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MCC DEVELOPMENTS LIMITED

Director:	J R Carroll (Chairman)
Secretary:	P A Mecklenburgh
Company Registration Number:	733774
Registered Office:	143a High Street Brentwood Essex CM14 4SA
Auditors:	Ansons Chartered Accountants 143a High Street Brentwood Essex CM14 4SA
Bankers:	Midland Bank PLC

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COMPANIES HOUSE 30/05/97

MCC DEVELOPMENTS LIMITED

DIRECTOR'S REPORT

Accounts
The Director presents his report and audited accounts for the year ended 30th April 1996.

Principal Activity
The principal activity of the Company is that of Property developers.

Review of the Business
The Director considers the results for the year to be satisfactory.

Post Balance Sheet Events
There are no significant events having an effect on the financial position of the Company which have taken place since the Balance Sheet date.

Future Developments
The Director intends to continue the development of the business in the coming year.

Dividend
The Director does not recommend payment of a dividend for the year.

Results
The results for the year are set out on page 5.

Director
Mr J R Carroll, the sole Director held 99 Ordinary Shares in the company throughout the year.

Director's Responsibilities
Company law requires the Director 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 Director is required to:

- Select suitable accounting policies and apply them consistently

- Make judgements that are reasonable and prudent

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable him to ensure that the financial statements comply with the Companies Act 1985. The Director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent fraud and other irregularities.

Auditors
In accordance with Section 385(1) of the Companies Act 1985 as amended by Section 119(1) of the Companies Act 1989, a resolution proposing the re-appointment of Ansons, Chartered Accountants, as Auditors will be put to the Annual General Meeting.

Small Company Rules
Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies.

This report was approved on 30th May 1997.

.....
P A Mecklenburgh - Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF MCC DEVELOPMENTS LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the Accounting Policies laid out on page 7.

Respective responsibilities of the Directors and auditors.
As described on page 3 the Company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion on those statements, based on our audit, and to report our opinion to you.

Basis of Opinion
We have conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 mis-statement, 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.

Fundamental Uncertainty - Going Concern
In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the inherent uncertainty as to the condition and renewal of the company's bank loans and overdraft facility. The company meets its day to day working capital requirements through the overdraft facility and from funds introduced by the Director. Its long term development requirements are met through the loans facility.

Details of the circumstances relating to this inherent uncertainty are described in Note 1. We consider that, in view of the matters referred to above and in Note 1, there is a significant level of concern as to the appropriateness of the going concern basis.

However our opinion is not qualified in this respect and on the basis of discussions with the Director and other information of which we have become aware during our audit we consider that it is appropriate to prepare financial statements drawn up on the going concern basis.

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

143a High Street
Brentwood
Essex CM14 4SA



Ansons

30th May 1997

Chartered Accountants
and Registered Auditors

MCC DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th APRIL 1996

	Notes	1996 £	1995 £
Turnover	1	448,500	471,000
Cost of Sales		(462,731)	(500,312)
Gross (Loss)		(14,231)	(29,312)
Other Operating Income	4	1,468	-
Administrative Expenses		(3,052)	(45,482)
(Loss) on Ordinary Activities Before Taxation	4	(15,815)	(74,794)
Taxation	7	-	-
(Loss) on Ordinary Activities Before and After Taxation		(15,815)	(74,794)
Extraordinary Items	3	-	4,930,059
Retained (Loss)/Profit for the Year	15	(15,815)	4,855,265

There are no recognised gains or losses other than those passing through the Profit and Loss Account.

MCC DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 30th APRIL 1996

	Notes	1996 £	£	1995 £	£
Current Assets					
Work-in-Progress	8	-		425,000	
Debtors	9	7,342		1,778	
Bank Balance		-		15,089	
		7,342		441,867	
Creditors (Amounts falling due within one year)	10	(2,103,261)		(2,521,971)	
Net Current (Liabilities)			(2,095,919)		(2,080,104)
Net (Liabilities)			(2,095,919)		(2,080,104)
Financed by - Capital and Reserves					
Share Capital	11		100		100
Retained Losses	15		(2,096,019)		(2,080,204)
			(2,095,919)		(2,080,104)

In preparing these financial statements I have taken advantage of the special exemptions applicable to small companies conferred by Section 246 and 247 of the Companies Act 1985 on the grounds that the company is entitled to those exemptions as a small company.

