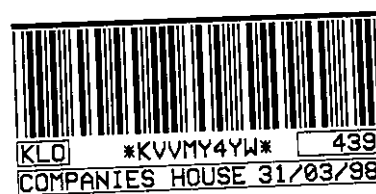


Registration Number 2575047

Rectory Homes Limited
Directors' Report and Financial Statements
for the year ended 31 May 1996



Rectory Homes Limited

Company Information

Directors	S Vickers A Vickers
Secretary	A Vickers
Company Number	2575047
Registered Office	The Old Vicarage Church End Haddenham, Bucks HP17 8AE
Accountants and Auditors	Goldsmith & Company Cavendish Court 11-15 Wigmore Street London W1H 9LB
Business Address	Adelaide House 17 High Street Thame Oxfordshire OX9 2BZ

Rectory Homes Limited

Contents

	Page
Directors' Report	1
Auditors' Report	2
Profit and Loss Account	3
Balance Sheet	4
Cash Flow Statement	5
Notes to the Financial Statements	6 - 13

Rectory Homes Limited
Directors' Report
for the year ended 31 May 1996

The directors present their report and the financial statements for the year ended 31 May 1996.

Principal Activities

The principal activities of the company are the Development, Refurbishment and Building of Property.

Results And Dividends

The results for the year are set out on page 3. Turnover for the year amounted to £3075642 (1995 - £187977).

The directors do not recommend payment of a final dividend (1995 - £16.90 per share).

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	1996	1995
S Vickers	8,000	8,000
A Vickers	2,000	2,000

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 affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Goldsmith & Company be reappointed as auditors of the company will be put to the Annual General Meeting.

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

This report was approved by the Board on31/3/98..... and signed on its behalf by


S Vickers
Director

Rectory Homes Limited

Auditors' Report to the Shareholders of Rectory Homes Limited

We have audited the financial statements on pages 3 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 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.

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at the 31 May 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Goldsmith & Co.
31/3/98

Goldsmith & Company
Chartered Accountants and
Registered Auditor
Cavendish Court
11-15 Wigmore Street
London W1H 9LB

Rectory Homes Limited

**Profit and Loss Account
for the year ended 31 May 1996**

Continuing operations

		1996	1995
	Notes	£	£
Turnover	2	3,075,642	187,977
Cost of sales		(2,130,260)	-
Gross profit		945,382	187,977
Administrative expenses		(228,395)	(45,253)
Other operating income		601	-
Operating profit	3	717,588	142,724
Interest receivable and similar income	4	6,849	-
Interest payable and similar charges	5	(23,102)	(7,270)
Profit on ordinary activities before taxation		701,335	135,454
Tax on profit on ordinary activities	9	(214,230)	(42,881)
Profit on ordinary activities after taxation		487,105	92,573
Dividends	10	-	(169,000)
Retained profit/(loss) for the year		487,105	(76,427)
Retained profit brought forward		219,338	295,765
Retained profit carried forward		706,443	219,338

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 6 to 13 form an integral part of these financial statements.

Rectory Homes Limited

Balance Sheet as at 31 May 1996

	Notes	1996 £	1995 £
Fixed Assets			
Tangible assets	11	101,837	66,646
Investments	12	26,500	26,500
		<u>128,337</u>	<u>93,146</u>
Current Assets			
Stocks	13	1,554,716	-
Debtors	14	92,060	444,618
Cash at bank and in hand		236,906	65
		<u>1,883,682</u>	<u>444,683</u>
Creditors: amounts falling due within one year	15	<u>(1,229,870)</u>	<u>(219,998)</u>
Net Current Assets		<u>653,812</u>	<u>224,685</u>
Total Assets Less Current Liabilities		<u>782,149</u>	<u>317,831</u>
Creditors: amounts falling due after more than one year	16	(75,606)	(69,748)
Provision for Liabilities and Charges	17	-	(28,645)
Net Assets		<u><u>706,543</u></u>	<u><u>219,438</u></u>
Capital and Reserves			
Called up share capital	18	100	100
Profit and loss account		706,443	219,338
Equity Shareholders' Funds	19	<u><u>706,543</u></u>	<u><u>219,438</u></u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 31/3/96 and signed on its behalf by


S. Wickers
Director

The notes on pages 6 to 13 form an integral part of these financial statements.

