

MARONCREST LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH NOVEMBER 1998



MARONCREST LIMITED

COMPANY INFORMATION

Directors

Mr P R C Mason
Mrs S J Mason

Secretary

Mr P R C Mason

Company Number

2803402

Registered Office

37 St Peters Street
Stamford
Lincolnshire
PE9 2PF

Auditors

C W Fellowes Limited
Clarendon House
Hyde Street
Winchester
Hampshire
SO23 7DX

MARONCREST LIMITED

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MARONCREST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH NOVEMBER 1998

The directors present their report together with the audited financial statements for the year ended 30th November 1998.

Principal Activities

The company's principal activity continued to be that of property management and investment.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary Shares	
	30th	<i>1st</i>
	November	<i>December</i>
	1998	<i>1997</i>
Mr P R C Mason	-	-
Mrs S J Mason	-	-
Directors interests in the holding company:-		
Mr P R C Mason	2	2
Mrs S J Mason	2	2

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that C W Fellowes Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

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 the company's affairs and of the profit or loss 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;

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 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.

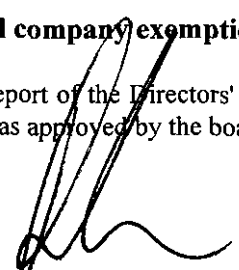
MARONCREST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH NOVEMBER 1998

Small company exemptions

The report of the Directors' has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved by the board on 6/9/99, and signed on its behalf.


Mr P R C Mason, Secretary

Date: 6th September '99

AUDITORS' REPORT TO THE SHAREHOLDERS OF MARONCREST LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7. As stated in note 1 to the financial statements, the accounts are prepared on a realisable value basis rather than the going concern basis.

Respective Responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

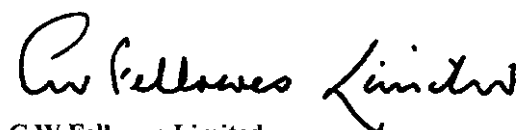
Basis of Opinion

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 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 the 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 30th November 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



C W Fellowes Limited
Registered Auditors
Clarendon House
Hyde Street
Winchester
Hampshire
SO23 7DX

Date:

21 September 1999

MARONCREST LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH NOVEMBER 1998

	Notes	1998 £	1997 £
Turnover	2	219,698	286,445
Administrative Expenses		199,835	224,362
		19,863	62,083
Other operating income		672	2,828
Operating Profit	3	20,535	64,911
Write back of amounts due from related parties		394,124	(428,966)
		414,659	(364,055)
Interest Receivable		-	249
Interest Payable and Similar Charges		(95,014)	(129,819)
Profit/Loss on Ordinary Activities before Taxation		319,645	(493,625)
Tax on profit/loss on ordinary activities	4	(46,256)	56,256
Profit/Loss for the Financial Year	10	365,901	(549,881)

MARONCREST LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30TH NOVEMBER 1998

	1998	1997
	£	£
Statement of Total Recognised Gains and Losses		
Profit for the financial year	365,901	(549,881)
Unrealised surplus on revaluations of freehold land and buildings	64,540	(75,000)
Total recognised gains relating to the year	<u>430,441</u>	<u>(624,881)</u>

MARONCREST LIMITED

BALANCE SHEET

AS AT 30TH NOVEMBER 1998

	Notes	£	1998 £	£	1997 £
Fixed Assets					
Tangible assets	5		714,540		1,225,000
Current Assets					
Debtors	6	9,517		37,293	
			9,517	37,293	
Creditors: Amounts Falling Due Within One Year	7	778,903		1,691,324	
Net Current Liabilities			(769,386)		(1,654,031)
Total Assets Less Current Liabilities			(54,846)		(429,031)
Provision for Liabilities and Charges					
Deferred taxation	8		-		56,256
			(54,846)		(485,287)
Capital and Reserves					
Share capital	9		2		2
Revaluation reserve	10		146,162		320,988
Profit and loss account	10		(201,010)		(806,277)
Shareholders' Funds	11		(54,846)		(485,287)

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

These financial statements were approved by the board on 6th September '99 and signed on its behalf.


Mr P R C Mason
Director

MARONCREST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1998

1 Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention except that certain freehold properties are shown at their revalued amounts.

