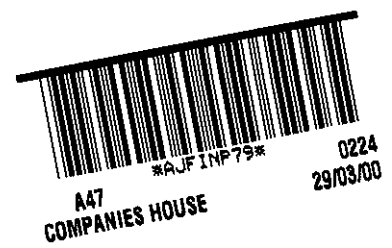


REG NO 2758525

**SHEPHERD DEVELOPMENTS
(WELWYN) LIMITED
FINANCIAL ACCOUNTS
FOR THE YEAR ENDED
31 MAY 1999**

**LEWIS ALLEN & CO
CHARTERED CERTIFIED ACCOUNTANTS
KEBBELL HOUSE
DELTA GAIN
CARPENDERS PARK
WATFORD WD1 5BE**



SHEPHERD DEVELOPMENTS (WELWYN) LIMITED

FINANCIAL ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999

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1. Report of the Directors
2. Report of the Accountants
3. Profit and Loss Account
4. Balance Sheet
5. Notes to Accounts

The following page does not form part of the Statutory Accounts

Trading and Profit and Loss Account

SHEPHERD DEVELOPMENTS (WELWYN) LIMITED**REPORT OF THE DIRECTORS****FOR THE YEAR ENDED 31 MAY 1999**

The directors present their Annual Report with the Accounts of the company for the year ended 31 May 1999.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Builders.

DIRECTORS

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital throughout were as follows :

Ordinary Shares of £1 each

A P P Shepherd	500
E M Shepherd	500

FUTURE DEVELOPMENTS

No significant developments are envisaged in the coming year.

SMALL COMPANY EXEMPTIONS

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the
Board of Directors

.....
SECRETARY



SHEPHERD DEVELOPMENTS (WELWYN) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 1999

	Notes	1999	1998
TURNOVER	2	48,302	79,141
Cost of Sales		45,800	61,451
		<hr/>	<hr/>
GROSS PROFIT		2,502	17,690
Net Operating Expenses			
Administrative Expenses		6,581	18,117
		<hr/>	<hr/>
OPERATING LOSS	3	(4,079)	(427)
Income from Investments	4	-	84
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,079)	(343)
Tax on Ordinary Activities	5	-	123
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		£(4,079)	£(466)
		=====	=====
STATEMENT OF RETAINED EARNINGS			
Retained Profit Brought Forward		5,188	5,654
Loss for the Year		(4,079)	(466)
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		£1,109	£5,188
		=====	=====

SHEPHERD DEVELOPMENTS (WELWYN) LIMITED

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BALANCE SHEET AS AT 31 MAY 1999

	Notes	1999	1998
FIXED ASSETS			
Tangible Assets	6	987	1,479
CURRENT ASSETS			
Stock and Work in Progress	7	1,000	19,641
Debtors	8	2,578	1,365
Cash at Bank and in Hand		-	1,259
		<u>3,578</u>	<u>22,265</u>
CREDITORS			
Amounts Falling Due within One Year	9	(2,456)	(17,556)
		<u>1,122</u>	<u>4,709</u>
NET CURRENT ASSETS			
		<u>£2,109</u>	<u>£6,188</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		=====	=====
CAPITAL AND RESERVES			
Share Capital	10	1,000	1,000
Profit and Loss Account	12	1,109	5,188
		<u>£2,109</u>	<u>£6,188</u>
TOTAL SHAREHOLDERS FUNDS		=====	=====

The directors consider that for the year ended 31 May 1999 the company was entitled to exemption under subsection 1 of Section 249A(2) of the Companies Act 1985. No member or members have deposited a notice requesting an audit for the current financial year under subsection 2 of Section 249B of the Act.

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 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 the Accounts so far as applicable to the company.

These Accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

Signed on behalf of the
Board of Directors

.....
A. SHEPHERD, DIRECTOR

Approved by the Board:

.....

SHEPHERD DEVELOPMENTS (WELWYN) LIMITED

NOTES TO ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention.

Turnover

Turnover represents the net invoiced sales of goods, excluding VAT.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and Equipment	25%
---------------------	-----

Cash Flow Statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

2. TURNOVER

The turnover and loss before taxation for the year is attributable to the principal activity of the company which is Builders.

3. OPERATING LOSS

1999 1998

The Operating Loss is stated after charging :

Depreciation of Tangible Fixed Assets	492	492
	===	===

4. INCOME FROM INVESTMENTS

Bank Interest Received	-	84
	===	===

5. TAXATION

The tax charge on the loss on ordinary activities was as follows :

Corporation Tax	-	123
	=====	=====

NOTES TO ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999

6. TANGIBLE FIXED ASSETS	Plant & Equipment	TOTAL
COST		
At 1 June 1998	2,294	2,294
31 May 1998	2,294	2,294
	=====	=====
DEPRECIATION		
At 1 June 1998	815	815
Charge for Year	492	492
	-----	-----
At 31 May 1999	1,307	1,307
	=====	=====
NET BOOK VALUE		
At 31 May 1999	987	987
	=====	=====
At 31 May 1998	1,479	1,479
	=====	=====
7. STOCKS		
Stocks	1,000	19,641
	=====	=====
8. DEBTORS		
Amounts due within one year :		
Amounts due from Associated Companies	2,578	(680)
Other Debtors	-	2,045
	-----	-----
	2,578	1,365
	=====	=====
9. CREDITORS		
Amounts falling due within one year :		
Bank Loans and Overdrafts	921	-
Trade Creditors	-	11,206
Social Security and Other Taxes	1,185	-
Other Creditors	350	6,350
	-----	-----
	2,456	17,556
	=====	=====

SHEPHERD DEVELOPMENTS (WELWYN) LIMITED

NOTES TO ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999

10. SHARE CAPITAL

Authorised	£5,000	£5,000
	=====	=====
Issued and Fully Paid		
1,000 Ordinary Shares of £1 each	£1,000	£1,000
	=====	=====

11. RELATED PARTY TRANSACTIONS

During the year Shepherd Homes supplied staff and management expertise to the company and paid a management charge of £4,000. These companies are under common control. At the year end the company owed Shepherd Construction £1,000 and was owed £3,578 by Shepherd Homes.

12. RESERVES

	Profit & Loss A/c
At 1 June 1998	5,188
Retained Loss for the year	(4,079)

At 31 May 1999	1,109
	=====