Rectory Homes Limited

Cash Flow Statement for the year ended 31 May 1996

	Notes	1996 £	1995 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		717,588	142,958
Depreciation		33,945	21,285
(Increase) in stocks		(1,554,716)	-
Decrease in debtors		311,489	33,402
Increase in creditors		184,500	1,789
Profit on disposal of tangible asset		(2,250)	-
Net cash outflow from operating activities		<u>(309,444)</u>	<u>199,434</u>
CASH FLOW STATEMENT			
Net cash outflow from operating activities		(309,444)	199,434
Returns on investments and servicing of finance	20	(16,253)	(176,504)
Taxation	20	(3,031)	(1,050)
Capital expenditure	20	(66,886)	(113,861)
		<u>(395,614)</u>	<u>(91,981)</u>
Financing	20	632,455	91,845
Increase/Decrease in cash in the year		<u>236,841</u>	<u>(136)</u>
Reconciliation of net cash flow to movement in net debt (Note 21)			
Increase/Decrease in cash in the year		236,841	(136)
Cash inflow from decrease in debts and lease financing		(632,455)	(91,845)
Change in net debt resulting from cash flows		(395,614)	(91,981)
Movement in net debt in the year		(395,614)	(91,981)
Net debt at 1 June 1995		(91,780)	201
Net debt at 31 May 1996		<u>(487,394)</u>	<u>(91,780)</u>

Rectory Homes Limited

Notes to the Financial Statements for the year ended 31 May 1996

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

1.2 Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and Equipment	-	25% Reducing Balance
Computer Equipment	-	25% Straight Line
Motor Vehicles	-	25% Reducing Balance

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.8 Deferred taxation

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

Rectory Homes Limited

Notes to the Financial Statements for the year ended 31 May 1996

..... continued

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

	Turnover	
	1996	1995
	£	£
Class of business		
Sale of New Houses	2,790,528	-
Income from Maintenance	13,248	-
Share of Joint Venture result	271,866	187,977
	<u>3,075,642</u>	<u>187,977</u>

3. Operating profit

	1996	1995
	£	£
Operating profit is stated after charging:		
Directors Remuneration	54,450	-
Depreciation of Tangible Assets	33,945	21,285
Auditors' Remuneration	14,489	1,762
	<u></u>	<u></u>
and after crediting:		
Profit on disposal of tangible fixed assets	2,250	-
	<u></u>	<u></u>

4. Interest receivable and similar income

	1996	1995
	£	£
Bank interest	6,849	-
	<u></u>	<u></u>

5. Interest payable and similar charges

	1996	1995
	£	£
On loans repayable between one and two years	12,256	-
Hire purchase interest	10,846	7,270
	<u>23,102</u>	<u>7,270</u>

Rectory Homes Limited

Notes to the Financial Statements for the year ended 31 May 1996

..... continued

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	1996	1995
Administration Staff	<u>5</u>	<u>2</u>

Employment costs

	1996 £	1995 £
Wages and salaries	33,587	-
Other pension costs	61,566	5,520
	<u>95,153</u>	<u>5,520</u>

7. Directors' emoluments

	1996 £	1995 £
Remuneration and other emoluments	54,450	-
	<u>54,450</u>	<u>-</u>

8. Pension costs

The full details of the pension scheme are shown here in this paragraph. Pension costs amounted to £61,566 (1995 - £5,520)

9. Taxation

	1996 £	1995 £
UK current year taxation		
UK Corporation Tax	214,230	42,881
	<u>214,230</u>	<u>42,881</u>

10. Dividends

	1996 £	1995 £
Dividends on equity shares:		
Ordinary shares - Final proposed	-	169,000
	<u>-</u>	<u>169,000</u>

Rectory Homes Limited

Notes to the Financial Statements for the year ended 31 May 1996

..... continued

11. Tangible assets

	Plant and Equipment	Computer Equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 June 1995	1,017	-	87,361	88,378
Additions	10,946	8,625	52,065	71,636
Disposals	-	-	(2,500)	(2,500)
At 31 May 1996	11,963	8,625	136,926	157,514
Depreciation				
At 1 June 1995	701	-	21,031	21,732
Charge for the year	2,815	2,156	28,974	33,945
At 31 May 1996	3,516	2,156	50,005	55,677
Net book values				
At 31 May 1996	8,447	6,469	86,921	101,837
At 31 May 1995	316	-	66,330	66,646

All motor vehicles included above are assets held under hire purchase contracts.

12. Investments

	Other Unlisted Investments	Total
	£	£
Cost		
At 1 June 1995 and 31 May 1996	26,500	26,500
Net book values		
At 31 May 1996	26,500	26,500
At 31 May 1995	26,500	26,500

