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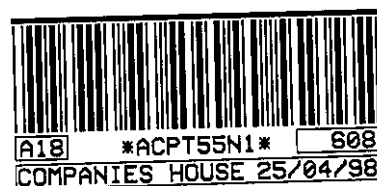
MALTING HOMES LIMITED
COMPANY NUMBER 2028606

FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 1997

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 1997.

Principal activity

The company's principal activity during the year was to sell sheltered housing at its site in Chard, Somerset.

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 1997</u>	<u>At 31 December 1997</u>
M J Foden	80000	80000
S C Guest	24000	24536

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

7 April 1998

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.

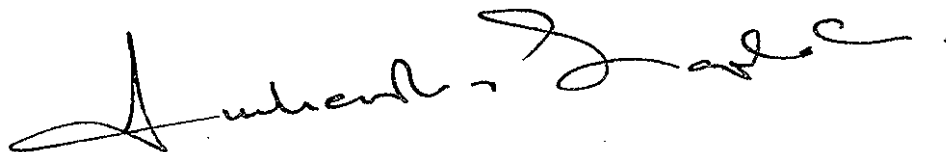
Basis of opinion

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 1997 and of its profit 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

7 April 1998

MALTING HOMES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997**

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
TURNOVER	1	60000	-
Cost of Sales		37976	(33280)
		-----	-----
GROSS PROFIT		22024	33280
Other operating expenses:			
Administrative expenses		4228	2695
		-----	-----
OPERATING PROFIT	2	17796	30585
Interest payable		4829	7867
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12967	22718
Taxation on profit on ordinary activities	4	-	-
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		12967	22718
DEFICIT BROUGHT FORWARD		(11923)	(34641)
		-----	-----
RETAINED PROFIT/(DEFICIT) CARRIED FORWARD		1044	£(11923)
		=====	=====

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

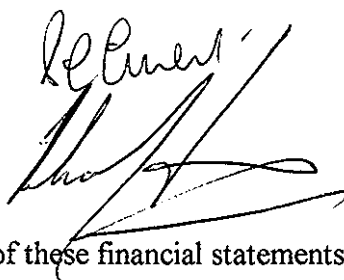
MALTING HOMES LIMITED**BALANCE SHEET AS AT 31 DECEMBER 1997**

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
CURRENT ASSETS			
Work in progress	5	13500	60000
Debtors	6	40987	30092
		-----	-----
		54487	90092
 CREDITORS - Amounts falling due within one year			
	7	53343	101915
		-----	-----
NET ASSETS/(LIABILITIES)		<u>1144</u>	<u>£(11823)</u>
 CAPITAL AND RESERVES			
Called up share capital			
Equity share capital	8	100	100
Profit and loss account (deficit)		1044	(11923)
		-----	-----
SHAREHOLDERS' FUNDS (DEFICIT)		<u>1144</u>	<u>£(11823)</u>

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 7 April 1998.

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 1997**1. ACCOUNTING POLICIES****Accounting 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 PROFIT

	<u>1997</u>	<u>1996</u>
	£	£
This is arrived at after charging:		
Auditors' remuneration	500	500
	====	====

3. DIRECTORS EMOLUMENTS

The directors, who are the sole employees of the company, did not receive any emoluments during the year (1996: £Nil).

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

No United Kingdom corporation tax is payable on the results for the year (1996: £Nil). Tax losses carried forward are estimated at £4932 (1996: £17893)

5. WORK IN PROGRESS

	<u>1997</u>	<u>1996</u>
	£	£
Work in Progress : housing development	13500	60000
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997
(continued)

6. **DEBTORS**

	<u>1997</u>	<u>1996</u>
	£	£
Other debtors	-	92
Owed by holding company	40987	30000
	-----	-----
	£40987	£30092
	=====	=====

7. **CREDITORS: Amounts falling due within one year**

	<u>1997</u>	<u>1996</u>
	£	£
Bank overdraft	47167	97208
Deposits	-	1500
Accruals	6176	3207
	-----	-----
	£53343	£101915
	=====	=====

8. **SHARE CAPITAL**

	<u>Authorised, allotted</u> <u>called up, issued and</u> <u>fully paid</u> <u>1997 & 1996</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 is secured by a fixed charge on property and by a floating charge on other assets of the company.

11. **FINANCIAL COMMITMENTS**

At 31 December 1997 and 1996 no capital commitments were contracted for.

12. **CONTINGENT LIABILITIES**

At 31 December 1997 the company had no contingent liabilities (1996: £Nil).

MALTING HOMES LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)**

The balance (deficit) on shareholders' funds is attributable to equity interests.

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.

Included in cost of sales is a credit of £12000 (1996 - credit of £30000) relating to waived management charges previously charged by Summerfield Developments Limited in anticipation of an overall surplus being achieved by the company. The Boards of Directors of the two companies believe that the company can only achieve an eventual surplus if these management charges are withdrawn.

The company was in receipt of a guarantee of £450000 from Summerfield Developments Limited for all its bank borrowings throughout the year.

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