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MILL HOMES LIMITED

COMPANY REG'N. NO.: 2027803



MILL HOMES LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31.12.96

Director:

The following served as a director during the year under review:-

Keith John PARKER

Activities:

The principal activity of the company continues to be that of property investment.

Business Review:

The results for the year and the financial position at the end of the year were satisfactory in the light of the current recessionary climate and profitability is expected to improve in the coming trading period.

Appropriation of Profit:

The director does not recommend the payment of a dividend.

The balance of retained profit for the year amounting to £13,879 is to be added to reserves.

Fixed Assets:

There were no Fixed Assets during the year.

Valuation of Land & Buildings:

The land and buildings of the company represent a freehold residential investment property. This is included in the financial statements at historical cost (i.e. purchase cost). This constitutes a departure from SSAP No. 19 which requires that such properties be stated at their open market value.

In the opinion of the director, historical cost is considered the more appropriate basis of presenting the assets in the balance sheet. This conclusion is on the basis that there is little point in commissioning a valuation and the cost is not justified as the company is owned by the director and his wife and valuations in the current climate of the property market are groundless unless a willing buyer is found for the willing seller.

Director's Interests:

The director had the following beneficial interests (including family interests) in the shares of the Company:-

	1996	1995
	<u>Ordinary Shares of £1 each</u>	
Mr K.J. Parker	100	100

There were no changes in these interests in the period up to 23rd October 1997.

MILL HOMES LIMITED

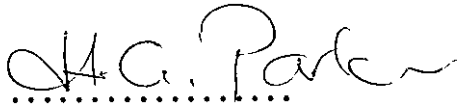
Close Company Status:

The company is a close company by virtue of Section 414 of the Income and Corporation Taxes Act 1988.

Small Company Exemption:

The director has taken advantage of the exemptions provided by SI 1992 no. 2452 in preparing these accounts.

Signed On Behalf Of The Board

A handwritten signature in cursive script, appearing to read 'H. C. Parker', with a horizontal line underneath it.

Mrs H. Parker
Secretary

MILL HOMES LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31.12.96

The accounting policies that have been adopted for the preparation of these accounts are stated below and are consistent with those used in previous years.

1. BASIS OF PREPARATION OF ACCOUNTS:

The accounts have been prepared under the historical cost convention and on a going concern basis in accordance with applicable Accounting Standards and Financial Reporting Standards.

2. TURNOVER:

Turnover is derived from ordinary activities of the company and is stated exclusive of trade discounts and V.A.T.

3. INVESTMENT PROPERTIES:

Land and buildings represent freehold land held as investment properties and are stated at historical cost. This constitutes a departure from SSAP 19 under which investment properties must be stated in the balance sheet at open market value.

Under the Companies Act 1985, it is a requirement to depreciate fixed assets, which category includes investment property. However, such properties are not held for consumption but for investment and the director considers that systematic annual depreciation would be inappropriate and would not result in the presentation of a true and fair view. The effect of this departure from the Companies Act is not considered to be material.

4. DEFERRED TAXATION:

No provision is made for deferred taxation as the director considers that there is no likelihood of any liability crystallising in the foreseeable future.

5. CASH FLOW FORECAST:

In accordance with FRS1 the company is exempt under Section 247 to 249 of the Companies Act 1985 from preparing a cash flow statement.

MILL HOMES LIMITED

BALANCE SHEET AS AT 31.12.96

	Notes	£	1996 £	1995 £	£
TANGIBLE					
FIXED ASSETS:	1		158,314		158,314
CURRENT ASSETS:					
Balance at Bank & in Hand		2,009		1,698	
		-----		-----	
		2,009		1,698	
Deduct: Creditors falling due within 1 year	2	110,862		24,430	
		-----		-----	
NET CURRENT (LIABILITIES):			(108,853)		(22,732)
			-----		-----
Total Assets Less Current Liabilities			49,461		135,582
Deduct: Amounts falling due after more than 1 year ³			-		100,000
			-----		-----
			49,461		35,582
			=====		=====
<u>CAPITAL AND RESERVES</u>					
CALLED-UP					
SHARE CAPITAL:	4		100		100
PROFIT & LOSS ACCOUNT:			49,361		35,482
			-----		-----
SHAREHOLDERS' FUNDS:	5		49,461		35,582
			=====		=====

The director confirms that for the year ended 31st December 1996:

- (a) the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985 (Audit Exemption) Regulations 1994 (SI 1994/5).
- (b) No notice from the members of the company has been deposited under Section 249B(2) of the Companies Act 1985 (Audit Exemption) Regulations 1994 (SI 1994/5) in relation to the company's accounts for the year to 31st December 1996.
- (c) The director acknowledges his responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts 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 its profit for the financial year, in accordance with the requirements of Section 226 CA 1985 and which otherwise comply with this Act relating to the accounts, so far as applicable to the company.
- (d) The director has taken advantage of the exemptions provided by SI 1992 No. 2452 in preparing these accounts as, in his opinion, the company qualifies as a small company under those provisions.

