

MOORFIELD CORPORATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 1997



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FOR THE YEAR ENDED 31 OCTOBER 1997

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MOORFIELD CORPORATION LIMITED

COMPANY INFORMATION

Directors:

David L Edelman
Geoffrey B Hoffman
Stephen Jackson
Gail M Parkin
Anthony Phillips (Chairman)

Secretary:

Patricia A Smith

Registered Office:

1 Bennetthorpe
Doncaster
South Yorkshire DN2 6AA

Registered number:

02700733

Auditors:

Robson Rhodes
St George House
40 Great George Street
LEEDS LS1 3DQ

MOORFIELD CORPORATION LIMITED
REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the Company for the year ended 31 October 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a parent company holding investments in subsidiary undertakings.

During the year the company extended its activities to the lending of finance secured by legal mortgages to the general public. These loans, on normal commercial terms, are for periods of between 5 and 15 years.

RESULT AND STATE OF AFFAIRS

The financial statements on pages 6 to 11 set out the results for the year ended 31 October 1997 and reflect the state of the company's affairs at that date.

DIVIDENDS

Total dividends for the year to 31 October 1997 are £50,342 (1996 £40,000) and the retained profit transferred to reserves will be £2,000.

INVESTMENTS

There was no movement in investments in the year.

DIRECTORS AND THEIR INTERESTS

The directors of the company at the end of the year are listed on page one.

The interests of the directors and their families as defined by the Companies Act 1985 in the issued share capital at 31 October 1997 were as follows:-

	<u>Interest at</u> <u>31.10.97</u> <u>No of shares</u>	<u>Interest at</u> <u>31.10.96</u> <u>No of shares</u>
D L Edelman	-	-
G B Hoffman	-	-
S Jackson	25	25
G M Parkin	13	13
A Phillips	-	-

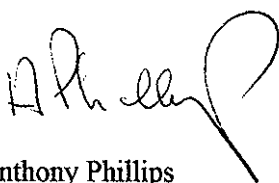
MOORFIELD CORPORATION LIMITED

REPORT OF THE DIRECTORS

AUDITORS

A resolution will be proposed at the forthcoming Annual General Meeting to reappoint Robson Rhodes as auditors for the ensuing year.

The report of the directors was approved on 16 April 1998 and signed on its behalf.

A handwritten signature in dark ink, appearing to read 'A Phillips', with a large, stylized flourish extending from the end of the signature.

Anthony Phillips
Director

MOORFIELD CORPORATION LIMITED

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 of the profit or loss of the company for that year. In preparing these 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.

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 the safeguarding of the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

MOORFIELD CORPORATION LIMITED
REPORT OF THE AUDITORS
TO THE SHAREHOLDERS OF MOORFIELD CORPORATION LIMITED

We have audited the financial statements on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4, 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 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 misstatements, 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 31 October 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Robson Rhodes

Robson Rhodes
Registered Auditor & Chartered Accountants
Leeds

Dated: 16 April 1998
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REPORT OF THE AUDITORS
TO THE DIRECTORS OF MOORFIELD CORPORATION LIMITED
PURSUANT TO SECTION 248 OF THE COMPANIES ACT 1985

We have examined the financial statements of the company for the year ended 31 October 1997 and of its subsidiary undertaking for the year ended 31 October 1997. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemption conferred by Section 248 from preparing group financial statements.

In our opinion, for the year ended 31 October 1997, the company is entitled to the exemption from preparing group financial statements conferred by Section 248 of the Companies Act 1985.

Robson Rhodes

Robson Rhodes
Registered Auditor and Chartered Accountants
Leeds

Dated: 16 April 1998
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MOORFIELD CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 1997

	<u>Note</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Administration Costs		(44,754) -----	(15,722) -----
<u>Operating loss -</u> <u>Continuing operations</u>	2	(44,754)	(15,722)
Income from shares in Group undertakings		65,428	75,000
Interest receivable	3	73,075	22,043
Interest payable	4	(50,945) -----	(25,506) -----
Profit on ordinary activities before taxation		42,804	55,815
Taxation	12	9,538 -----	8,960 -----
Profit on ordinary activities after taxation		52,342	64,775
Dividend paid		(50,342) -----	(40,000) -----
Retained profit	9	<u>2,000</u>	<u>24,775</u>

There are no recognised gains or losses other than the profit for the year and hence a statement of total recognised gains and losses has not been presented.

The notes on pages 8 - 11 form part of these financial statements.

MOORFIELD CORPORATION LIMITED

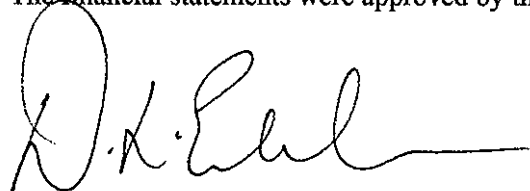
BALANCE SHEET

AS AT 31 OCTOBER 1997

	Note	<u>1997</u> £	<u>1996</u> £
<u>Fixed assets</u>			
Investments	5	403,239 -----	403,239 -----
<u>Current assets</u>			
Debtors due within one year	6	94,897	43,803
Debtors due after more than one year	6	458,456	149,387
Cash at bank		386,613 -----	115,032 -----
		939,966	308,222
<u>Creditors: Amounts falling due within one year</u>	7	(1,364,902) -----	(735,158) -----
<u>Net current liabilities</u>		(424,936) -----	(426,936) -----
<u>Total assets less current liabilities</u>		(21,697) =====	(23,697) =====
<u>Capital and reserves</u>			
Called up share capital	8	100	100
Profit and loss account - adverse balance	9	(21,797) -----	(23,797) -----
Shareholders' funds	10	(21,697) =====	(23,697) =====

The notes on pages 8 - 11 form part of these financial statements.

