

ACCOUNTANTS' REPORT TO THE SHAREHOLDERS
OF KAELAN LIMITED

Company No. 1917888

Respective responsibilities of directors and reporting accountants

As described on page 2 the company's directors are responsible for the preparation of the accounts, and they believe that the company is exempt from an audit.

In accordance with their instructions and in order to assist the directors to fulfil their responsibilities we have prepared the accounts on pages 4 to 6 from the accounting records and from information and explanations supplied to us.

We have not performed an audit and we do not provide any assurance that the accounts show a true and fair view, which remains the sole responsibility of the directors.

It is our responsibility to examine the accounts and, based on our examination, to report our opinion, as set out below, to the shareholders.

Basis of opinion

We conducted our examination in accordance with the appropriate standards for reporting accountants issued by the Auditing Practices Board.

The examination was not an audit conducted in accordance with Auditing Standards. Accordingly we do not express an audit opinion on the accounts. Therefore our examination does not provide any assurance that the accounting records and the accounts are free from material misstatement.

Opinion

In our opinion:

- a) the accounts are in agreement with those accounting records kept by the company under section 221 of the Companies Act 1985;
- b) having regard only to, and on the basis of, the information contained in those accounting records;
 - i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1) (a) to (f).

JR Watson

J R WATSON & CO

Chartered Accountants
50 Hazelwood Road
Northampton

6th January 1997



KAELAN LIMITEDBALANCE SHEET AS AT 31ST MARCH 1996

	Notes	1996 £	1995 £
CURRENT ASSETS			
Stock		28541	-
Debtors		4795	-
Cash at bank		<u>1909</u>	<u>2</u>
		35245	2
CREDITORS: Amounts falling due within one year		<u>(38983)</u>	<u>-</u>
NET CURRENT LIABILITIES		£ <u>(3738)</u>	£ <u>2</u>
CAPITAL AND RESERVES			
Called up share capital	2	2	2
Profit and loss account		<u>(3740)</u>	<u>-</u>
SHAREHOLDERS' FUNDS		£ <u>(3738)</u>	£ <u>2</u>

The directors are satisfied that the company was entitled to exemption under subsection (2) of section 249A of the Companies Act 1985 and that no member or members have requested an audit pursuant to subsection (2) of section 249B in relation to the accounts for the financial year.

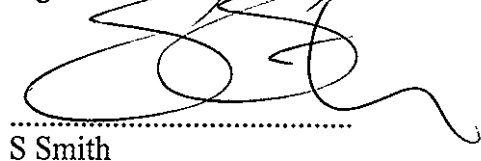
The directors acknowledge their responsibilities for:-

- i. ensuring that the company keeps accounting records which comply with section 221; 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 or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

The directors have taken advantage of the exemptions conferred by S.A Part III of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

The directors have taken advantage of the special exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

Signed on behalf of the board of Directors



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S Smith

6th January 1997

The notes on page 3 form part of these accounts.

KAELAN LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1996

1. ACCOUNTING POLICIES

i. Accounting convention

The financial statements have been prepared using the historical cost convention.

ii. Turnover

Turnover comprises the sale proceeds of land net of any direct selling costs and exclusive of Value Added Tax.

iii. Stock

Stock comprises cost of land for resale. Cost includes purchase price of the land plus any legal costs incurred on acquisition.

iv. Deferred taxation

Deferred taxation is provided using the liability method except that no provision is made where there is reasonable probability that no liability will arise in the foreseeable future.

2. CALLED UP SHARE CAPITAL	1996	1995
Authorised 100 Ordinary shares of £1	£ <u>100</u>	£ <u>100</u>
Issued and fully paid 2 Ordinary shares of £1 each	£ <u>2</u>	£ <u>2</u>