SIMON DEVELOPMENTS LIMITED

COMPANY NO. 02289688

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report together with the audited accounts of the company for the year to 31st December 1995.

Statement of 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;
- 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.

Principal Activities and Business Review

The company carries on the business of general building work, modernisations and property developers.

The directors consider that the state of the company's affairs is satisfactory.

Results and Dividends

The results of operations for the year to 31st December 1995 are set out in the profit and loss Account.

No Dividends are proposed.

Fixed Assets

The acquisition and disposal of tangible assets during the the year can be found in Note 7 of the financial statements.

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SIMON DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS

Post Balance Sheet Events

There have been no major events affecting the Company since the date of the Balance Sheet.

Directors

The directors who served during the year to 31st December 1995 together with their interests in the Issued Share Capital, were as follows:-

	1995	1994
S. J. Hill, Esq.,	800	800
J. R. Hill, Esq.,	100	100
Mrs. J. V. Hill	100	100

Close Company Status

The company is a close company within the provisions of section 414 of the Income and Corporation Taxes Act 1988.

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution proposing that Messrs. Baldwin & Co be re-appointed auditors of the company will be put to the annual general meeting.

By order of the Board

J. R. Hill, Esq - Secretary

13 Birches Barn Road
Bradmore
Wolverhampton

28th August 1996

AUDITORS' REPORT TO THE SHAREHOLDERS OF

SIMON DEVELOPMENTS LIMITED

We have audited the financial statements set out on pages 4 to 13.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of 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 at 31st December 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baldwin & Co
Certified Accountants
Registered Auditors

49 Wellington Road,
Bilston, West Midlands.
WV14 6AH

28th August 1996

SIMON DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR TO 31ST DECEMBER 1995

	Note	1995 £	1994 £
TURNOVER	2	1,487,794	1,126,027
COST OF SALES		(1,353,756)	(951,746)
GROSS PROFIT		134,038	174,281
Administrative Expenses		(99,842)	(131,822)
OPERATING PROFIT	4	34,196	42,459
Other Interest Receivable and Similar Income		957	576
Interest Payable and Similar Charges	3	(4,670)	(7,982)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		30,483	35,053
Tax on Profit on Ordinary Activities	6	(7,479)	(8,333)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		23,004	26,720
RETAINED PROFIT BROUGHT FORWARD		66,370	39,650
RETAINED PROFIT CARRIED FORWARD		£ 89,374	£ 66,370

The Profit and Loss Account reflects continuing operations only, none of the company's activities were acquired or discontinued during the year.

The Company made no recognised gains or losses in 1994 or 1995, other than the profits reflected above, and therefore no separate statement of total recognised gains or losses has been presented.

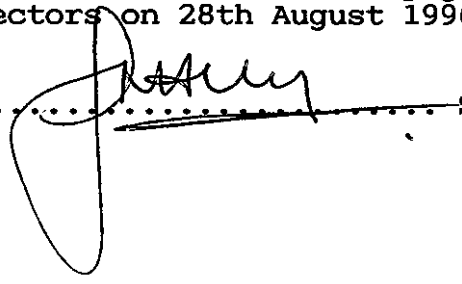
There is no difference between the profit on ordinary activities before Taxation and the Retained Profit for the year stated above and their Historical Cost equivalents.

SIMON DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1995

	Note	1995 £	1995 £	1994 £	1994 £
FIXED ASSETS					
Tangible Assets	7		183,918		183,876
CURRENT ASSETS					
Stocks	8	113,189		95,287	
Debtors	9	176,782		86,685	
Cash at Bank and in Hand		18,812		17,259	
		308,783		199,231	
CREDITORS:Amounts falling due within one year	10	(311,127)		(224,537)	
NET CURRENT LIABILITIES			(2,344)		(25,306)
TOTAL ASSETS LESS CURRENT LIABILITIES			181,574		158,570
CREDITORS:Amounts falling due after one year	11		(91,200)		(91,200)
			£ 90,374		£ 67,370
CAPITAL AND RESERVES					
Called-up Share Capital	14		1,000		1,000
Profit and Loss Account	15		89,374		66,370
Equity Shareholders Funds	16		£ 90,374		£ 67,370

The Financial Statements on pages 4 to 13 were approved by the Board of Directors on 28th August 1996 and were signed on its behalf by:-



..... S. Hill, Esq - Director

SIMON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31ST DECEMBER 1995

1. Accounting Policies

The Accounts have been prepared under the Historical Cost Convention

Turnover

Turnover represents the value of work invoiced during the period as Builders, Builders Merchants and Garden Centre, exclusive of Value Added Tax, and is stated after deducting any allowances.

Depreciation

Depreciation is calculated to write off the book value of each tangible fixed asset over its expected useful life on a reducing balance basis at the following annual rates:-

Fixtures, Fittings and Machinery	By reference to the Market Value of the Asset at the Balance Sheet date.
Motor Vehicles	

Freehold Land and Buildings - It is the Company's policy to maintain its Property in such condition that the value to the business is not impaired by the passage of time. Such expenditure is charged against Profits in the year in which it is incurred. In the opinion of the Directors, the residual value of the Buildings will be at least equal to their Book Value. No provision for Depreciation has, therefore, been made, contrary to SSAP 12.

Hire Purchase Commitments

Assets obtained under hire purchase contracts are capitalised as tangible assets and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the hire purchase contract.

Operating Leases

Rentals paid under operating leases are charged against income on a straight line basis over the lease terms.

Materials and Work in Progress

Valued at the lower of cost or net realisable value.

