank loans	1,120,688	1,120,688	1,649,166	1,127,132
	<u>1,120,693</u>	<u>1,120,688</u>	<u>1,649,166</u>	<u>1,127,132</u>

The bank loans are secured on the investment properties and developments in progress held by subsidiary undertakings.

15. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal Value:	1997 £	1996 £
800,000	"A" ordinary shares	£1	800,000	800,000
250,000	"B" ordinary shares	£1	250,000	250,000
500,000	Convertible deferred ordinary shares	£1	500,000	500,000
			<u>1,550,000</u>	<u>1,550,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal Value:	1997 £	1996 £
250,000	"A" ordinary shares	£1	250,000	250,000
250,000	"B" ordinary shares	£1	250,000	250,000
500,000	Convertible deferred ordinary shares	£1	500,000	500,000
			<u>1,000,000</u>	<u>1,000,000</u>

16. REVALUATION RESERVE

	1997 £	1996 £
Brought forward	-	54,086
Adjusted on sale	-	(54,086)
Arising on consolidation	42,574	-
	<u>42,574</u>	<u>-</u>
Carried forward	<u>42,574</u>	<u>-</u>

17. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Blenheim Securities Limited, which is incorporated in England and Wales. This is the largest group of which the company is a member and for which group accounts are prepared, copies of which can be obtained from Companies House, Crown Way, Cardiff CF4 3UZ.

Judlor Limited and its Subsidiary Undertakings

Notes to the Financial Statements for the Year Ended 31 December 1997

18. CONTINGENT LIABILITIES

The company has given cross guarantees and provided security in respect of its parent undertaking and all its subsidiary undertakings.

19. RELATED PARTY TRANSACTIONS

During the year, payments of £72,740 (1996 £65,000) are shown as payable by group companies to C J Milne, a director. The payments were for project management and other management fees. Of this £72,740, an amount of £50,000 is shown under cost of sales, and the balance under professional fees.

During the year, payments of £19,854 (1996 £14,917) have been made by the group to Portfolio Holdings Plc, of which J M Robertson is a director. The payments were for office administration costs and financial advice.

During the year, payments of £16,000 (1996 £16,000) have been made to Blenheim Securities Limited, the ultimate parent undertaking, for management fees.

The ultimate controlling parties of the company are C J Milne and J M Robertson, who hold between them beneficial interests in over 69% of the ultimate parent undertaking.

Included in developments in progress, is a property owned under a joint venture agreement with a trust in which the director C J Milne is a trustee. The balance owned by the group is 50% of the total. There is a debtor shown on the balance sheet relating to this property, in respect of 50% of the deposit paid prior to the year end, due to be refunded by the trust, after the year end.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997		1996	
	Group £	Company £	Group £	Company £
Profit for the financial year	5,624	89,650	109,818	56,957
Revaluation reserve released	-	-	(54,086)	-
Unrealised profit on revaluation of investment properties	42,574	-	-	-
NET ADDITION TO SHAREHOLDERS' FUNDS	48,198	89,650	55,732	56,957
Opening shareholders' funds	572,319	573,544	516,587	516,587
CLOSING SHAREHOLDERS' FUNDS	620,517	663,194	572,319	573,544
Equity interests	620,517	663,194	572,319	573,544