

Company Registration No. 2740037 (England & Wales)

**HOLBOROUGH HEIGHTS MANAGEMENT COMPANY
LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**



HOLBOROUGH HEIGHTS MANAGEMENT COMPANY LIMITED

COMPANY INFORMATION

Directors	D J Simms (appointed 30 June 2001) R A Spray (appointed 09 December 2000) G Franklin
Secretary	G Franklin
Company Number	2740037
Registered Office	84 Eccleston Square London SW1V 1PX
Auditors	Ernst & Young Becket House 1 Lambeth Palace Road London SE1 7EU

HOLBOROUGH HEIGHTS MANAGEMENT COMPANY LIMITED

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HOLBOROUGH HEIGHTS MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

Principle activities and review of the business

The principle activity of the company continued to be that of the management of the Holborough Heights estate at Snodland in Kent, and the collection of appropriate contributions from the leaseholders.

Results and dividends

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

The directors do not recommend payment of a dividend. (1999 - £nil).

Directors' interests

The directors of the Company at 31 December 2000 were M Seth, R A Spray, and G Franklin. M Seth resigned as a director at 30 June 2001. D J Simms was appointed as a director on the same date.

As advised to the Company, notifiable interests of the directors who held office at 31 December 2000 (including family interests) in the ordinary shares, and in the options to subscribe for ordinary shares of Blue Circle Industries PLC, were as follows:

	Ordinary shares of £1 each	
	31 December 2000	31 December 1999
R A Spray	-	-
M Seth	2,069	2,352
G Franklin	4,471	4,471
	Share options of £1 each	
	31 December 2000	31 December 1999
R A Spray	35,369	67,913
M Seth	24,395	13,112
G Franklin	23,000	23,000

Other than as stated, or disclosed in the report and accounts of Blue Circle Industries PLC, no director in office at 31 December 2000 has notified any interest in the shares or debentures of the Company or its holding company or any subsidiary of Blue Circle Industries PLC.

HOLBOROUGH HEIGHTS MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2000

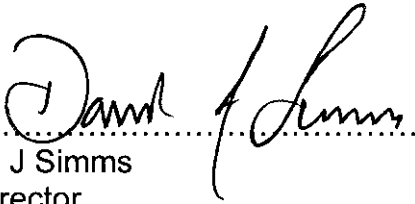
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable policies and then apply them consistently;
- make judgment and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been applied, subject to any material departures disclosed and explained in the accounts; and
- prepare 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.

By order of the Board


.....
D J Simms
Director

HOLBOROUGH HEIGHTS MANAGEMENT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOLBOROUGH HEIGHTS MANAGEMENT COMPANY LIMITED

We have audited the company's financial statements for the year ended 31 December 2000 which comprise Income & Expenditure Statement, Balance Sheet, and related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Registered Auditor

1 Lambeth Palace Road,
London,
SE1 7EU

HOLBOROUGH HEIGHTS MANAGEMENT COMPANY LIMITED

INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Income		3,226	3,200
Expenditure			
Grounds maintenance		-	(2,080)
Audit fees		(500)	(450)
Bank interest and charges		(5)	-
Excess of Income/(expenditure) for the year	2	2,721	670

The income and expenditure statement has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses in either the current or previous year other than those included in the income and expenditure statement.

HOLBOROUGH HEIGHTS MANAGEMENT COMPANY LIMITED

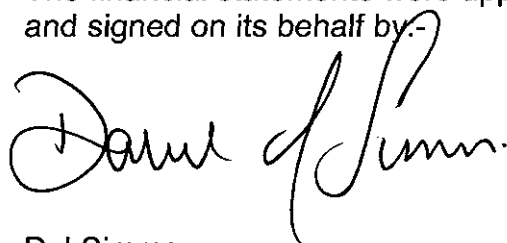
BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	£	1999 £	£
Current Assets					
Debtors	4	16,038		12,812	
Cash at bank		<u>245</u>		<u>250</u>	
			16,283		13,062
Creditors: amounts falling due within one year	5		(950)		(450)
Net current assets			<u>15,333</u>		<u>12,612</u>
Capital and reserves					
Called up share capital	6		90		90
Sinking fund	7		15,243		12,522
Shareholders' funds – equity interests	8		<u>15,333</u>		<u>12,612</u>

These financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on.....
and signed on its behalf by:-



D J Simms

Director

HOLBOROUGH HEIGHTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

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

1.2 Cashflow

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking of Blue Circle Industries PLC, the group accounts of which include a consolidated statement of cash flows, including those of the company.

1.3 Income

Income represents service charges and ground rents receivable which are stated net of value added tax. All income is derived from the UK.

2 Excess of income/(expenditure)

Excess of income/(expenditure) is stated after charging:

	2000	1999
	£	£
Auditors' remuneration	500	450

3 Taxation

The Company has no liability to corporation tax as it is a mutual company.

4 Debtors

	2000	1999
	£	£
Tenant debtors	12,801	11,987
Amounts owed by group undertakings in which the company has a participating interest	3,237	825
	16,038	12,812

HOLBOROUGH HEIGHTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

5 Creditors: amounts falling due within 1 year

	2000	1999
	£	£
Other creditors	<u>950</u>	<u>450</u>

6 Share capital

	2000	1999
	£	£
Authorised		
16 'A' shares of £5 each	80	80
4 'B' shares of £5 each	<u>20</u>	<u>20</u>
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
16 'A' shares of £5 each	80	80
2 'B' shares of £5 each	<u>10</u>	<u>10</u>
	<u>90</u>	<u>90</u>

All shares have similar rights with the exception that holders of 'B' shares taken together are entitled to exercise as many votes as there are 'A' shares in issue together with one further vote. Both 'B' shares currently in issue are held by Blue Circle Residential Estates Limited and its representative.

7 Statement of movements on sinking fund

	Income & expenditure account £
Balance at 1 January 2000	12,522
Excess of income/(expenditure) for the year	<u>2,721</u>
Balance at 31 December 2000	<u>15,243</u>

HOLBOROUGH HEIGHTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

8 Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Excess income/(expenditure) for the period	2,721	670
Opening shareholders' funds	<u>12,612</u>	<u>11,942</u>
	<u>15,333</u>	<u>12,612</u>

9 Controlling party

The ultimate parent company is Blue Circle Industries PLC, a company registered in England & Wales.

Blue Circle Industries PLC prepares group financial statements and copies can be obtained from 84 Eccleston Square, London, SW1V 1PX.

10 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard No. 8 from the requirement to make disclosures with entities that are part of the same group, where 90% or more of the voting rights of these entities are controlled within the Group.