Deferred Taxation

Provision is made under the liability method to take account of the timing differences arising from the differing treatment of Depreciation for Accounting and Taxation purposes.

Cash Flow Statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1, from producing a Cash Flow Statement, on the grounds that it is a small Company.

SIMON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31ST DECEMBER 1995

2. Turnover and Profit Analysis

All the Turnover and Profit on Ordinary Activities was wholly attributable to the Principal Activities of the Company.

All work is performed in the United Kingdom.

3. Interest Payable and Similar Charges

	1995	1994
	£	£
Bank Interest	4,670	1,106
Mortgage Interest	-	6,876
	£ 4,670	£ 7,982

4. Profit on Ordinary Activities before Taxation

Profit on ordinary activities before taxation is stated after charging:-

	1995	1994
	£	£
Depreciation, less Profit on Sale	4,643	7,497
Auditors Remuneration	2,400	1,800
Directors Remuneration	15,600	38,960
Hire of Equipment under Operating Leases	1,524	22,375

SIMON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31ST DECEMBER 1995

5.Staff Costs

	1995	1994
	£	£
Wages and Salaries	134,748	132,939
Social Security Costs	14,482	11,491

The above includes the Remuneration paid to the Directors.

The average number of Staff employed by the Company during the year, was as follows:-

	1995	1994
Management and Supervisory	3	3
Others	9	5
	12	8

Directors remuneration all of which is included above is made up of:-

	1995	1994
	£	£
Directors Emoluments	15,600	38,960
Social Security Costs	4,225	3,912

Particulars of individual Directors remuneration is as follows:-

	1995	1994
	£	£
Highest paid Director	15,600	37,960

Other Directors:-

	1995	1994
£ 0 - £5,000	2	2

SIMON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31ST DECEMBER 1995

6. Tax on Profit on Ordinary Activities

The tax charge is based on the profit and comprises:-

	1995	1994
	£	£
U.K. Corporation Tax Charge-25%	7,230	4,878
Under Provision	249	3,750
Deferred Tax Charge	-	(295)
	£ 7,479	£ 8,333

7. Tangible Assets

	Fixtures, Fittings, & Machinery	Motor Vehicles	Freehold Property	Total
	£	£	£	£
Cost				
At 1st January 1995	12,061	22,000	161,500	195,561
Additions	2,865	-	1,820	4,685
Disposals	-	-	-	-
At 31st December 1995	14,926	22,000	163,320	200,246
Depreciation				
At 1st January 1995	3,810	7,875	-	11,685
Charge	1,112	3,531	-	4,643
Disposals	-	-	-	-
At 31st December 1995	4,922	11,406	-	16,328
Net Book Values				
At 1st January 1995	£ 8,251	£ 14,125	£161,500	£183,876
At 31st December 1995	£ 10,004	£ 10,594	£163,320	£183,918

SIMON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31ST DECEMBER 1995

8.Stocks

	1995	1994
	£	£
Materials & Work in Progress	113,189	95,287
	£ 113,189	£ 95,287

9.Debtors

Amounts falling due within one year:-

	1995	1994
	£	£
Trade Debtors	154,139	63,954
Due from Related Companies	22,643	22,731
	£ 176,782	£ 86,685

10.Creditors

Amounts falling due within one year:-

	1995	1994
	£	£
Bank Loans and Overdrafts	90,725	134,191
Trade Creditors	162,210	42,181
Other Creditors	16,017	25,404
Social Security and Taxation	28,184	9,558
Accruals	7,000	6,800
Corporation Tax	6,991	6,403
	£ 311,127	£ 224,537

SIMON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31ST DECEMBER 1995

11. Creditors

Amounts falling due after one year:-

	1995	1994
	£	£
Mortgage Loan	91,200	91,200
	£ 91,200	£ 91,200

12. Bank Overdraft and Loan

The Overdraft and Mortgage Loan are secured as follows:-

a) By unlimited Cross Guarantees against the assets of Simon Homes Limited.
b) By a charge on the Freehold deeds of 13/15 Birches Barn Road, Wolverhampton dated 18 March 1992.
c) By the guarantees of the Directors charged on personally owned freehold properties and investments.

The Company's Overdraft is repayable on demand.

The Bank Mortgage Loan was repayable over 15 years as follows:-

	1994
	£
Within One year	7,051
Between Two and Five years	35,147
Over Five years	51,375
	93,573

With effect from 11th November 1994 the Barclays Bank plc Mortgage Loan Account Number 94873467 was replaced by a twenty year mortgage loan in the names of S. & D. Hill secured on their private residence. This loan is repayable:-

	1995
	£
Within One year	4,800
Between Two and Five years	19,200
Over Five years	72,000
	96,000

SIMON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31ST DECEMBER 1995

14. Called-up Share Capital

	1995	1994
	£	£
Authorised, Allotted, Called-Up and Fully Paid:-		
1,000 Ordinary Shares of £1 each	1,000	1,000

15. Reserves

	Profit & Loss Account
	£
Balance as at 1st January 1995	66,370
Retained Profit for the year	23,004
Balance as at 31st December 1995	89,374

SIMON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31ST DECEMBER 1995

16. Reconciliation of Movement in Shareholders Funds

	1995	1994
	£	£
Profit for the year	23,004	26,720
Shareholders Funds at 1st January 1995	67,370	40,650
Shareholders Funds at 31st December 1995	90,374	67,370

17. Capital Commitments

There were no Capital Commitments at the Balance Sheet date.

18. Contingent Liabilities

The Company had contingent liabilities in respect of uncompleted contracts for which Retentions were being held.

19. Pension Commitments

The Company had no Pension Commitments to past or present employees at the Balance Sheet date.