Signed on Behalf of the Board

..... **Director**

J R Carroll

These accounts were approved by the Director on 30th May 1997.

MCC DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th APRIL 1996

1. **Basis of Preparing the Financial Statements**
The company has met its day to day working capital requirements during the year through the Bank Overdraft facility and from funds introduced by the Director and its long term development requirements through the loan facility.

The bankers have indicated to the company that they are unwilling to continue with support for the company's working capital requirements but they will continue to fund its existing development at Burnham.

The development at Burnham will be finally completed in the year ended 30th April 1997. At this date the outstanding amount due to the Bank on this project will be written off as irrecoverable.

Furthermore the sole Director will continue to meet the company's day to day funding requirements. As a consequence the Director considers it appropriate to prepare financial statements on the going concern basis.

2. **Accounting Policies**
The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's accounts -

a) **Accounting Convention**
These accounts are prepared under the Historical Cost Convention.

b) **Work-in-Progress**
Work-in-Progress includes all direct development costs,including attributable bank and loan interest, and has been valued consistently at cost or, where lower, net realisable value.

c) **Turnover**
Turnover, which excludes value added tax and trade discount represents the invoiced value of sales and work done.

3. **Extraordinary Items**

	1996 £	1995 £
Bank Loans & Overdraft - Written Off	-	4,462,487
Amounts due to Related Companies Written Off	-	467,572
	-	4,930,059

During the year ended 30th April 1995 the Company's Bankers and other Related Companies agreed to write off amounts owed to them as being irrecoverable. These amounts have been shown above.

		1996 £	1995 £
4.	**Operating Loss Before Taxation**		
	Operating Loss is after Charging -		
	Directors Remuneration (Note 6)	-	4,479
	Auditors' Remuneration	800	1,200
	Other Operating Income		
	Interest Receivable	1,468	-
5.	**Staff Costs**		
	Wages and Salaries	-	28,000
	Average number of employees during the year was	2	2
6.	**Directors Emoluments**		
	Directors Remuneration	-	4,479

None of the Directors received any Benefits in Kind during the year (1995 - None).

7. **Taxation**
There is no liability to Corporation Tax due to losses in the year and losses brought forward.

8.	**Work-in-Progress**		
	Short Term - Work-in-Progress	-	425,000
9.	**Debtors**		
	Trade Debtors	3,408	1,358
	Other Taxes and Social Security	3,934	420
		7,342	1,778
10.	**Creditors**		
	(Amounts falling due within one year)		
	Bank Loans and Overdraft	630,325	1,039,483
	Director's Loan Account	1,463,058	1,463,058
	Amounts owed to Related Companies	7,183	6,690
	Accrued Expenses	2,031	12,337
	Other Taxes and Social Security	664	403
		2,103,261	2,521,971

	1996 £	1995 £
11. Called up Share Capital		
Authorised, Issued, Called Up and Fully Paid		
100 Ordinary Shares of £1 each	100	100

13. Bank Loans and Overdraft

The Bank Loans & Overdraft shown above which total £630,325 (1995 £1,039,483) are secured by legal charges on land held as Work-in-Progress and by a fixed and floating charge over the remaining assets of the company.

14. Transaction Involving a Director

During the year ended 30th April 1995 a related company reimbursed £32,225 to Mr J R Carroll. MCC Developments Limited owed him a total of £1,463,058 at both 30th April 1996 and 30th April 1995. There was no change in this amount during the year.

15. Profit and Loss Account

Balance Brought Forward	(2,080,204)	(6,935,469)
(Loss)/Profit for the year after Taxation	(15,815)	4,855,265
Balance Carried Forward	(2,096,019)	(2,080,204)