

MERLEWOOD ESTATES LIMITED

Company No: 1704435 (England)

**ACCOUNTS FOR
REGISTRAR**

FINANCIAL STATEMENTS

- for the year ended -

30TH JUNE 1999



MERLEWOOD ESTATES LIMITED

DIRECTOR

C P Farrell

SECRETARY

Mrs. S Smith

BUSINESS ADDRESS

Ryewater Nursery
Folke
Near Sherborne
Dorset DT9 5PL

REGISTERED OFFICE

18 Queen Anne Street
London W1M 0HB

AUDITORS

Cavendish & Co
Chartered Certified Accountants
Registered Auditors
18 Queen Anne Street
London W1M 0HB

PRINCIPAL BANKERS

Bank of Scotland plc
West End Office
14-16 Cockspur Street
London SW1Y 5BL

MERLEWOOD ESTATES LIMITED

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1999

Page

1	Report of the director
2	Auditors' report
3	Profit and loss account
4	Balance sheet
5	Notes to the financial statements

MERLEWOOD ESTATES LIMITED

REPORT OF THE DIRECTOR

The director presents his report and audited financial statements for the year ended 30 June 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was property dealing.

The director considers the results achieved and the state of the company's affairs at the year end to be satisfactory.

DIRECTOR AND HIS INTERESTS

The director at the balance sheet date and his interests in the company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of shares</u>	<u>Number of shares</u>	
		<u>1999</u>	<u>1998</u>
C P Farrell	Ordinary shares	99	99

DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

CLOSE COMPANY

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

AUDITORS

The auditors, Cavendish & Co, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

By Order of the Board

Date: 15 February 2000

**Mrs. S Smith
Secretary**



MERLEWOOD ESTATES LIMITED

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
MERLEWOOD ESTATES LIMITED**

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

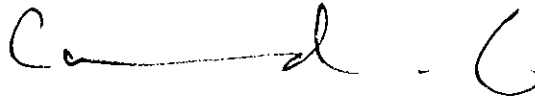
Respective responsibilities of the director and auditors

As described in the Director's Report the company director is 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 director 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 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.



CAVENDISH & CO
Chartered Certified Accountants
Registered Auditors

18 Queen Anne Street
London W1M 0HB

Date: 16 February 2000

MERLEWOOD ESTATES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1999**

	Notes	1999 £	1998 £
TURNOVER		962,750	455,850
Cost of sales		(895,536)	(427,412)
GROSS PROFIT		67,214	28,438
Other operating costs		(15,733)	(9,484)
Administrative expenses		(79,474)	(81,457)
		(27,993)	(62,503)
Other operating income		71,855	113,261
OPERATING PROFIT	2	43,862	50,758
Interest receivable		4,412	4,162
Interest payable		(19,787)	(35,589)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		28,487	19,331
Tax on profit on ordinary activities	4	(5,971)	(4,008)
PROFIT FOR THE FINANCIAL YEAR	11	22,516	15,323

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 5 to 8 form part of these financial statements.

MERLEWOOD ESTATES LIMITED**BALANCE SHEET AT 30TH JUNE 1999**

	Notes	1999 £	£	1998 £	£
FIXED ASSETS					
Tangible assets	5		1,933		2,060
Investments	6 / 7		3,005		2
			<hr/>		<hr/>
			4,938		2,062
CURRENT ASSETS					
Stocks		642,228		1,265,378	
Debtors	8	1,867,681		45,900	
Cash at bank and in hand		-		97,190	
		<hr/>		<hr/>	
		2,509,909		1,408,468	
CREDITORS: Amounts falling due within one year					
	9	(1,961,415)		(879,614)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			548,494		528,854
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			553,432		530,916
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Called up share capital	10		100		100
Profit and loss account	11		553,332		530,816
			<hr/>		<hr/>
SHAREHOLDERS FUNDS			553,432		530,916
			<hr/>		<hr/>

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

The financial statements were approved
by the board on 15 February 2000
and signed on its behalf by

C P Farrell



Director

The notes on pages 5 to 8 form part of these financial statements.

MERLEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1999

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

1.2 TURNOVER

Turnover represents sales of properties and income from joint ventures and commission during the year.

1.3 DEPRECIATION

Depreciation is provided using the rates to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Fixtures and fittings	25% Reducing balance
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1.4 STOCKS

Stocks are valued at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.6 PENSIONS

Pension contributions are charged to the profit and loss account as incurred. These contributions are invested separately from the company's assets.

2. OPERATING PROFIT

	1999	1998
	£	£
The operating profit is stated after charging:		
Depreciation	644	687
Auditors' remuneration	7,638	7,638

3. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company amounted to £2,500 (1998: £2,500). All contributions were paid in the year.

MERLEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1999

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
The taxation charge comprises:		
U.K. corporation tax at 21% (1998 - 21%)	6,000	4,010
	<hr/>	<hr/>
	6,000	4,010
Adjustment in respect of prior years	(29)	(2)
	<hr/>	<hr/>
	5,971	4,008
	<hr/>	<hr/>

5. TANGIBLE ASSETS

	Fixtures, fittings and equipment £
<u>Cost</u>	
At 1 July 1998	17,317
Additions	517
	<hr/>
At 30 June 1999	17,834
	<hr/>
<u>Depreciation</u>	
At 1 July 1998	15,257
Charge for year	644
	<hr/>
At 30 June 1999	15,901
	<hr/>
<u>Net book value at 30 June 1999</u>	1,933
	<hr/>
<u>Net book value at 30 June 1998</u>	2,060
	<hr/>

6. INVESTMENTS

<u>Cost</u>	Beginning of year £	Additions £	End of year £
Shares in group undertaking	2	3,003	3,005
	<hr/>	<hr/>	<hr/>
	2	3,003	3,005
	<hr/>	<hr/>	<hr/>

Details of the subsidiary undertakings are given in note 7.

MERLEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1999

7. INVESTMENTS - RELATED UNDERTAKING

Investments (note 6) include the following subsidiaries at the balance sheet date:

Subsidiary undertakings	Description and proportion of share capital owned	Country of incorporation	Nature of business
Maida Vale Homes Ltd	Ordinary 100%	England	Property
Devon Properties Ltd	Ordinary 100%	Jersey	Property
Sudbury Properties Ltd	Ordinary 100%	Bahamas	Property

8. DEBTORS

	1999 £	1998 £
Other debtors	1,860,432	38,651
Prepayments	7,249	7,249
	<u>1,867,681</u>	<u>45,900</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Bank loans and overdrafts	1,778,180	334,350
Amounts owed to group undertaking	36,695	36,695
Joint venture participators	118,565	108,565
Corporation tax	9,981	4,010
Other creditors and accruals	17,994	395,994
	<u>1,961,415</u>	<u>879,614</u>

The company has a debenture with Bank of Scotland plc which is secured on the properties of the company by way of a legal charge and is supported by the guarantee from the director for £1,132,000.

MERLEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1999

10. SHARE CAPITAL

	1999	1998
	£	£
<u>Authorised</u>		
Equity interests:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<u>Allotted, called up and fully paid</u>		
Equity interests:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. PROFIT AND LOSS ACCOUNT

	1999	1998
	£	£
Retained profits at 1 July 1998	530,816	515,493
Profit for the financial year	<u>22,516</u>	<u>15,323</u>
Retained profits at 30 June 1999	<u>553,332</u>	<u>530,816</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit for the financial year	22,516	15,323
Shareholders' funds at 1 July 1998	<u>530,916</u>	<u>515,593</u>
Shareholders' funds at 30 June 1999	<u>553,432</u>	<u>530,916</u>
Represented by:-		
Equity interests	<u>553,432</u>	<u>530,916</u>
	<u>553,432</u>	<u>530,916</u>

13. CONTINGENT LIABILITIES

The company has a cross corporate guarantee in favour of the bank for all monies due between Maida Vale Homes Ltd and the company.

14. RELATED PARTY DISCLOSURES

As permitted by Section 3(c) of Financial Reporting Standard 8, the company has not presented details of inter-group related party transactions.