



HOMES FOR TENANTS 8 PLC
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

for the year ended 31 December 1997





HOMES FOR TENANTS 8 PLC

COMPANY PROFILE

DIRECTORS

Lady ES Hordern
AF Shankley
RA Lo

SECRETARY

JA Dowdeswell ACA

REGISTERED OFFICE

17 Gay Street
Bath BA1 2PH

AUDITORS

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol BS1 4JP

BANKERS

Midland Bank plc
45 Milsom Street
Bath BA1 1DU

SOLICITORS

Howard Kennedy
23 Harcourt House
19 Cavendish Square
London W1A 2AW



HOMES FOR TENANTS 8 PLC

DIRECTORS' REPORT for the year ended 31 December 1997

FINANCIAL STATEMENTS

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

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 as at the end of the financial year 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; and
- 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. 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.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is to act as a property investment company.

The company has purchased residential property from Bradford & Bingley Building Society which it is renting under the Assured Tenancy rules contained within the Housing Act 1988 and the Business Expansion Scheme.

The company has entered into the following agreements, details of which were set out in the Memorandum to the Issue dated 19 February 1993:

- with Bradford & Bingley Building Society and the directors, a Deed of Covenant; and
- with Pinnacle Housing Limited (formerly Johnson Fry Housing Limited), the Letting and Management Agreement.

On 31 January 1997 Johnson Fry Housing Limited changed its name to Pinnacle Housing Limited.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £72,411 (1996: loss of £583,731). The directors do not propose the payment of a dividend.

FIXED ASSETS

Details of movements in fixed assets during the year are set out in Note 5 to the financial statements.



HOMES FOR TENANTS 8 PLC

DIRECTORS' REPORT for the year ended 31 December 1997

DIRECTORS

The directors during the year were as follows:

Lady ES Hordern (Chairman)
 AF Shankley
 RA Lo

DIRECTORS' INTERESTS IN SHARES

The directors who held office at 31 December 1997 had the following beneficial interests in the shares of the company at the beginning and end of the financial year:

	50p Ordinary shares fully paid	
	1997	1996
Lady ES Hordern	-	-
AF Shankley	-	-
RA Lo	1	1

PAYMENT POLICY

The company's policy is to comply with the terms of payment agreed with a supplier. Where payment is made by Pinnacle Housing Limited in accordance with the management agreement, Pinnacle Housing Limited complies with the company's payment policy. Where terms are not negotiated, both the company and Pinnacle Housing Limited endeavour to adhere to the supplier's standard terms.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board on 28 APR 1998

~~Lady ES Hordern~~ RA Lo



Chartered Accountants

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol BS1 4JP

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International + 44 117 921 1622
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AUDITORS' REPORT

to the members of Homes for Tenants 8 PLC

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1, 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.

Deloitte & Touche

30 April 1998

DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors

HOMES FOR TENANTS 8 PLC

**PROFIT AND LOSS ACCOUNT
AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 1997**

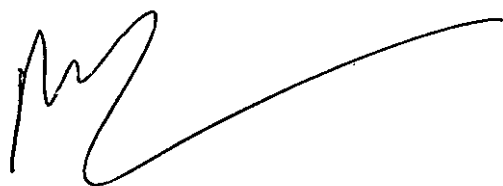
	Notes	Continuing operations	
		1997	1996
		£	£
PROFIT AND LOSS ACCOUNT			
Rental income		339,823	381,399
Property expenses		(198,248)	(220,357)
Amounts written back/(off) investment properties		2,074	(654,814)
Gross profit/(loss)		143,649	(493,772)
Administrative expenses	2	(33,338)	(31,988)
Operating profit/(loss)		110,311	(525,760)
Loss on disposal of tangible fixed assets		(30,379)	(30,515)
Bank interest receivable		21,668	7,915
Profit/(loss) on ordinary activities before taxation		101,600	(548,360)
Tax on profit/(loss) on ordinary activities	3	(29,189)	(35,371)
Retained profit/(loss) for the year	8	72,411	(583,731)
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Profit/(loss) for the financial year		72,411	(583,731)
Unrealised surplus on revaluation of properties		149,489	-
Total recognised gains and losses		221,900	(583,731)

