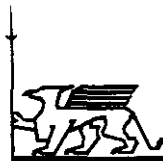


ROSE & HARWOOD LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 1999

Registered number: 3433205



GRIFFIN KNEILL & CO
CHARTERED ACCOUNTANTS

BLACKBURN HOUSE
32A CROUCH STREET
COLCHESTER ESSEX CO3 3HH



A member firm of
The UK 200 Group
PRACTISING CHARTERED ACCOUNTANTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1999

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The following page does not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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ROSE & HARWOOD LIMITEDCOMPANY INFORMATIONFOR THE YEAR ENDED 31ST MAY 1999

INCORPORATED	In England on 12th September 1997
DIRECTORS	D G Rose C D Harwood
SECRETARY	D G Rose
REGISTERED OFFICE	Blackburn House 32A Crouch Street Colchester Essex CO3 3HH
BANKERS	National Westminster Bank plc 25 High Street Colchester Essex CO1 1DG
AUDITORS	Griffin Kneill & Co. Chartered Accountants Blackburn House 32a Crouch Street Colchester Essex CO3 3HH

DIRECTORS' REPORTFOR THE YEAR ENDED 31ST MAY 1999

The directors present their report and the audited financial statements for the year ended 31st May 1999.

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 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 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.

Principal activity

The principal activity of the company is that of builders and property developers.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31st May 1999 Ordinary shares	1st June 1998 Ordinary shares
D G Rose	-	-
C D Harwood	500	500

D G Rose is a shareholder of D G Rose Limited, which owns 500 shares in Rose & Harwood Limited.

Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

31st August 1999

D G Rose
Secretary



ROSE & HARWOOD LIMITED

AUDITORS' REPORT

**Auditors' report to the members of
Rose & Harwood Limited**

We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, 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.

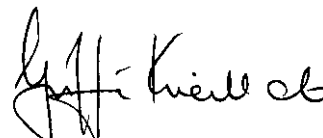
Basis of opinion

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 error or other irregularity. 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 31st May 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Griffin Kneill & Co.
Registered Auditors
Chartered Accountants

2nd September 1999

ROSE & HARWOOD LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST MAY 1999**

		1999	1.10.97 to 31.5.98 £
	Note	£	
Turnover	2	1,330,739	332,745
Cost of sales		(1,046,799)	(267,896)
Gross profit		283,940	64,848
Net operating expenses			
Administrative expenses		(40,604)	(20,327)
Other operating income		2,338	2,609
Operating profit	3	245,674	47,130
Interest payable		(23,727)	(6,524)
Profit on ordinary activities before taxation		221,947	40,606
Taxation	5	(46,022)	(8,521)
Profit on ordinary activities after taxation	14	175,925	32,085

Movements in reserves are shown in note 14.

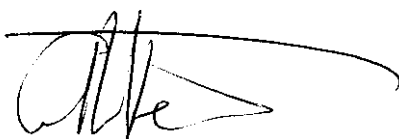
BALANCE SHEETAS AT 31ST MAY 1999

	Note	£	1999	£	£	1998	£
Fixed assets							
Tangible assets	6		44,501			30,731	
Current assets							
Stocks	7	870,508			242,335		
Debtors	8	10,032			8,274		
Cash at bank and in hand		147			1,283		
			880,687		251,892		
Creditors: amounts falling due within one year	9	(695,630)			(233,938)		
Net current assets			185,057			17,954	
Total assets less current liabilities			229,558			48,685	
Creditors: amounts falling due after more than one year	10		(18,359)			(15,600)	
Provision for liabilities and charges	11		(2,189)			-	
Net assets			209,010			33,085	
Capital and reserves							
Called up share capital	13		1,000			1,000	
Profit and loss account	14		208,010			32,085	
Total shareholders' funds			209,010			33,085	

These financial statements are 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 (effective March 1999).

The financial statements on pages 4 to 9 were approved by the board of directors on 31st August 1999 and signed on its behalf by:

C D Harwood
Director



ROSE & HARWOOD LIMITEDNOTES ON FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST MAY 1999**1 Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Plant and machinery	15% on cost
Motor vehicles	25% on cost
Fixtures and fittings	15% on cost

Stocks and work in progress

Work in progress is valued at the lower of cost and net realisable value. The cost of work in progress is calculated as being the direct costs incurred on developments in progress at the balance sheet date. Net realisable value is based on estimated selling price less the estimated costs of disposal.

