

MICHELMERSH BRICK HOLDINGS PLC
ACCOUNTS

30 NOVEMBER 1999

Company Registration Number 3462378



MICHELMERSH BRICK HOLDINGS PLC

ACCOUNTS

YEAR ENDED 30 NOVEMBER 1999

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MICHELMERSH BRICK HOLDINGS PLC

OFFICERS AND PROFESSIONAL ADVISERS

Board of directors

M R Warner
E J S Gadsden

Company secretary

N J Crickmore

Registered office

121 High Street
Berkhamsted
Hertfordshire
HP4 2PJ

Auditors

Solomon Hare
Chartered Accountants
Registered Auditors
Oakfield House
Oakfield Grove
Clifton
Bristol
BS8 2BN

MICHELMERSH BRICK HOLDINGS PLC

DIRECTORS' REPORT

YEAR ENDED 30 NOVEMBER 1999

The directors present their report and the accounts of the company for the year ended 30 November 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company has not traded during the year.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached accounts.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 November 1999	At 1 December 1998
M R Warner	1	1
E J S Gadsden	<u>1</u>	<u>1</u>

YEAR 2000

The directors confirm that they are not aware of any key systems being affected by the Year 2000 issue. The directors do not anticipate any future risk concerning the issue, although given the complexity of the problem it is impossible to give a guarantee that the Year 2000 will have no effect. The directors consider the financial effect of future compliance to be immaterial.

The costs of this exercise, which were not significant, have been expended in the profit and loss account of the companies bought subsequent to the year end.

POLICY ON THE PAYMENT OF CREDITORS

As the company did not trade during the year information regarding creditor payment policy is not relevant.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

MICHELMERSH BRICK HOLDINGS PLC

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 1999

DIRECTORS' RESPONSIBILITIES *(continued)*

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts 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 accounts comply with the Companies Act 1985. The directors 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.

POST BALANCE SHEET EVENT

Since the year end the company has begun to fulfill its role as a holding company by acquiring 100% of the issued share capital of two companies, Michelmersh Brick and Tile Company Limited and Dunton Brothers Limited.

AUDITORS

A resolution to re-appoint Solomon Hare as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



M R Warner
Director

Approved by the directors on 30.06.99

MICHELMERSH BRICK HOLDINGS PLC

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 NOVEMBER 1999

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 2 to 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

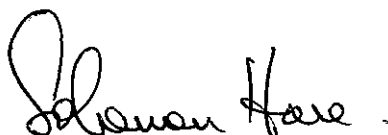
BASIS OF OPINION

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 November 1999 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



SOLOMON HARE
Registered Auditors
Chartered Accountants
Oakfield House
Oakfield Grove
Clifton
Bristol
BS8 2BN

30.6.00.

MICHELMERSH BRICK HOLDINGS PLC**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 1999**

	Note	Year to 30 Nov 99 £	Period from 3 Nov 97 to 30 Nov 98 £
TURNOVER		-	-
Administrative expenses		<u>(10,158)</u>	-
OPERATING LOSS	2	<u>(10,158)</u>	-
Interest payable	4	<u>(28,326)</u>	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(38,484)</u>	-
Tax on loss on ordinary activities	5	<u>-</u>	-
LOSS FOR THE FINANCIAL YEAR		<u><u>(38,484)</u></u>	<u>-</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 9 to 12 form part of these accounts.

MICHELMERSH BRICK HOLDINGS PLC**BALANCE SHEET****30 NOVEMBER 1999**

	Note	1999		1998	
		£	£	£	£
CURRENT ASSETS					
Debtors - due within one year		2		2	
- due after one year		<u>968,753</u>		-	
	6	968,755		<u>2</u>	
CREDITORS: Amounts falling due within one year					
	7	<u>(282,237)</u>		-	
NET CURRENT ASSETS			686,518		<u>2</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			686,518		<u>2</u>
CREDITORS: Amounts falling due after more than one year					
	8		<u>(725,000)</u>		-
NET (LIABILITIES)/ASSETS			<u>(38,482)</u>		<u>2</u>
CAPITAL AND RESERVES					
Called-up equity share capital	11		2		2
Profit and loss account			<u>(38,484)</u>		-
(DEFICIENCY)/SHAREHOLDERS' FUNDS	12		<u>(38,482)</u>		<u>2</u>

These accounts were approved by the directors on 30.06.00, and are signed on their behalf by:



M R Warner
Director

The notes on pages 9 to 12 form part of these accounts.

MICHELMERSH BRICK HOLDINGS PLC**CASH FLOW STATEMENT****YEAR ENDED 30 NOVEMBER 1999**

	Year to 30 Nov 99		Period from 3 Nov 97 to 30 Nov 98	
	£	£	£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(973,911)		(2)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid	(28,326)		-	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(28,326)		-
CASH OUTFLOW BEFORE FINANCING		(1,002,237)		(2)
FINANCING				
Issue of equity share capital	-		2	
Directors' long-term loan	725,000		-	
NET CASH INFLOW FROM FINANCING		725,000		2
DECREASE IN CASH		(277,237)		-

**RECONCILIATION OF OPERATING LOSS TO
NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	Year to 30 Nov 99	Period from 3 Nov 97 to 30 Nov 98
	£	£
Operating loss	(10,158)	-
Increase in debtors	(968,753)	(2)
Increase in creditors	5,000	-
Net cash outflow from operating activities	(973,911)	(2)

The notes on pages 9 to 12 form part of these accounts.

