FARROW GROUP LIMITED

Registered No: 648121

DIRECTORS REPORT

The Directors submit herewith their Report and the audited Balance Sheet as at 30 September 1991.

DIRECTORS

The Directors serving at the end of the Financial Year were:-

Mr A M A Price
Lovell Nominees Limited

The Directors appointed or ceasing to hold office during the Financial Year were:-

Mr H Smith	resigned 28/02/91
Mr A M A Price	appointed 01/03/91

PRINCIPAL ACTIVITIES

The Company has not traded during the year.

REVIEW OF THE FINANCIAL YEAR

The Directors do not recommend payment of a dividend.

AUDITORS

Messrs. Ernst & Young were appointed during the year and hold office until the next Annual General Meeting. A special resolution not to appoint auditors will be put to the members at the Annual General Meeting.

For and on behalf of
Lovell Nominees Ltd

Secretary

Lovell Nominees Ltd
Secretary

3 March 1992

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FARROW GROUP LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the Balance Sheet and Notes to the Accounts on pages 3 to 6 in accordance with Auditing Standards.

The company is a wholly owned subsidiary undertaking of the Y J Lovell (Holdings) plc Group, and participates in the Group's banking arrangements in place with the Group's UK Banks. As explained in note 1, an agreement has been reached with the Group's UK banks which extends initially to 31 December 1992. The UK banks intend to review this agreement in November 1992 with a view to extending the period. The Directors consider that this agreement provides the Group with funds sufficient to meet its anticipated requirements.

Subject to the continuing support of the Group's banks, in our opinion the Balance Sheet gives a true and fair view of the state of affairs of the Company at 30 September 1991 and has been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Chartered Accountants
Registered Auditor
LONDON

3 March 1992

FARROW GROUP LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1991

	Notes	1991 £	1990 £
CREDITORS: DUE WITHIN ONE YEAR			
Creditors and accrued liabilities	6	(41,117)	(41,117)
NET CURRENT (LIABILITIES)		(41,117)	(41,117)
CAPITAL AND RESERVES			
SHARE CAPITAL	7	1,250,000	1,250,000
PROFIT AND LOSS ACCOUNT		(1,291,117)	(1,291,117)
		(41,117)	(41,117)

Director

A M A Price

3 March 1992

FARROW GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1991

1. BASIS OF ACCOUNTS

The accounts have been prepared on a going concern basis and in accordance with applicable accounting standards under the historical cost convention.

The Company is a wholly owned subsidiary undertaking of Y J Lovell (Holdings) plc.

At 30 September 1991 the Y J Lovell Group ("the Group") would have been in prospective breach of certain of its banking covenants upon the publication of the Group accounts. Accordingly, the Group approached its UK banks and a Standfast Agreement was signed on 13 December 1991, whereby they agreed to continue to make available all the facilities to 21 February 1992 conditional upon the Group granting security over all its UK assets to the UK banks. During December and January Ernst & Young, as independent accountants, prepared a report for the Group's UK banks on the assets and affairs of the Group. A Debenture and Guarantee was executed in the UK bank's favour on 23 January 1992.

On 21 February 1992, the UK banks agreed to continue to make available to the Group all the existing facilities. Under this agreement, which extends initially to 31 December 1992, the banks reserve the right to require repayment of all or part of the borrowings at any time if banks holding at least 75% in value of the facilities decide so to do.

The UK banks intend to review the facilities in November 1992 with a view to extending the period of the agreement. Facilities advanced to Group associated undertakings and joint ventures by other bankers remain as negotiated. The Directors of Y J Lovell (Holdings) plc consider that this agreement will provide the Group with sufficient funds to meet its anticipated requirements.

As a result of these discussions and the agreements reached with the banks, the Directors of the Company consider that it is appropriate to present the accounts on a going concern basis. Should this basis cease to be appropriate, adjustments may have to be made to reduce the value of assets and to provide for any further liabilities which might arise.

The Directors of the Company have received confirmation, ultimately from Y J Lovell (Holdings) plc, that support will be received sufficient for the Company to meet its liabilities as they fall due.

FARROW GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1991

2. PROFIT AND LOSS
The Company has not traded and has made neither profit or loss in the financial year and the preceding year.

3. ULTIMATE HOLDING UNDERTAKING
The parent and immediate holding undertaking is Y J Lovell (Holdings) plc. incorporated in England. The address of the principal place of business for Y J Lovell (Holdings) plc is Marsham House, Station Road, Gerrards Cross, Buckinghamshire SL9 8ER. Copies of the Group accounts can be obtained from the Registrar of Y J Lovell (Holdings) plc at this address.

4. DIRECTORS' EMOLUMENTS
No remuneration has been paid to the Directors.

5. DIRECTORS' INTERESTS
No Director has any beneficial interest in the share or loan capital of any subsidiary of Y.J.Lovell(Holdings)plc. The Directors had the following interests in the share or loan capital of Y J Lovell (Holdings) plc at 30 September 1991 and at 30 September 1990 or on appointment.

	1991			1990		
	Ordinary Shares	Share Options	Type of Scheme	Ordinary Shares	Share Options	Type of Scheme
Mr A M A Price	-	10,000	Executive 1991	-	10,000	Executive 1991
Lovell Nominees Limited	-	-		-	-	

FARROW GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1991

	1991	1990
	£	£
6. CREDITORS		
Due within one year:		
Due to Group Undertakings	(41,117)	(41,117)
	======	======

7. SHARE CAPITAL

The share capital is as follows:

Authorised:		
250,000 Ordinary Shares of £1 each	250,000	250,000
1,000,000 Deferred Shares of £1 each	1,000,000	1,000,000
	1,250,000	1,250,000
	=========	=========
Issued and fully paid:		
250,000 Ordinary Shares of £1 each	250,000	250,000
1,000,000 Deferred Shares of £1 each	1,000,000	1,000,000
	1,250,000	1,250,000
	=========	=========