HOMES FOR TENANTS 8 PLC

BALANCE SHEET
 as at 31 December 1997

	Notes	1997	1996
		£	£
FIXED ASSETS			
Tangible assets	4	3,468,167	3,764,326
CURRENT ASSETS			
Debtors	5	34,097	10,140
Cash at bank and in hand		715,617	230,695
		749,714	240,835
CREDITORS: amounts falling due within one year	6	(32,246)	(41,426)
Net current assets		717,468	199,409
Total assets less current liabilities		4,185,635	3,963,735
CAPITAL AND RESERVES			
Called up share capital	7	2,500,003	2,500,003
Share premium account		2,225,000	2,225,000
Profit and loss account	8	(688,857)	(761,268)
Revaluation reserve	9	149,489	-
Total equity shareholders' funds		4,185,635	3,963,735

The financial statements on pages 4 to 11 were approved by the Board on **28 APR 1998**



Lady ES Hordern RAH
 Director



HOMES FOR TENANTS 8 PLC

CASH FLOW STATEMENT
for the year ended 31 December 1997

	Notes	1997	1996
		£	£
Net cash inflow from operating activities	10	118,941	163,259
Returns on investments and servicing of finance			
Interest received		21,668	7,915
Net cash inflow from returns on investments and servicing of finance		21,668	7,915
Taxation			
UK corporation tax paid		(31,189)	(36,916)
Capital expenditure			
Purchase of tangible fixed assets		-	(31,840)
Proceeds on disposal of tangible fixed assets		375,502	33,152
Net cash inflow from capital expenditure		375,502	1,312
Increase in cash in the year	11	484,922	135,570

1 ACCOUNTING POLICIES

Accounting convention

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

Tangible fixed assets and depreciation

Tangible fixed assets (with the exception of investment properties) are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of each asset on a straight-line basis over its estimated useful life as follows:

Fixtures and fittings - 5 years

Investment properties

In accordance with Statement of Standard Accounting Practice 19 'Accounting for Investment Properties' (SSAP 19) investment properties are revalued annually and any aggregate surplus or deficit arising which is deemed temporary is transferred to the revaluation reserve. Permanent deficits are charged against the profit and loss account. No depreciation is provided in respect of the investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, in order to give a true and fair view, they should not be depreciated. If this departure from the Act had not been made, the profit for the financial year would have been decreased by depreciation and the net assets of the company would have reduced accordingly. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual revaluation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income, expenditure and property revaluations for taxation and accounting purposes, except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Rental income

Rental income comprises gross rents receivable.

2 ADMINISTRATIVE EXPENSES

Under the terms of the Letting and Management Agreement between Pinnacle Housing Limited and the company, Pinnacle Housing Limited is responsible, out of the management fee charged, for all the administrative costs of the company, including the following costs:

	1997	1996
	£	£
Auditors' remuneration		
- audit services	1,539	1,539
- other services including taxation	385	385
Directors' emoluments	1,202	1,173


HOMES FOR TENANTS 8 PLC
NOTES TO THE FINANCIAL STATEMENTS

3 TAXATION	1997 £	1996 £
UK current year taxation		
UK corporation tax at 22% (1996: 24.25%)	31,000	33,000
(Over)/under provision from previous year	(1,811)	2,371
Tax on loss on ordinary activities	29,189	35,371

The tax charge is high due to the loss on disposal of tangible fixed assets not being an allowable deduction. In addition amounts written off investment properties in the prior year were not an allowable tax deduction.

4 TANGIBLE FIXED ASSETS
(1) Summary

	Investment properties £	Fixtures and fittings £	Total £
Cost			
1 January 1997	3,710,613	134,121	3,844,734
Disposals	(402,545)	(15,339)	(417,884)
Revaluation	151,563	-	151,563
31 December 1997	3,459,631	118,782	3,578,413
Depreciation			
1 January 1997	-	80,408	80,408
Charge for the year	-	41,841	41,841
Disposals	-	(12,003)	(12,003)
31 December 1997	-	110,246	110,246
Net book value			
31 December 1997	3,459,631	8,536	3,468,167
31 December 1996	3,710,613	53,713	3,764,326

The historical cost of the company's investment properties was £4,273,857 (1996: £4,794,280).

(2) Analysis of investment properties

	1997 £	1996 £
Net book value		
Freehold	2,919,782	3,131,376
Long leasehold	539,849	579,237
	3,459,631	3,710,613



HOMES FOR TENANTS 8 PLC

NOTES TO THE FINANCIAL STATEMENTS

4 TANGIBLE FIXED ASSETS (continued)

(3) Asset valuations

Investment properties were revalued by the directors based on professional advice provided by Chestertons, Chartered Surveyors, on an open market value tenanted basis as at 31 December 1997. This has resulted in an increase in the carrying value of the company's properties of £151,563 (1996: decrease of £654,814) which the directors consider is permanent.