These accounts have been prepared on the basis of expected realisable values, rather than the going concern basis. Assets are valued at the lower of cost and net realisable value and all outstanding liabilities are recognised as due in less than one year. Investment properties have been shown outside current assets in recognition that it will take a period of time to sell the properties.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Investment Properties

In accordance with Statement of Standard Accounting Practice No. 19, certain of the company's properties are held for long-term investment and are included in the Balance Sheet at their open market values. The surplus(es) or deficit(s) on annual revaluation of such properties are transferred to the investment property revaluation reserve. Depreciation is not provided in respect of freehold investment properties. Leasehold investment properties are not amortised where the unexpired term is over twenty years.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the Financial Statements may give a true and fair view because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

MARONCREST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1998

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating Profit

The operating profit is arrived at after charging or crediting:

	1998	1997
	£	£
Auditors' remuneration	4,000	2,150

4 Taxation

	1998	1997
	£	£
Based on the profit/loss for the year		
UK corporation tax at 31%	10,000	-
Deferred tax charge	(56,256)	56,256
	(46,256)	56,256

The deferred tax provision brought forward has been released in the year on the sale of the property to which it relates. The actual liability arising on the sale is included in the Corporation Tax charge for the year.

5 Tangible Fixed Assets

	Investment Properties
	£
Cost or valuation	
At 1st December 1997	1,225,000
Disposals	(575,000)
Revaluations	64,540
At 30th November 1998	714,540
Net Book Value	
At 30th November 1998	714,540
At 30th November 1997	1,225,000

During the year, an investment property included at a value of £575,000 was sold to an independent party for £560,000.

After the year end, the remaining investment property was sold to an independent party. The property has thus been revalued to its net realisable value.

On an historical cost basis investment properties would have been included at an original cost of £568,381 (1997: £904,015).

MARONCREST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1998

6	Debtors	1998	1997
		£	£
	Trade debtors	4,160	26,400
	Other debtors	5,357	10,893
		<u>9,517</u>	<u>37,293</u>
7	Creditors: Amounts Falling Due Within One Year	1998	1997
		£	£
	Bank loans and overdrafts	592,828	1,486,597
	Trade creditors	11,607	16,524
	Amounts owed to group undertakings	138,284	138,132
	Other creditors	36,184	50,071
		<u>778,903</u>	<u>1,691,324</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

The bank loan is secured by a fixed charge over the company's investment property, and by fixed and floating charges over the other assets of the company.

'Other creditors' include £10,000 (1997 - £7,440) in respect of taxation and social security.

8 Deferred Taxation

The movements in deferred taxation during the current and previous years are as follows:

	1998	1997
	£	£
At 1st December 1997	56,256	-
Movement in the year	(56,256)	56,256
At 30th November 1998	<u>-</u>	<u>56,256</u>

Deferred taxation provided and unprovided for in the financial statements is set out below. The amounts are calculated using a tax rate of 31% (1997 31%).

	Amount Provided		Amount Unprovided	
	1998	1997	1998	1997
	£	£	£	£
Unrealised capital gains	-	56,256	-	12,792

MARONCREST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1998

9	Share Capital	1998 £	1997 £
	Authorised		
	100 Ordinary shares of £1.00 each	100	100
		<u>100</u>	<u>100</u>
	Allotted		
	2 Allotted, called up and fully paid ordinary shares of £1.00 each	2	2
		<u>2</u>	<u>2</u>

10	Reserves	Revaluation Reserve	Profit and Loss Account
		£	£
	At 1st December 1996	395,988	(256,396)
	Profit/Loss for the year	-	(549,881)
	Transfers on revaluation	(75,000)	-
		<u>320,988</u>	<u>(806,277)</u>
	At 1st December 1997	320,988	(806,277)
	Profit/Loss for the year	-	365,901
	Transfers on revaluation	64,540	-
	Transfers between reserves	(239,366)	239,366
		<u>146,162</u>	<u>(201,010)</u>
	At 30th November 1998	146,162	(201,010)

The above transfer between reserves represents the release of revaluations made to the profit and loss account upon the disposal of the investment property.

11	Reconciliation of Shareholders' Funds	1998 £	1997 £
	Profit/Loss for the financial year	365,901	(549,881)
	Other recognised gains and losses	64,540	(75,000)
		<u>430,441</u>	<u>(624,881)</u>
	Increase/Decrease in the shareholders' funds	430,441	(624,881)
	Opening shareholders' funds	(485,287)	139,594
		<u>(54,846)</u>	<u>(485,287)</u>
	Closing shareholders' funds	(54,846)	(485,287)

12 Contingent Liabilities

The company is subject to group registration for value added tax and as such is jointly liable for the value added tax owed by the companies covered by that registration. At the balance sheet date the group's liability was £886 (1997: £70,500).

MARONCREST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1998

13 Related Parties

The ultimate parent company is Matchshire Limited, a company registered in England and Wales.

The ultimate controlling parties are PRC Mason and S J Mason.

Amounts due to group undertakings are shown in the creditors note to these accounts. Included in other creditors is £565 (1997: £2,226) due to a company related to the directors of this company.

Included on the face of the profit and loss account is the release of a prior year provision for debts due from Evenvyne Limited of £394,124 (1997: £428,966), a company in which the directors have a controlling interest.