Rectory Homes Limited

**Notes to the Financial Statements
for the year ended 31 May 1996**

..... continued

13. Stocks	1996	1995
	£	£
Work in progress	1,554,716	-
	<u> </u>	<u> </u>
14. Debtors	1996	1995
	£	£
Trade debtors	2,422	401,411
Directors loan account	69,107	-
Other debtors	20,531	43,207
	<u> </u>	<u> </u>
	92,060	444,618
	<u> </u>	<u> </u>
15. Creditors: amounts falling due within one year	1996	1995
	£	£
Bank Loans	614,929	-
Net obligations under finance leases and hire purchase contracts	28,265	16,597
Trade creditors	73,828	-
Corporation tax	395,107	195,439
Other creditors	103,336	5,500
Accruals and deferred income	14,405	1,880
	<u> </u>	<u> </u>
	1,229,870	219,998
	<u> </u>	<u> </u>
16. Creditors: amounts falling due after more than one year	1996	1995
	£	£
Other Creditors	10,400	15,700
Hire Purchase Liability	65,206	54,048
	<u> </u>	<u> </u>
	75,606	69,748
	<u> </u>	<u> </u>

Rectory Homes Limited

Notes to the Financial Statements for the year ended 31 May 1996

..... continued

17. Provisions for liabilities and charges

Deferred tax is analysed over the following timing differences:

	Provided	
	1996	1995
	£	£
Other timing differences	-	28,645

18. Share capital

	1996	1995
	£	£
Authorised equity		
10,000 Ordinary shares of 1p each	100	100
Allotted, called up and fully paid equity		
10,000 Ordinary shares of 1p each	100	100

19. Reconciliation of movements in shareholders' funds

	1996	1995
	£	£
Profit for the year	487,105	92,573
Dividends	-	(169,000)
	487,105	(76,427)
Opening shareholders' funds	219,438	295,865
	706,543	219,438

Rectory Homes Limited

Notes to the Financial Statements for the year ended 31 May 1996

..... continued

20. Gross Cash Flows

	1996 £	1995 £
Returns on investments and servicing of finance		
Interest received	6,849	-
Interest paid	(23,102)	(7,504)
Dividends paid	-	(169,000)
	<u>(16,253)</u>	<u>(176,504)</u>
Taxation		
Corporation tax paid	(3,031)	(1,050)
	<u>(3,031)</u>	<u>(1,050)</u>
Capital expenditure		
Payments to acquire tangible assets	(71,636)	(87,361)
Payments to acquire investments	-	(26,500)
Receipts from sales of tangible assets	4,750	-
	<u>(66,886)</u>	<u>(113,861)</u>
Financing		
New short term bank loan	614,929	-
Repayment of other long term loans	(5,300)	-
Capital element of hire purchase contracts	22,826	70,645
Capital element of finance lease contracts	-	21,200
	<u>632,455</u>	<u>(91,845)</u>

21. Analysis of changes in net debt

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	65	236,841	236,906
Debt due within one year	22,097	626,597	648,694
Debt due after one year	69,748	5,858	75,606
	<u>91,845</u>	<u>632,455</u>	<u>724,300</u>
Net debt	<u>91,780</u>	<u>395,614</u>	<u>487,394</u>

Rectory Homes Limited

Notes to the Financial Statements for the year ended 31 May 1996

..... continued

22. Contingencies and Commitments

Date of Charge	Particulars of the Property Charged	Persons Entitled to the Charge	Amount Secured by the Charge
08/02/94	Land to the rear of 1, West Common, Harpenden, Hert	Lawes Agricultural Trust Company Ltd	Certain contingent considerations as defined in Clause 36 of an agreement dated 5 February to the chargee
01/11/95	Land at Loosley Row, Gate Cottage; the goodwill of the business and the benefit of all licences. Floating charge over all moveable plant machinery implements, utensils, furniture and equipment.	Anglo Irish Bank Corporation Plc	All monies due or to become due from the company to the Chargee on any account whatsoever.
01/03/96	Floating charge over all the company's undertakings and all its property and assets.	Yorkshire Bank Plc	All monies due or to become due from the company to the Chargee on any account whatsoever.
22/03/96	Freehold land; Manor Road Penn. Floating Charge over all moveable plant machinery implements, utensils, furniture and equipment.	Allied Irish Bank	All monies due or to become due from the company and/or AIB Finance Limited to the Chargee on any account whatsoever.
12/04/96	Freehold property adjacent to 69 Inkerman Drive, Hazelmere; the goodwill of the business and the benefit of all licences. Floating charge over all moveable plant machinery implements, utensils, furniture and equipment.	Yorkshire Bank Plc	All monies due or to become due from the company to the Chargee on any account whatsoever.
01/05/96	Land at Angood Close, Princes Risborough. Floating charge over all moveable plant machinery implements, utensils, furniture and equipment.	Anglo Irish Bank Corporation Plc	All monies due or to become due from the company to the Chargee on any account whatsoever.
10/05/96	Land at High Street, Haddenham, Aylesbury; the goodwill of the business and the benefit of all licences. Floating charge over all moveable plant machinery implements, utensils,	Anglo Irish Bank Corporation Plc	All monies due or to become due from the company to the Chargee on any account whatsoever.