5 DEBTORS

	1997 £	1996 £
Other debtors	34,097	2,155
Prepayments and accrued income	-	7,985
	34,097	10,140

6 CREDITORS: amounts falling due within one year

Corporation tax	31,000	33,000
Accruals and deferred income	1,246	8,426
	32,246	41,426

7 CALLED UP SHARE CAPITAL

(1) Authorised

	Number	1997 £
50p 'A' ordinary share	1	1
50p 'B' ordinary shares	2	1
50p Ordinary shares	5,000,002	2,500,001

(2) Allotted and fully paid

	1997 £	1996 £
50p 'A' ordinary share	1	1
50p 'B' ordinary shares	1	1
50p Ordinary shares	2,500,001	2,500,001
31 December	2,500,003	2,500,003



7 CALLED UP SHARE CAPITAL (continued)

(3) Rights attached to shares

In the event of the winding up of the company at any time after the fifth anniversary of the last issue of shares, the holders of the 'B' ordinary shares will be entitled to receive 30% of any balance of funds available for distribution to shareholders in excess of 123.23p per share. Any balance of funds then available will be distributed equally between the holder of the 'A' ordinary share and the holders of the ordinary shares.

The holder of the 'A' ordinary share of 50p has the right to appoint and remove the same director. The consent of the holder of the 'A' ordinary share of 50p is required for:

- any alteration to the Articles of Association;
- the passing of any extraordinary or special resolution, other than a resolution to wind up the company, proposed after the end of the five year period;
- any increase in the authorised or issued share capital;
- the creation of any new class of share capital of the company;
- the variation of any rights attaching to any shares;
- the company borrowing in excess of £50,000; and
- the company mortgaging or charging its undertaking, property or assets.

The holder of the 'A' ordinary share is, after the expiration of five years from the last issue date, entitled to call for a resolution to wind up the company and on such a resolution is entitled to such number of votes as is equivalent to 301 per cent of the total number of ordinary shares and the 'B' ordinary shares then in issue.

The holders of the 'B' ordinary shares have the right to receive 30% of the surplus assets of the company after having paid all liabilities on a winding up and the payment of the sum of 123.23p per share in respect of each ordinary share, the 'A' share and the 'B' shares then in issue.

In all other respects the ordinary shares, the 'A' share and the 'B' shares rank *pari passu*.

8 PROFIT AND LOSS ACCOUNT

£

1 January 1997	(761,268)
Retained profit for the year	72,411
31 December 1997	(688,857)

9 REVALUATION RESERVE

1 January 1997	-
Revaluation in the year	149,489
31 December 1997	149,489

NOTES TO THE FINANCIAL STATEMENTS

10	RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1997 £	1996 £
	Operating profit/(loss)	110,311	(525,760)
	Amounts written (back)/off investment properties	(2,074)	654,814
	Depreciation	41,841	26,767
	(Increase)/decrease in debtors	(23,957)	243
	(Decrease)/increase in creditors	(7,180)	7,195
	Net cash inflow from operating activities	118,941	163,259
11	NET FUNDS	1997 £	1996 £
	Analysis of net funds		
	Cash at bank and in hand	715,617	230,695
	Reconciliation of net cash flows to movements in net funds		
	1 January	230,695	95,125
	Increase in cash in the year	484,922	135,570
	31 December	715,617	230,695
12	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	72,411 149,489	(583,731) -
	Profit/(loss) for the financial year		
	Other recognised gains and losses relating to the year		
	Net addition/(reduction) to shareholders' funds	221,900	(583,731)
	Opening shareholders' funds	3,963,735	4,547,466
	Closing shareholders' funds	4,185,635	3,963,735
13	RELATED PARTY DISCLOSURE		

Under the terms of the Management Agreement entered into between Pinnacle Housing Limited and the company, Pinnacle Housing Limited is responsible for managing the properties owned by the company and for handling all the administrative matters associated with the running of the company. During the year, Pinnacle Housing Limited and other group companies received fees for these and other services of £117,619 (gross of irrecoverable VAT). There were no amounts due to or from Pinnacle Housing Limited at the year end.