

ANDREWS AND PARTNERS LIMITED

(Registered Number 235326)

FINANCIAL STATEMENTS

31 DECEMBER 1998



ANDREWS AND PARTNERS LIMITED

DIRECTORS' REPORT **FOR THE YEAR ENDED 31 DECEMBER 1998**

The directors have pleasure in presenting their report and the audited financial statements of Andrews and Partners Limited and subsidiaries (The Group) for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The principal activity of the group is in residential estate agency. The group maintained ancillary services in letting and management of residential properties and financial services.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The property market, in which the Company operates, was tougher in 1998 than 1997 and the volume of transactions fell. As a consequence turnover fell slightly during the year and profits did not reach 1997 levels.

Successive cuts in interest rates are expected to help the property market in 1999 and the signs are encouraging that it will be a better year for the Company.

Andrews Financial Services Limited, a subsidiary of Andrews and Partners Limited, in common with many other pensions advisors, is required by the Personal Investment Authority ("PIA") to review its past pensions business. Further information regarding this can be found in note 23 to the financial statements.

RESULTS AND DIVIDENDS

The trading results for the year and the financial position of the company and group are shown in the annexed financial statements. A dividend of £5 (1997: £5) was paid during the year. The directors do not recommend a further dividend. The profit of £362,333 (1997: £604,767) has been transferred to reserves.

YEAR 2000 AND EUROPEAN CURRENCY SOFTWARE MODIFICATION COSTS

The company is in the process of reviewing and modifying software for the year 2000. This process which is expected to be complete shortly should be at no cost to the company.

No detailed review of the impact of a single European currency has been carried out. However, given the nature of the company's trading no expenditure is anticipated.

LAND AND BUILDINGS

There are no significant differences between the market value and book amount of land and buildings.

DIRECTORS

The directors of the company, who served throughout the year, were:-

MO Feilden (Chairman)

M Robson

A Radford

NK Wright

ANDREWS AND PARTNERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

DIRECTORS' INTERESTS

None of the directors had any beneficial holding in the share capital of the company or any other group company at any time during the year.

Share options in respect of the company's 50p ordinary shares are held by certain of the directors as follows:-

	At 1 January 1998 and <u>At 31 December 1998</u> Number of options
M Robson	19,336
N K Wright	9,668

Options may be exercised between three and ten years from the date of grant, at an exercise price of 50p/share.

Certain of the directors of Andrews and Partners Limited also serve as trustees for the shareholding charities. The interests of directors as trustees of the shareholding charities at 31 December 1997 and 1996 were as follows:-

	<u>Ordinary shares of 50p each</u>	
	<u>1998</u>	<u>1997</u>
	<u>Number</u>	<u>Number</u>
MO Feilden	212,760	212,760
A Radford	212,760	212,760
M Robson	247,260	247,260
NK Wright	247,260	247,260

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires 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 group and of the profit or loss of the group 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;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

ANDREWS AND PARTNERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SHAREHOLDINGS

The company's ordinary share capital at 31 December 1998 remains entirely owned by three registered charities as follows:-

	<u>Number</u>	<u>£</u>	<u>%</u>
World in Need (reg. charity no. 243509)	212,760	106,380	72
Christian Book Promotion Trust (reg. Charity no. 255001)	46,000	23,000	16
Christian Initiative Trust (reg. Charity no. 255187)	34,500	17,250	12
	<u>293,260</u>	<u>£146,630</u>	<u>100</u>

CHARITABLE DONATIONS

The group has this year given charitable donations of £205,500 (1997: £305,000).

EMPLOYMENT OF DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues.

Training, career development and promotion of a disabled person is, as far as possible, identical to that of other employees who are not disabled.

EMPLOYEE INVOLVEMENT

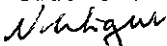
The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved by a regular information sheet circulated to all staff, regular training courses, meetings and conferences.

AUDITORS

Following their merger with Coopers and Lybrand, Price Waterhouse resigned as auditors on 3rd September 1998.

PricewaterhouseCoopers were appointed to fill the casual vacancy and a resolution to appoint them as auditors will be proposed at the Annual General Meeting.

By Order of the Board


N K Wright
Secretary

30th March 1999

**AUDITORS' REPORT TO THE MEMBERS OF
ANDREWS AND PARTNERS LIMITED**

We have audited the financial statements on pages 5 to 21 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 and 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

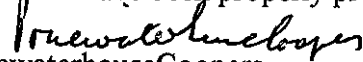
BASIS OF OPINION

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 affairs of the company and of the group as at 31st December 1998 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
31 Great George Street
Bristol BS1 5QD

17/5/99

ANDREWS AND PARTNERS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
<u>TURNOVER</u> (Note 2)	12,634,644	12,723,068
Administrative expenses	(12,040,627)	(11,653,448)
Other operating income	<u>50,913</u>	<u>49,157</u>
<u>OPERATING PROFIT</u>	644,930	1,118,777
Interest receivable (Note 4)	159,816	146,149
Interest payable (Note 4)	<u>(45,606)</u>	<u>(65,115)</u>
	<u>114,210</u>	<u>81,034</u>
<u>PROFIT ON ORDINARY</u> <u>ACTIVITIES BEFORE TAXATION</u> (Note 4)	759,140	1,199,811
Taxation charge on profit on ordinary activities (Note 7)	<u>(191,302)</u>	<u>(290,039)</u>
<u>PROFIT FOR THE FINANCIAL</u> <u>YEAR BEFORE CHARITABLE</u> <u>DONATIONS</u>	567,838	909,772
Charitable donations (Note 3)	(205,500)	(305,000)
Dividends paid (including non equity interests) (Note 8)	(5)	(5)
<u>RETAINED PROFIT FOR THE</u> <u>FINANCIAL YEAR AND AMOUNTS</u> <u>TRANSFERRED TO RESERVES</u> (Note 17)	<u>362,333</u>	<u>604,767</u>

