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Country Estates Developments Limited

Report and Financial Statements

Year Ended

30 November 1996



BDO

BDO Stoy Hayward
Chartered Accountants

COUNTRY ESTATES DEVELOPMENTS LIMITED

Annual report and financial statements for the year ended 30 November 1996

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Directors

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Directors

W F Phelps
G P Smith

Secretary and registered office

P A Pennicott, Kingfisher House, Albury Close, Loverock Road, Reading, Berkshire RG30 1BD

Company number

1975591

Auditors

BDO Stoy Hayward, Bowman House, 2/10 Bridge Street, Reading, Berkshire RG1 2LU.

COUNTRY ESTATES DEVELOPMENTS LIMITED

Report of the directors for the year ended 30 November 1996

The directors submit their report with the audited financial statements for the year ended 30 November 1996.

Results and dividends

The results of the company for the year are set out on page 4.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is that of the development and sale of industrial units and estate management.

The level of business and the year end financial position are considered satisfactory and the directors expect that this level of activity will improve in the current year.

Directors

The following directors served throughout the year:

W F Phelps
G P Smith

Neither of the directors held a beneficial interest in the shares of the company although both served as directors of the ultimate holding company and their interests are disclosed in the accounts of that company.

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 affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, 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 financial statements; and
- 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.

COUNTRY ESTATES DEVELOPMENTS LIMITED


Report of the directors for the year ended 30 November 1996 *(Continued)*

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this report we have taken advantage of the special exemptions applicable to small companies.

By order of the Board



P A Pennicott
Secretary

Date: **20 MAY 1997**

COUNTRY ESTATES DEVELOPMENTS LIMITED

Report of the auditors

To the shareholders of Country Estates Developments Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under 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 the 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 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 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.

Opinion

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


BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
Reading

Date: 20 MAY 1997

COUNTRY ESTATES DEVELOPMENTS LIMITED

Profit and loss account for the year ended 30 November 1996

	Note	1996	1995
		£	£
Turnover	2	64,000	-
Less internal sales		(64,000)	-
		<u> </u>	<u> </u>
		-	-
Cost of sales		594	(881)
		<u> </u>	<u> </u>
Gross profit/(loss)		594	(881)
Distribution costs		1,746	11,009
Administrative expenses		1,675	1,813
		<u> </u>	<u> </u>
		(3,421)	(12,822)
		<u> </u>	<u> </u>
		(2,827)	(13,703)
Other operating income	3	90,294	72,408
		<u> </u>	<u> </u>
Operating profit	4	87,467	58,705
Interest receivable		15,777	-
Interest payable	5	(60,767)	(69,330)
		<u> </u>	<u> </u>
Profit/(loss) on ordinary activities before taxation		42,477	(10,625)
Taxation	6	33,647	-
		<u> </u>	<u> </u>
Profit/(loss) on ordinary activities after taxation		<u>76,124</u>	<u>(10,625)</u>

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 6 to 9 form part of these financial statements

COUNTRY ESTATES DEVELOPMENTS LIMITED

Balance sheet at 30 November 1996

	Note	1996 £	1995 £
Fixed assets	7	914,000	850,000
Current assets			
Stocks	8	529,638	586,419
Debtors	9	54,839	8,098
Cash at bank and in hand		24,013	18,790
		<u>608,490</u>	<u>613,307</u>
Creditors: amounts falling due within one year	10	<u>887,457</u>	<u>852,474</u>
Net current liabilities		<u>(278,967)</u>	<u>(239,167)</u>
Total assets less current liabilities		635,033	610,833
Creditors: amounts falling due after more than one year	11	<u>398,076</u>	<u>450,000</u>
		<u>236,957</u>	<u>160,833</u>
Capital and reserves			
Called up share capital	12	100	100
Reserves	13	236,857	160,733
Shareholders' funds - equity		<u>236,957</u>	<u>160,833</u>

In preparing these financial statements, advantage has been taken of the special exemptions applicable to small companies on the grounds that the company is entitled to the benefit of these exemptions as a small company.

