

Hails Development LimitedREPORT OF THE DIRECTORS

The Directors submit their report and the Audited Accounts of the Company for the year ended 30th June 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company is the development and management of properties.

REVIEW OF DEVELOPMENT

The company was incorporated to provide development of and management of property, and it is the intention of the Directors, that the Company should continue to operate in its present capacity for the foreseeable future.

RESULTS

The profit for the year after taxation £715 amounted to £1440 which has been carried forward making the total to carry forward £21716.

DIRECTORS

The following were Directors during the year, and their interest in shares of the Company were:-

|          | <u>Ordinary £1 Shares</u> |             |
|----------|---------------------------|-------------|
|          | <u>1999</u>               | <u>1998</u> |
| S. Hails | 1                         | 1           |
| K. Hails | 1                         | 1           |

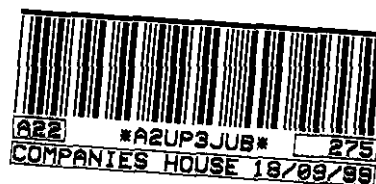
BY ORDER OF THE BOARD

*K. Hails*

Secretary

K. Hails

29th July 1999



Hails Development Limitedprofit and loss accountYear Ended 30th June 1999NOTES

|  |   | <u>1999</u>  | <u>1998</u>  |
|--|---|--------------|--------------|
| Turnover   | 1 | 29013        | 24443        |
| Administrative Expenses                          |   | <u>26860</u> | <u>25873</u> |
|  |   | 2153         | (1430)       |
| Interest Receivable                              |   | <u>2</u>     | <u>130</u>   |
| Profit on ordinary activities before<br>Taxation | 2 | 2155         | (1300)       |
| Corporation Tax                                  |   | <u>(715)</u> | <u>300</u>   |
|  |   | 1440         | (1000)       |
| Balance brought forward                          |   | <u>20277</u> | <u>21277</u> |
| Balance carried forward                          |   | <u>21717</u> | <u>20277</u> |

Hails Development LimitedBALANCE SHEET30th June 1999NOTES

|   | <u>1999</u>       | <u>1998</u>       |
|---|-------------------|-------------------|
| <u>Property</u>                         | 32904             | 32904             |
| <u>Current Assets</u>                   |                   |                   |
| Debtors and Prepayments                 | 8880              | 17000             |
| Cash at Bank                            | 2978              | 203               |
|   | <u>11858</u>      | <u>17203</u>      |
| <u>Current Liabilities</u>              |                   |                   |
| Bank                                    | -                 | 10007             |
| Creditors (Due within one year)         | 7124              | 5474              |
|   | <u>7124</u>       | <u>15481</u>      |
| <u>Net Current Assets/(Liabilities)</u> | 4734              | 1722              |
| Creditors (Due in more than one year) 3 | (15919)           | (14347)           |
|   | 21719             | 20279             |
|   | <u>          </u> | <u>          </u> |
| Represented by:-                        |                   |                   |
| <u>Share Capital</u> 4                  | 2                 | 2                 |
| <u>Profit and Loss Account</u>          | 21717             | 20277             |
|   | 21719             | 20279             |
|   | <u>          </u> | <u>          </u> |

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of Section 249A(1) of the Companies Act 1985. No member or members holding in the aggregate at least 10% of the issued share capital of the company or of any class thereof have issued a notice requiring an audit. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 30th June 1999 and of its profit for the period then ended in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to the financial statements so far as applicable to the company.

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on 30th July 1999 and are signed on its behalf by:

*K. Hails*  
Director

Hails Development Limited  
NOTES TO THE ACCOUNTS  
For the Year Ended 30th June 1999

**1 Statement of Director's 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 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 judgments 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;
- \* prepare the statements on a 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 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.

**2 Accounting Policies****(a) Basis of Accounting**

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention.

The principal accounting policies which the Directors have adopted within that convention are set out below.

**(b) Turnover**

Turnover consists of amounts receivable by the Company for rent.

**3 Turnover and Profit**

The turnover and profit before taxation is attributable to the Company's principal activity, namely of the management of property.

|  |              |              |
|--|--------------|--------------|
| <b>4 Creditors:</b> Amounts falling due within one year: | <u>1999</u>  | <u>1998</u>  |
| Corporation Tax  | 5440         | 4725         |
| Creditors and Accruals                                   | 1684         | 749          |
|  | <u>7124</u>  | <u>5474</u>  |
| Amounts falling due for payment in more than one year    |              |              |
| Directors Account  | <u>15919</u> | <u>14347</u> |
| <b>5 Debtors</b>   | <u>1999</u>  | <u>1998</u>  |
| E & M Supplies Ltd                                       | 8000         | 14000        |
| Adel Property Ltd  | -            | 3000         |
| Trade  | 880          | -            |
|  | <u>8880</u>  | <u>17000</u> |
| <b>6 Called up Share Capital</b>                         | <u>1999</u>  | <u>1998</u>  |
| Issued and fully paid                                    | <u>2</u>     | <u>2</u>     |