Signed on behalf of the Board

Approved by the Board on

.....
K.J. Parker
Director

23/10/97
.....

MILL HOMES LIMITED

NOTES TO THE BALANCE SHEET AS AT 31.12.96

	31.12.96 £	1.1.96 £
1. TANGIBLE FIXED ASSETS:		
<u>Investment Properties at cost:</u>		
Land & Buildings - Freehold	158,314 =====	158,314 =====

Please refer to accounting policy note 3 in respect of revaluation and depreciation.

Once the sinking fund (see note 3 below) has been paid off, the director is of the opinion that the value of the freehold properties will not be less than cost.

	31.12.96 £	31.12.95 £
2. CREDITORS:		
AMOUNTS FALLING DUE WITHIN 1 YEAR:		
Corporation Tax	7,664	5,063
Accruals	2,200	500
Other Taxation & Social Security	-	151
Director's Loan	748	11,716
Sinking Fund	100,250	7,000
	-----	-----
	110,862	24,430
	=====	=====

3. CREDITORS:		
AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR:		
Sinking Fund	-	100,000
	=	=====

The sinking fund was set up by Mr K.J. Parker in conjunction with the National Westminster Bank Plc. After the deposit of £40,000 paid in December 1993 there was no fixed repayment schedule although when the fund was set up in 1993 the intention was to repay sums as they became available to the company over the following ten years. This has not been possible. As a result, on 30 August 1995 the company and its bankers had agreed a revised schedule of payments which was that the company would pay 12 monthly instalments of £750 each commencing September 1995, and that the repayment of the balance then remaining in September 1996 would be subject to review. During the year to 31.12.96 a sum of £6,750 has been repaid to National Westminster Bank leaving a balance outstanding of £100,250 at 31.12.96. The outstanding balance is shown as current liability in view of the post balance sheet event referred to below.

In March 1997 the company completed negotiations to refinance the debt then remaining with National Westminster Bank whereby the Bank agreed to accept £82,500 in full and final settlement. This settlement was completed on 1.4.97 by way of a new ten year loan of £70,000 from Midland Bank Plc and the balance from the company's own funds. The effect of these transactions on the company would be reflected in the December 1997 accounts.

MILL HOMES LIMITED

NOTES TO THE BALANCE SHEET AS AT 31.12.96

	31.12.96	31.12.95
	£	£
4. CALLED-UP SHARE CAPITAL:		
Authorised, Allotted & Fully Paid:		
100 Ordinary Shares of £1 each	100	100
	===	===
5. RECONCILIATION OF MOVEMENT IN		
SHAREHOLDERS' FUNDS:		
Shareholders' Funds at 1.1.96	35,582	25,939
Retained profit for the year	13,879	9,643
	-----	-----
Shareholders' Funds at 31.12.96	49,461	35,582
	=====	=====

MILL HOMES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.12.96

	1996 £	1995 £
TURNOVER:		
All from continuing activities:		
Ground Rent received	1,200	1,200
Rental received	20,000	14,400
	-----	-----
	21,200	15,600
 DEDUCT EXPENSES:		
External costs [note 1]	2,873	2,807
	-----	-----
	18,327	12,793
OTHER INCOME [note 2]	22	65
	-----	-----
Profit on ordinary activities	18,349	12,858
 DEDUCT TAXATION [note 3]	4,470	3,215
	-----	-----
RETAINED PROFIT FOR THE YEAR [Balance Sheet note 5]	13,879	9,643
	=====	=====

There were no recognised gains or losses during the year apart from those dealt with above.

There were no discontinued or acquired operations during the year under review.

MILL HOMES LIMITED

NOTES TO THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31.12.96

	1996 £	1995 £
1. EXTERNAL COSTS:		
General expenses	2,875 =====	2,807 =====
2. OTHER INCOME:		
Interest received (gross)	22 ==	65 ==
3. TAXATION:		
Corporation Tax @ 24.25% (25%) on results for year	4,470 =====	3,215 =====