The financial statements were approved by the Board on 20 MAY 1997

W F Phelps)
)
) Directors
)
 G P Smith)

The notes on pages 6 to 9 form part of these financial statements

COUNTRY ESTATES DEVELOPMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 November 1996

1 Accounting policies

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain freehold investment properties and are, in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less Value Added Tax.

Investment property

Investment properties are included at their open market values and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Work in progress - cost of raw materials and labour, together with attributable overheads

Net realisable value is based on estimated selling price less further costs to completion and disposal.

2 Turnover

Turnover is wholly attributable to the one principal activity of the company and arises solely within the United Kingdom.

3 Other operating income	1996 £	1995 £
Rent receivable	90,294	72,408
	<hr/>	<hr/>

4 Operating profit

This is arrived at after charging:

Auditors' remuneration	950	1,400
	<hr/>	<hr/>

There were no directors' remuneration or staff costs paid during the year.

COUNTRY ESTATES DEVELOPMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 November 1996 (*Continued*)

5	Interest payable	1996 £	1995 £
	On bank and other loans:		
	Repayable within five years not by instalments	35,928	28,130
	Repayable partly within 5 years by instalment	24,839	41,200
		<hr/>	<hr/>
		60,767	69,330
		<hr/>	<hr/>
6	Taxation		
	UK corporation tax recovered in respect of previous periods	33,647	-
		<hr/>	<hr/>
7	Tangible fixed assets		Investment properties £
	Cost or valuation at 1 December 1995		850,000
	Addition		64,000
			<hr/>
	At 30 November 1996		914,000
			<hr/>
<p>The investment properties have been included in the balance sheet at their open market valuations which have been made by the directors at 30 November 1996.</p> <p>The historical cost of the investment properties is £837,055 (1995 - £773,055).</p>			
8	Stocks	1996 £	1995 £
	Work in progress	529,638	586,419
		<hr/>	<hr/>
<p>There is no material difference between the carrying value for stock and its replacement cost.</p>			
9	Debtors	1996 £	1995 £
	Amount owed by group companies	54,136	6,908
	Other debtors	703	1,190
		<hr/>	<hr/>
		54,839	8,098
		<hr/>	<hr/>
<p>All amounts fall due for payment within one year.</p>			

COUNTRY ESTATES DEVELOPMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 November 1996 (*Continued*)

10 Creditors: amounts falling due within one year	1996 £	1995 £
Bank loan	361,924	310,000
Amount due to group companies	454,469	475,592
Other creditors	49,742	39,444
Accruals	21,322	27,438
	<hr/>	<hr/>
	887,457	852,474
	<hr/>	<hr/>

The bank loan is secured.

11 Creditors: amounts falling due after more than one year

Bank loan repayable:

1-2 years	51,924	51,924
2-5 years	155,772	155,772
more than 5 years	190,380	242,304
	<hr/>	<hr/>
	398,076	450,000
	<hr/>	<hr/>

The bank loan is secured and repayable by instalments.

12 Share capital

The called up share capital remained throughout the year as follows:

Authorised	100
	<hr/>
Issued, allotted and fully paid	100
	<hr/>

13 Reserves	Profit & loss account £	Capital reserve £	Ordinary shares of £1 each Total £
Balance at 1 December 1995	83,788	76,945	160,733
Retained profit for the year	76,124	-	76,124
	<hr/>	<hr/>	<hr/>
Balance at 30 November 1996	159,912	76,945	236,857
	<hr/>	<hr/>	<hr/>

COUNTRY ESTATES DEVELOPMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 November 1996 (*Continued*)

14 Contingent liabilities

The company has a contingent liability of £3,891,333 at 30 November 1996 (1995 - £4,893,433) relating to guarantees over the value of the overdraft and loan accounts of the parent company and fellow subsidiary companies. In view of the value of the securities held in those companies by the lenders, the directors do not anticipate any part of the contingent liability crystallising.

15 Ultimate holding company

The ultimate holding company is Country Estates Holdings plc, a company registered in England.

16 Cashflow statement

The company has taken advantage of exemptions under sections 246 to 249 Companies Act 1985 not to publish a cashflow statement.