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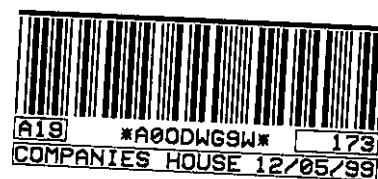
MALTING HOMES LIMITED
COMPANY NUMBER 2028606

FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 1998

Directors: M J Foden
S C Guest

Secretary: S C Guest

Registered Office: Tauntonfield
South Road
Taunton
Somerset
TA1 3ND



MALTING HOMES LIMITED

DIRECTORS' REPORT

The directors submit herewith their report and financial statements for the year ended 31 December 1998.

Principal activity

The company's principal activity was to sell sheltered housing at its site in Chard, Somerset. In February 1998 the company completed its sale of the final parcel of land at this development.

Directors and their interests

The directors who have served during the year were:

M J Foden
S C Guest

No director was beneficially interested at any time in the shares of the company nor, with the exception of the company's ultimate holding company, in the shares of any other company in the group. Interests of directors in the shares of the ultimate holding company were as follows:-

<u>£1 Ord Shares</u>	<u>At 1 January 1998</u>	<u>At 31 December 1998</u>
M J Foden	80000	80894
S C Guest	24536	24804

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

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

MALTING HOMES LIMITED

DIRECTORS' REPORT - Continued

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint Messrs Amherst & Shapland as Auditors will be put to the members at the Annual General Meeting.

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

By order of the Board.



S C Guest
Secretary

1 April 1999

AUDITORS' REPORT TO THE MEMBERS OF

MALTING HOMES LIMITED

We have audited the financial statements on pages 1 to 5 which have been prepared under the historical cost convention and the accounting policies set out on page 3.

Respective responsibilities of directors and auditors

As described in their report 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 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 as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Amherst & Shapland
Chartered Accountants
Registered Auditors
Castle Lodge
Castle Green
Taunton
Somerset
TA1 4AD

1 April 1999

MALTING HOMES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998**

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
TURNOVER	1	15000	60000
Cost of Sales		16643	37976
		-----	-----
GROSS (LOSS)/PROFIT		(1643)	22024
Other operating expenses:			
Administrative expenses		(1112)	4228
		-----	-----
OPERATING (LOSS)/PROFIT	2	(531)	17796
Interest payable		613	4829
		-----	-----
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1144)	12967
Taxation on (loss)/profit on ordinary activities	4	-	-
		-----	-----
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(1144)	12967
PROFIT/(DEFICIT) BROUGHT FORWARD		1044	(11923)
		-----	-----
RETAINED (DEFICIT)/PROFIT CARRIED FORWARD		£(100)	£1044
		=====	=====

The notes on pages 3 to 5 form part of these financial statements.

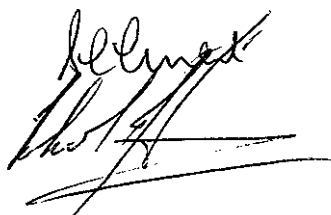
MALTING HOMES LIMITED**BALANCE SHEET AS AT 31 DECEMBER 1998**

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
CURRENT ASSETS			
Work in progress	5	-	13500
Debtors	6	-	40987
		<hr/>	<hr/>
		-	54487
CREDITORS - Amounts falling due within one year			
	7	-	53343
		<hr/>	<hr/>
NET ASSETS		£ -	£1144
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital			
Equity share capital	8	100	100
Profit and loss account (deficit)		(100)	1044
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		£ -	£1144
		<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 companies.

These financial statements were approved by the board of directors on 1 April 1999.

S C Guest)
) Directors
M J Foden)



The notes on pages 3 to 5 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 19981. ACCOUNTING POLICIESAccounting standards

The financial statements are prepared in accordance with the Financial Reporting Standard for Smaller Entities.

Going concern

As the activities of company ceased in 1998 the accounts have not been prepared on the going concern basis.

Accounting convention

The financial statements are prepared under the historical cost convention.

Work in progress

Work in progress has been valued at the lower of cost and net realisable value.

Cost comprises direct materials, labour, stores, sub-contract work, transport and machinery.

Turnover

Turnover represents amounts invoiced in respect of sales during the year, net of Value Added Tax.

2. OPERATING (LOSS)/PROFIT

	<u>1998</u>	<u>1997</u>
	£	£
This is arrived at after charging:		
Auditors' remuneration	-	500
Subvention payment from the company's parent company	(1630)	-
	<u> </u>	<u> </u>

3. DIRECTORS AND EMPLOYEES

The directors, who are the sole employees of the company, did not receive any emoluments during the year (1997: £Nil).

4. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

No United Kingdom corporation tax is payable on the results for the year (1997: £Nil). Tax losses carried forward are estimated at £ 6076 (1997: £4932)

5. WORK IN PROGRESS

	<u>1998</u>	<u>1997</u>
	£	£
Work in Progress : housing development	-	13500
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998
(continued)

6. DEBTORS

	<u>1998</u>	<u>1997</u>
	£	£
Owed by holding company	-	40987
	-----	-----
	£ -	£40987
	=====	=====

7. CREDITORS: Amounts falling due within one year

	<u>1998</u>	<u>1997</u>
	£	£
Bank overdraft	-	47167
Accruals	-	6176
	-----	-----
	£ -	£53343
	=====	=====

8. CALLED UP SHARE CAPITAL

	<u>Authorised, allotted</u> <u>called up, issued and</u> <u>fully paid</u> <u>1998 & 1997</u> <u>£</u>
Ordinary shares of £1 each	100
	=====

9. ULTIMATE HOLDING COMPANY

Blackdown Estates Limited is the ultimate holding company.

10. SECURITIES

The bank overdraft was cleared during the year and the bank account closed.

11. FINANCIAL COMMITMENTS

At 31 December 1998 and 1997 no capital commitments were contracted for.

12. CONTINGENT LIABILITIES

At 31 December 1998 the company had no contingent liabilities (1997: £Nil).

MALTING HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

13. RELATED PARTY TRANSACTIONS

The company's immediate controlling party is Summerfield Developments Limited, its parent company. Blackdown Estates Limited is the ultimate holding company.

On completing its current development the company was unable to meet all its liabilities. Summerfield Developments Ltd therefore made a subvention payment of £1630 to clear these charges.

The company was in receipt of a guarantee of £450000 from Summerfield Developments Limited for all its bank borrowings until its bank account was closed in March 1998.

During the year, no contracts or transactions were entered into by the company in which the directors had a material interest.