MICHELMERSH BRICK HOLDINGS PLC**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 30 NOVEMBER 1999****RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	1999		1998	
	£	£	£	£
Decrease in cash in the period	(277,237)		-	
Net cash inflow from directors' long-term loan	<u>(725,000)</u>		<u>-</u>	
		(1,002,237)		-
Change in net debt		(1,002,237)		-
Net debt at 1 December 1998		<u>-</u>		<u>-</u>
Net debt at 30 November 1999		<u>(1,002,237)</u>		<u>-</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Dec 1998	Cash flows	At 30 Nov 1999
	£	£	£
Net cash:			
Overdrafts	-	(277,237)	(277,237)
Debt due after 1 year	-	(725,000)	(725,000)
Net debt	<u>-</u>	<u>(1,002,237)</u>	<u>(1,002,237)</u>

The notes on pages 9 to 12 form part of these accounts.

MICHELMERSH BRICK HOLDINGS PLC

NOTES TO THE ACCOUNTS

YEAR ENDED 30 NOVEMBER 1999

1. ACCOUNTING POLICIES

Basis of accounting

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

2. OPERATING LOSS

Operating loss is stated after charging:

	Year to 30 Nov 99 £	Period from 3 Nov 97 to 30 Nov 98 £
Directors' emoluments	-	-
Auditors' remuneration - as auditors	- <u> </u>	- <u> </u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	Year to 30 Nov 99 No.	Period from 3 Nov 97 to 30 Nov 98 No.
Number of administrative staff	<u> 2</u>	<u> 2</u>

No salaries or wages have been paid to employees, including the directors, during the year.

MICHELMERSH BRICK HOLDINGS PLC**NOTES TO THE ACCOUNTS****YEAR ENDED 30 NOVEMBER 1999**

4. INTEREST PAYABLE

	Year to 30 Nov 99 £	Period from 3 Nov 97 to 30 Nov 98 £
Interest payable on bank borrowing	<u>28,326</u>	<u>-</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

At 30 November 1999 the company has approximately £38,000 of corporation tax losses to carry forward to offset against future profits.

6. DEBTORS

	1999 £	1998 £
Amounts owed by related undertakings	968,753	-
Other debtors	<u>2</u>	<u>2</u>
	<u>968,755</u>	<u>2</u>

7. CREDITORS: Amounts falling due within one year

	1999 £	1998 £
Bank overdraft (secured see note 9)	277,237	-
Accruals and deferred income	<u>5,000</u>	<u>-</u>
	<u>282,237</u>	<u>-</u>

8. CREDITORS: Amounts falling due after more than one year

	1999 £	1998 £
Directors' loan accounts	<u>725,000</u>	<u>-</u>

MICHELMERSH BRICK HOLDINGS PLC

NOTES TO THE ACCOUNTS

YEAR ENDED 30 NOVEMBER 1999

9. CONTINGENCIES

The company entered into an cross guarantee dated 12 January 1999 with Chamwood Forest Brick Limited, Dunton Brothers Limited and Michelmersh Brick and Tile Company Limited in respect of bank borrowings. These companies along with Michelmersh Brick Holdings Plc are under common control. At the year end these companies have the following bank borrowings:

	£
Chamwood Forest Brick Limited	(68,083)
Dunton Brothers Limited	(152,981)
Michelmersh Brick and Tile Company Limited	(358,609)

10. RELATED PARTY TRANSACTIONS

During the year the company made an interest free loan to Chamwood Forest Brick Limited of £202,643, a company under common control. The loan remains outstanding at the year end.

During the year the company made an interest free loan to Dunton Brothers Limited of £725,000, a company under common control. The loan remains outstanding at the year end.

During the year the company made an interest free loan to Michelmersh Brick and Tile Company Limited of £6,110, a company under common control. The loan remains outstanding at the year end.

During the year E J S Gadsden, a director, loaned the company £725,000. The loan is interest free and no terms for its repayment have been established.

11. SHARE CAPITAL

Authorised share capital:

	1999	1998
	£	£
1,250,000 Ordinary shares of £1 each	1,250,000	1,250,000
750,000 Convertible redeemable preference shares of £1 each	750,000	750,000
	<u>2,000,000</u>	<u>2,000,000</u>

Allotted and called up:

	1999		1998	
	No.	£	No.	£
Ordinary shares fully paid	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

MICHELMERSH BRICK HOLDINGS PLC

NOTES TO THE ACCOUNTS

YEAR ENDED 30 NOVEMBER 1999

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year to 30 Nov 99 £	Period from 3 Nov 97 to 30 Nov 98 £
Loss for the financial year	(38,484)	-
New equity share capital subscribed	-	2
Net (reduction)/addition to funds	(38,484)	2
Opening shareholders' equity funds	2	-
Closing shareholders' equity funds	<u>(38,482)</u>	<u>2</u>

13. ULTIMATE CONTROLLING PARTY

The company is controlled equally by its two directors M R Warner and E J S Gadsden.