

HADZOR-DAVIES RESIDENTIAL LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 30TH NOVEMBER 1996

<u>Index</u>	<u>Page</u>
Report of the directors	1.
Directors' responsibilities	2.
Report of the auditors	3.
Profit and loss account	4.
Balance sheet	5.
Notes to the accounts	6.

CLARK WHITEHILL
Chartered Accountants
Foley House,
123 Stourport Road,
Kidderminster,
Worcestershire.
DY11 7BW.



HADZOR-DAVIES RESIDENTIAL LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 30TH NOVEMBER 1996

The directors present their annual report and the accounts for the year ended 30th November 1996.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £50,054.

A dividend of £10,000 was paid during the year.

T.F. Davies elected to waive £275.5095 per share of the dividend in respect of his shareholding.

REVIEW OF THE BUSINESS

The principal activity of the company continues to be that of builders and property developers.

Although, in general, the housing market sector remained depressed during the year under review, the high gross profit return of 29% achieved on completed property sales reflects the management expertise of its directors. The directors view the future with confidence and increasing optimism in the knowledge that the company is in a good position to take advantage of any opportunities which may arise.

TANGIBLE FIXED ASSETS

Movements during the year are set out in note 11 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the share capital of the company at the beginning and end of the year were as follows:

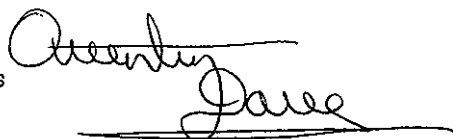
	<u>Number of shares</u>	
	<u>30th November 1996</u>	<u>1st December 1995</u>
T.F. Davies	85	85
Q.A.S. Davies	15	15

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing the reappointment of Clark Whitehill as auditors of the company will be put to the members at the annual general meeting.

Approved by the board on 30th January 1997
and signed on its behalf:

Q.A.S. Davies
Secretary



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors, as stated in their report.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for that period. In preparing those accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume 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 accounts 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 or other irregularities.

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF HADZOR-DAVIES RESIDENTIAL LIMITED

We have audited the accounts on pages 4 to 10 which have been prepared under the accounting policies set out in Note 1 on page 6.

Respective responsibilities of directors and auditors

As stated on page 2, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Unqualified opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th November 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Clark Whitehill

Foley House,
123 Stourport Road,
Kidderminster,
Worcestershire.
DY11 7BW.

CLARK WHITEHILL

Chartered Accountants and
Registered Auditor

31st January 1997

HADZOR-DAVIES RESIDENTIAL LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30TH NOVEMBER 1996**

	Notes	£	<u>1996</u>	£	<u>1995</u>
					£
TURNOVER	2			644,895	839,230
Change in stocks of finished goods and work-in-progress				(89,949)	(285,595)
Other operating income	3			1	1
				<u>554,947</u>	<u>553,636</u>
Raw materials and consumables		229,105			104,466
Other external charges		136,472			224,624
Staff costs	4	68,608			70,910
Depreciation and amortisation		8,512			8,963
Other operating charges		29,038			24,733
				<u>471,735</u>	<u>433,696</u>
OPERATING PROFIT	5			83,212	119,940
Interest received	6	561			1,501
Interest payable	7	(23,306)			(35,418)
				<u>(22,745)</u>	<u>(33,917)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				60,467	86,023
TAXATION	8			10,413	-
PROFIT FOR THE YEAR				<u>50,054</u>	<u>86,023</u>
DIVIDENDS	10			10,000	-
RETAINED PROFIT FOR THE YEAR				<u>40,054</u>	<u>86,023</u>


The profit and loss account contains all the gains and losses recognised in the current and preceding years and the profit retained in these years represents the only movements in shareholders' funds.

The notes on pages 6 to 10 form part of these accounts.

