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MILL HOMES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1997

Company Registration No.: 2027803



**REPORT TO THE DIRECTOR OF
MILL HOMES LIMITED**

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 December 1997 set out on pages 1 to 9, and you consider that the company is exempt from an audit and a report under Section 294A(2) of the Companies Act 1985. In accordance with your instructions we have compiled these unaudited accounts, in order to assist you to fulfill your statutory responsibilities, from the accounting records and explanations supplied to us.



Sherwood & Partners
Registered Auditors & Accountants

18 Oct 98

30 Addiscombe Grove
Croydon
Surrey CR9 5AY

MILL HOMES LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31.12.97

Directors:

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.

Appropriation of Profit:

The director does not recommend the payment of a dividend.

The balance of retained loss for the year amounting to £59,237 is to be deducted from reserves.

Fixed Assets:

Changes to the fixed assets are shown in note 1 attached to the balance sheet.

Valuation of Land & Buildings:

The land and buildings of the company represent a freehold residential investment property. On 2nd June 1998 the property was disposed of at a loss and therefore, this is included in the financial statements at its net disposal proceeds. The net loss realised after the year end has been written off to the profit and loss account in the current year.

Director's Interests:

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

	1997	1996
	Ordinary Shares of £1 each	
Mr K.J. Parker	100	100

There were no changes in these interests in the period up to 8th September 1998.

Close Company Status:

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

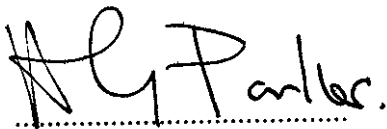
MILL HOMES LIMITED

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31.12.97 [continued]

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 black ink, appearing to read 'H. Parker', written over a dotted line.

Mrs H. Parker
Secretary

15 Sept 98

MILL HOMES LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31.12.97

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 and 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. As referred to in the director's report, the property was disposed of on 2nd June 1998 at a loss. As a result, the carrying value at the balance sheet date has been included at net disposal proceeds of £73,627 received at the date of disposal. The resulting loss of £63,009 has been provided and is written off to the profit and loss account in the current year.

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 STATEMENT:

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

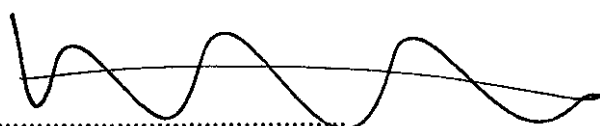
BALANCE SHEET AS AT 31.12.97

	Notes	1997	1996
		£	£
TANGIBLE FIXED ASSETS:	1	73627	158314
CURRENT ASSETS:			
Balance at bank & in hand		<u>1288</u>	<u>2009</u>
		1288	2009
DEDUCT: Creditors falling due within 1 year	2	<u>(84591)</u>	<u>110862</u>
NET CURRENT (LIABILITIES):		<u>(83303)</u>	<u>(108853)</u>
Total assets less current liabilities		<u>(9676)</u>	<u>49461</u>
<u>CAPITAL AND RESERVES</u>			
CALLED-UP SHARE CAPITAL	3	100	100
PROFIT & LOSS ACCOUNT		<u>(9776)</u>	<u>49361</u>
SHAREHOLDERS' FUNDS	4	<u>(9676)</u>	<u>49461</u>

The director confirms that for the year ended 31 December 1997:

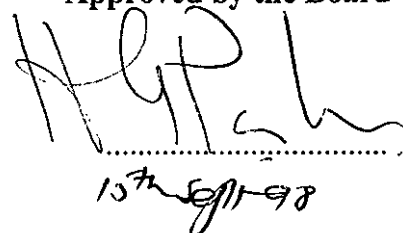
- (a) the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985 (Audit Exemption) Regulations 1994 (SI 1994/5).
- (b) No notice from the members of the company has been deposited under Section 249B(2) of the Companies Act 1985 (Audit Exemption) Regulations 1994 (SI 1994/95) in relation to the company's accounts for the year to 31 December 1997.
- (c) The director acknowledges his responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 211 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 results 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



Mr K.J. Parker
Director

Approved by the Board



MILL HOMES LIMITED

NOTES TO THE BALANCE SHEET AS AT 31.12.97

1.	TANGIBLE FIXED ASSETS:			Sinking Fund Re- demption Credit	Provision for loss in value	Carried Forward
	<u>Investment properties at cost:</u>	Brought Forward	Disposal in year			31 12 97
		01 01 97				
		£	£	£	£	£
	Land & Buildings - Freehold	<u>158314</u>	<u>(7678)</u>	<u>(14000)</u>	<u>(63009)</u>	<u>73627</u>

Please refer to accounting policy note 3 in respect of the carrying value of the property at 31.12.97.

	1997	1996
	£	£
2. CREDITORS:		
AMOUNTS FALLING DUE WITHIN 1 YEAR:		
Corporation tax	5430	7664
Accruals	550	2200
Director's loan	20117	748
Sinking fund	-	100250
Midland Bank loan	<u>58494</u>	-
	<u>84591</u>	<u>110862</u>

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 30th 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 December 1996.

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 01.04.1997 by way of a new 10 year loan of £70,000 from Midland Bank plc and the balance from the company's own funds.

The Midland Bank loan was repaid on 2nd June 1998 on disposal of the property. The property is carried in these accounts at its disposal value and the resulting loss is provided for against company's reserves.

MILL HOMES LIMITED

NOTES TO THE BALANCE SHEET AS AT 31.12.97 [continued]

	1997 £	1996 £
3. CALLED-UP SHARE CAPITAL:		
Authorised, allotted & fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
4. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS:		
Shareholders' funds at 1.1.97	49461	35582
Retained profit/(loss) for the year	<u>(59237)</u>	<u>13879</u>
Shareholders' funds at 31.12.97	<u>(9776)</u>	<u>49461</u>

MILL HOMES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.12.1997**

	1997 £	1996 £
TURNOVER:		
All from continuing activities:		
Ground rent received	-	1200
Rental received	<u>12900</u>	<u>20000</u>
	12900	21200
DEDUCT EXPENSES:		
External cost [note 1]	<u>8304</u>	<u>2873</u>
	4596	18327
OTHER INCOME: [note 2]	<u>8</u>	<u>22</u>
Profit on ordinary activities	4604	18349
Loss on sale of investment property	(62771)	-
DEDUCT TAXATION [note 3]	<u>(1070)</u>	<u>(4470)</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR		
[Balance Sheet note 5]	<u>(59237)</u>	<u>13879</u>

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

The company's investment property which yielded ground rent was sold in the year and therefore, this operation is now discontinued.

There were no other acquired operations during year under review.

MILL HOMES LIMITED

NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.12.97

	1997	1996
	£	£
1. EXTERNAL COSTS:		
General expenses	<u>8304</u>	<u>2873</u>
2. OTHER INCOME:		
Interest received [gross]	<u>8</u>	<u>22</u>
3. TAXATION:		
Corporation tax at 21.75% [24.25%]	<u>1070</u>	<u>4470</u>