The financial statements were approved by the board of directors on 16 April 1998 and signed on its behalf.



David Edelman
Director

MOORFIELD CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1997

1. ACCOUNTING POLICIES

The principal accounting policies which the directors have adopted are set out below:

Convention

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

The financial statements only present information about the company and do not contain information relating to the group as a whole. The company is not required to prepare group financial statements because the group is exempt under Section 248 of the Companies Act 1985.

The directors consider it appropriate to prepare the financial statements on a going concern basis as the underlying value of the investment in the subsidiary undertaking is considered to exceed its historical cost.

Investments

Investments are stated at cost less provision for permanent diminution in value. Cost is purchase price including acquisition expenses, but excluding any payment for accrued interest or fixed dividend entitlement.

Loans

Interest on loans made by the company is charged to the profit and loss account on a receivable basis. Interest is charged on a straight line basis over the period to the loan.

Any expenditure incurred in connection with the loan is written off to the profit and loss account immediately upon payment.

	<u>1997</u> £	<u>1996</u> £
2. <u>OPERATING LOSS</u>		
Operating loss is stated after charging:		
Auditors remuneration	3,323	500
	<u> </u>	<u> </u>
	£	£
3. <u>INTEREST RECEIVABLE</u>		
Bank interest	2,799	351
Interest due from subsidiary undertaking	21,301	19,762
Other interest on loans due after more than one year	48,975	1,930
	<u> </u>	<u> </u>
	<u>73,075</u>	<u>22,043</u>

MOORFIELD CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1997

	<u>1997</u> £	<u>1996</u> £
Other interest on loans falling due		
Between 2 and 5 years	18,593	396
Between 5 and 9 years	17,240	1,259
Between 10 and 15 years	6,412	275
Over 15 years	6,730	-
	----- 48,975	----- 1,930
	=====	=====

4. **INTEREST PAYABLE AND SIMILAR CHARGES**

	£	£
Overdraft interest	50,945	25,506
	=====	=====

5. **INVESTMENTS**

Investment in subsidiary undertaking

Cost at 1 November 1996	403,239	403,239
Reductions in the year	-	-
	----- 403,239	----- 403,239
	=====	=====

Group Undertakings

The shares in the group undertakings comprise an investment in the following subsidiary undertaking and its associated undertaking.

Subsidiary Undertaking

	<u>Country of incorporation or registration</u>	<u>Capital and reserves</u>	<u>Profit for financial year ended 31 October 1997</u>	<u>Group interest in ordinary shares</u>
		£	£	
Moorfield Developments Limited	England and Wales	385,429	183,296	100%

Under the equity method of valuation, the investment in the subsidiary would be a surplus of £397,890.

MOORFIELD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 1997

	<u>1997</u> £	<u>1996</u> £
6. <u>DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Loans	67,297	23,703
ACT recoverable	-	-
Other debtors	100	100
Dividends receivable from subsidiary undertakings	27,500	20,000
	-----	-----
	<u>94,897</u>	<u>43,803</u>
 <u>DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>		
Loans	458,456	149,387
	-----	-----
	£	£
7. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Overdrafts	910,290	600,937
ACT payable	-	-
Other creditors and accruals	44,448	10,133
Amounts due to subsidiary undertaking	410,164	124,088
	-----	-----
	<u>1,364,902</u>	<u>735,158</u>
8. <u>CALLED UP SHARE CAPITAL</u>		
	£	£
<u>Authorised</u>		
Ordinary shares of £1 each	100	100
	=====	=====
<u>Issued and fully paid</u>		
Ordinary shares of £1 each	100	100
	=====	=====
9. <u>PROFIT AND LOSS ACCOUNT</u>		
	£	£
Balance as at 1 November 1996	(23,797)	(48,572)
Retained profit for the year	2,000	24,775
	-----	-----
Balance as at 31 October 1997	<u>(21,797)</u>	<u>(23,797)</u>

MOORFIELD CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1997

10. **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS**

	<u>1997</u> £	<u>1996</u> £
Total recognised (losses)/gains	2,000	24,775
Opening shareholders' funds	(23,697)	(48,472)
	-----	-----
Closing shareholders' funds	(21,697)	(23,697)
	=====	=====

11. The directors received no emoluments from the company. Other than the directors and company secretary the company has no employees. The directors emoluments from the subsidiary undertaking were as follows:

	<u>1997</u> £	<u>1996</u> £
<u>Directors' Emoluments</u>		
As directors	269,122	311,232
	-----	-----
Particulars of directors' emoluments, excluding pension contributions, were as follows:		
Chairman	51,607	49,521
	-----	-----
Highest paid director	51,607	51,343
	-----	-----

12. **TAXATION**

	<u>1997</u> £	<u>1996</u> £
Taxation charged for the year		
Corporation tax at 33% (1996 - 33%)	-	-
Tax on franked investment income	13,086	15,000
	-----	-----
	13,086	15,000
Amendment of previous years estimates	-	(23,960)
Amount receivable from subsidiary undertaking in respect of tax		
Saved by group relief	(22,624)	-
	-----	-----
	(9,538)	(8,960)
	=====	=====