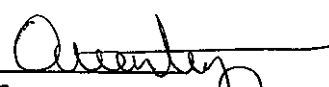
HADZOR-DAVIES RESIDENTIAL LIMITED**BALANCE SHEET****30TH NOVEMBER 1996**

	Notes	£	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS				
Tangible assets	11		8,310	16,822
CURRENT ASSETS				
Stocks	12	219,341		305,717
Debtors	13	85,436		128,944
Cash at bank and in hand		18,245		20,810
		<u>323,022</u>		<u>455,471</u>
CREDITORS - amounts falling due within one year				
Bank loans and overdrafts	14	117,660		286,770
Trade creditors		20,846		29,037
Amounts due to related company		150,976		150,976
Corporation tax payable - mainstream		7,537		-
- advance		2,500		-
Other taxes and social security costs		1,915		8,293
Other creditors and accruals		8,330		10,115
		<u>309,764</u>		<u>485,191</u>
NET CURRENT ASSETS/(LIABILITIES)			13,258	(29,720)
TOTAL ASSETS LESS CURRENT LIABILITIES			21,568	(12,898)
CREDITORS - amounts falling due after more than one year				
	14		2,336	7,924
NET ASSETS/(LIABILITIES)			<u>19,232</u>	<u>(20,822)</u>
Financed by:				
CAPITAL AND RESERVES				
Called up share capital	15		100	100
Profit and loss account			19,132	(20,922)
SHAREHOLDERS' FUNDS/(DEFICIT)			<u>19,232</u>	<u>(20,822)</u>

Approved by the board on 30th January 1997
and signed on its behalf:


T.F. Davies

)
)
)
) Directors


Q.A.S. Davies

)
)
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The notes on pages 6 to 10 form part of these accounts.

NOTES TO THE ACCOUNTS

YEAR ENDED 30TH NOVEMBER 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 DEPRECIATION OF TANGIBLE ASSETS

Fixed assets are depreciated over their estimated useful lives at rates and bases calculated as follows:

Furniture, fixtures and fittings	- 20% straight line
Motor vehicles	- 25% straight line

1.3 STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Costs of work in progress and finished goods include all direct expenditure and other overheads, based on normal levels of activity, incurred in bringing products to their current state.

1.4 DEFERRED TAXATION

Deferred taxation is accounted for on all timing differences except where the directors consider that no tax liability is likely to arise during the foreseeable future and where there is no indication that, after this period, the situation is likely to change.

1.5 PENSION COSTS

The company operates a defined contribution scheme. This scheme is funded by contributions which are invested separately from the company's assets and are charged to the profit and loss account as payable.

2. TURNOVER

Turnover represents the value of completed contracts. The whole of the turnover and profit before taxation is derived from the business of building and property development carried on entirely in the United Kingdom.

3. OTHER OPERATING INCOME

	<u>1996</u>	<u>1995</u>
	£	£
Wayleave	<u>1</u>	<u>1</u>

HADZOR-DAVIES RESIDENTIAL LIMITED**NOTES TO THE ACCOUNTS - continued****YEAR ENDED 30TH NOVEMBER 1996**

4. DIRECTORS AND STAFF	<u>1996</u>	<u>1995</u>
	£	£
4.1 Directors' emoluments:		
Fees and salaries	50,664	50,064
Pension contributions	4,273	7,224
	<u>54,937</u>	<u>57,288</u>
4.2 Staff costs:		
Wages and salaries	57,869	57,275
Social security costs	6,466	6,411
Other pension costs	4,273	7,224
	<u>68,608</u>	<u>70,910</u>
4.3 The weekly average number of employees during the year was made up as follows:	<u>No.</u>	<u>No.</u>
Office and management	<u>3</u>	<u>3</u>
5. OPERATING PROFIT	<u>1996</u>	<u>1995</u>
	£	£
This is stated after charging (crediting):		
Staff costs (see note 4)	68,608	70,910
Auditors' remuneration	4,800	4,800
Depreciation	8,473	8,963
Adjustment on disposal of fixed assets	39	-
Hire of equipment	6,208	14,041
	<u>68,608</u>	<u>70,910</u>
6. INTEREST RECEIVED	<u>1996</u>	<u>1995</u>
	£	£
Bank deposit interest	524	1,477
Other interest	37	24
	<u>561</u>	<u>1,501</u>
7. INTEREST PAYABLE	<u>1996</u>	<u>1995</u>
	£	£
On bank overdraft and loans		
- repayable within five years	23,306	35,418
	<u>23,306</u>	<u>35,418</u>