2 Turnover

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK (1998 nil).

3 Operating profit

	1999 £	1998 £
Operating profit is stated after crediting:		
Interest receivable	2,338	2,609
Profit on sale of assets	1,673	-
	<hr/>	<hr/>
and after charging:		
Auditors' remuneration	2,150	1,500
Operating leases		
Hire of plant and machinery	24,454	9,826
	<hr/>	<hr/>
Depreciation of tangible fixed assets (note 6):		
Owned assets	1,907	1,582
Leased assets	7,377	4,342
	<hr/>	<hr/>
	9,284	5,924
	<hr/>	<hr/>

NOTES ON FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST MAY 1999**4 Directors**

	1999 £	1998 £
Directors' emoluments	9,853	6,155

5 Taxation

	1999 £	1998 £
Corporation tax on profit on ordinary activities at 21% and 20% (1998 21%)	43,833	8,521
Deferred taxation	2,189	-
	46,022	8,521

6 Tangible fixed assets

	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Total £
Cost				
1st June 1998	33,863	2,147	645	36,655
Additions	39,880	-	-	39,880
Disposals	(26,054)	-	-	(26,054)
31st May 1999	47,689	2,147	645	50,481
Depreciation				
1st June 1998	5,644	215	65	5,924
Charge for the year	9,004	215	65	9,284
Disposals	(9,228)	-	-	(9,228)
31st May 1999	5,420	430	130	5,980
Net book amount				
31st May 1999	42,269	1,717	515	44,501
1st June 1998	28,219	1,932	580	30,731

The net book amount of fixed assets includes £37,387 (1998 £21,712) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

7 Stocks

	1999 £	1998 £
Work in progress	870,508	242,335

NOTES ON FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST MAY 1999**8 Debtors**

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	47	1,087
Other debtors	9,125	6,840
Prepayments and accrued income	860	347
	<u>10,032</u>	<u>8,274</u>

9 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	430,440	2
Trade creditors	42,090	8,026
Corporation tax	43,677	8,269
Other taxation and social security	958	442
Other creditors	151,510	207,955
Accruals and deferred income	22,052	3,930
Obligations under finance leases and hire purchase contracts - note 10	4,903	5,314
	<u>695,630</u>	<u>233,938</u>

The bank loans and overdraft are secured by mortgages over the company's development land, together with rights of set off and fixed and floating charges over the company's assets. All loans are repayable within twelve months.

10 Creditors: amounts falling due after more than one year

	1999 £	1998 £
Obligations under finance leases and hire purchase contracts	18,359	15,600
	<u>18,359</u>	<u>15,600</u>

11 Provision for liabilities and charges

	Deferred tax £
1st June 1998	-
Profit and loss account	2,189
31st May 1999	<u>2,189</u>

ROSE & HARWOOD LIMITED

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1999

12 Deferred taxation

	1999		1998	
	Amount unprovided £	Amount provided £	Amount unprovided £	Amount provided £
Corporation tax deferred by				
Capital allowances in excess of depreciation	-	2,189	-	-
	-	2,189	-	-

Deferred taxation is based on a corporation tax rate of 21%.

13 Called up share capital

	1999		1998	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
Allotted, called up and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

14 Profit and loss account

	1999 £
1st June 1998	32,085
Retained profit for the year	175,925
31st May 1999	208,010

15 Related parties

D G Rose is a director and shareholder of D G Rose Limited, a company with which Rose & Harwood Limited operates a current account. The balance at the end of the period was £71,679 (1998: £103,715) due to D G Rose Limited. During the year the company paid D G Rose Limited £255,228 (1998: £nil) for land and related development costs, and £4,013 (1998: £1,366) for management charges.

D G Rose is a director and shareholder of David Martin Estate Agents Limited who provided estate agency services during the year to the company of £14,450 and book-keeping and secretarial services of £876 (1998: £525).

16 Transactions with directors

During the year a property built by the company was sold to C D Harwood for £130,000. The transaction was at market value.