HADZOR-DAVIES RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS - continued

YEAR ENDED 30TH NOVEMBER 1996

8.	TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>1996</u>	<u>1995</u>
		£	£
	Based on the profit for the year:		
	U.K corporation tax at 24.3% (1995 - 25%)	10,037	-
	Taxation under provided in previous years:		
	Corporation tax	376	-
		<u>10,413</u>	<u>-</u>
9.	PROVISION FOR LIABILITIES AND CHARGES	<u>1996</u>	<u>1995</u>
		£	£
	The full potential amount of deferred taxation, for which no provision has been considered necessary, is as follows:		
	Accelerated capital allowances	Nil	Nil
10.	DIVIDENDS	<u>1996</u>	<u>1995</u>
		£	£
	Ordinary: Dividend paid		
	£333.33 (1995 : Nil) per share	10,000	-

T.F. Davies elected to waive £274.51 per share in respect of his shareholding.

HADZOR-DAVIES RESIDENTIAL LIMITED**NOTES TO THE ACCOUNTS - continued****YEAR ENDED 30TH NOVEMBER 1996****11. TANGIBLE FIXED ASSETS**

	<u>At</u> <u>01.12.1995</u>	<u>Additions</u>	<u>Disposals</u>	<u>At</u> <u>30.11.1996</u>
	£	£	£	£
Cost:				
Furniture, fixtures and fittings	4,012	-	(835)	3,177
Motor vehicles	35,571	-	(504)	35,067
	<u>39,583</u>	<u>-</u>	<u>(1,339)</u>	<u>38,244</u>
	<u>At</u> <u>01.12.1995</u>	<u>Disposals</u>	<u>Provision</u> <u>for year</u>	<u>At</u> <u>30.11.1996</u>
	£	£	£	£
Depreciation:				
Furniture, fixtures and fittings	3,940	(796)	28	3,172
Motor vehicles	18,821	(504)	8,445	26,762
	<u>22,761</u>	<u>(1,300)</u>	<u>8,473</u>	<u>29,934</u>
Net book value	<u>16,822</u>			<u>8,310</u>

12. STOCKS

	<u>1996</u>	<u>1995</u>
	£	£
Raw materials and consumables	3,573	-
Work in progress	215,768	305,717
	<u>219,341</u>	<u>305,717</u>

13. DEBTORS

	<u>1996</u>	<u>1995</u>
	£	£
Trade debtors	65,854	113,077
VAT repayment due	1,484	3,381
Other debtors and prepayments	18,098	12,486
	<u>85,436</u>	<u>128,944</u>

HADZOR-DAVIES RESIDENTIAL LIMITED**NOTES TO THE ACCOUNTS - continued****YEAR ENDED 30TH NOVEMBER 1996****14. CREDITORS**

	<u>1996</u>	<u>1995</u>
	£	£
14.1 Creditors - amounts falling due after more than one year:		
Bank loans	<u>2,336</u>	<u>7,924</u>
14.2 The total amount of bank loans and overdrafts was as follows:		
Falling due within one year:		
Bank overdraft	26,307	99,557
Bank loans	<u>91,353</u>	<u>187,213</u>
	117,660	286,770
Falling due after more than one year:		
Bank loans - repayable within five years	<u>2,336</u>	<u>7,924</u>
Total bank borrowings	<u>119,996</u>	<u>294,694</u>
14.3 The bank overdraft and loans of £119,996 (1995 : £294,694) are secured by legal mortgages on development property with interest chargeable at normal joint stock bank rates.		

15. SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£	£
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

16. COMMITMENTS

	<u>1996</u>	<u>1995</u>
	£	£
Future capital expenditure not otherwise included in these accounts:		
Expenditure contracted for	<u>Nil</u>	<u>Nil</u>