ANDREWS AND PARTNERS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)**Statement of total recognised gains and losses.**

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Profit for the financial year	567,838	909,772
Unrealised loss on revaluation of properties	-	(82,750)
Total recognised gains and losses relating to the year.	<u>567,838</u>	<u>827,022</u>

Note of historical cost profits and losses

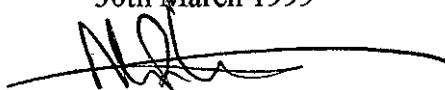
	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Reported profit on ordinary activities before taxation	759,140	1,199,811
Realisation of property revaluation gains of previous years	35,944	-
Write down on revaluation of property	-	72,000
Historical cost profit on ordinary activities before taxation	<u>795,084</u>	<u>1,271,811</u>
Historical cost profit for the year retained after taxation and dividends.	<u>362,333</u>	<u>981,767</u>

All operations are continuing. The notes on pages 11 to 21 form part of these financial statements.

ANDREWS AND PARTNERS LIMITED
CONSOLIDATED BALANCE SHEET - 31 DECEMBER 1998

	<u>1998</u>	<u>1997</u>
	£	£
<u>FIXED ASSETS</u>		
Tangible assets (Note 9)	3,172,004	2,947,078
<u>CURRENT ASSETS</u>		
Debtors (Note 11)	914,277	676,106
Cash at bank and in hand	<u>1,399,322</u>	<u>1,641,344</u>
	2,313,599	2,317,450
<u>CREDITORS</u> (amounts falling due within one year)(Note 12)	(1,445,073)	(1,665,946)
<u>CLIENTS' MONIES</u>		
Cash at bank	814,008	831,081
Due to clients	<u>(814,008)</u>	<u>(831,081)</u>
	-	-
<u>NET CURRENT ASSETS</u>	<u>868,526</u>	<u>651,504</u>
<u>TOTAL ASSETS LESS</u>		
<u>CURRENT LIABILITIES</u>	4,040,530	3,598,582
<u>CREDITORS</u> (amounts falling due after more than one year) (Note 13)	(324,337)	(422,103)
<u>PROVISIONS FOR LIABILITIES AND</u>		
<u>CHARGES</u> (Note 14)	<u>(914,388)</u>	<u>(737,007)</u>
	<u>2,801,805</u>	<u>2,439,472</u>
<u>CAPITAL AND RESERVES</u>		
Called up share capital (Note 16)	146,730	146,730
Revaluation reserve (Note 17)	377,177	413,121
Profit and loss account (Note 17)	<u>2,277,898</u>	<u>1,879,621</u>
<u>TOTAL SHAREHOLDERS' FUNDS</u>		
(Note 18)	<u>2,801,805</u>	<u>2,439,472</u>
(including non-equity interests)		

Approved by the Board on
30th March 1999


M Robson
Director

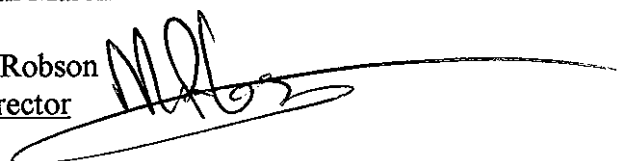
The notes on pages 11 to 21 form part of these financial statements.

ANDREWS AND PARTNERS LIMITED**BALANCE SHEET - 31 DECEMBER 1998**

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>		
Investments (Note 10)	171,877	171,877
<u>CURRENT ASSETS</u>		
Debtors (Note 11)	30,947	27,849
Cash at bank and in hand	<u>2,850</u>	<u>6,079</u>
	33,797	33,928
<u>CREDITORS</u> (amounts falling due within one year) (Note 12)	<u>(2,998)</u>	<u>(6,833)</u>
<u>NET CURRENT ASSETS</u>	<u>30,799</u>	<u>27,095</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>	<u>202,676</u>	<u>198,972</u>
<u>CAPITAL AND RESERVES</u>		
Called up share capital (Note 16)	146,730	146,730
Profit and loss account (Note 17)	<u>55,946</u>	<u>52,242</u>
<u>TOTAL SHAREHOLDERS' FUNDS</u> (Note 18) (including non-equity interests)	<u>202,676</u>	<u>198,972</u>

Approved by the Board on
30th March 1999

M Robson
Director



The notes on pages 11 to 21 form part of these financial statements.

ANDREWS AND PARTNERS LIMITED**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998**

	<u>1998</u>	<u>1997</u>
	£	£
<u>NET CASH INFLOW FROM OPERATING ACTIVITIES</u> (Note 1)	1,206,747	1,700,248
<u>RETURNS ON INVESTMENTS & SERVICING OF FINANCE</u>		
Interest received	158,384	127,304
Interest paid	(21,435)	(22,862)
Interest element of lease purchase rentals payment	(24,136)	(42,253)
Charitable donations	(205,500)	(305,000)
Dividends paid on non-equity shares	(5)	(5)
<u>NET CASH OUTFLOW FOR INVESTMENT AND SERVICING OF FINANCE</u>	(92,692)	(242,816)
<u>TAXATION</u> - UK Corporation tax paid	(323,323)	(80,123)
<u>CAPITAL EXPENDITURE</u>		
Payments to acquire tangible fixed assets	(987,403)	(588,142)
Receipts from sale of tangible fixed assets	<u>193,710</u>	<u>51,425</u>
<u>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE</u>	(793,693)	(536,717)
<u>FINANCING</u>		
Capital element of lease purchase rental payment	(239,061)	(211,765)
<u>NET CASH OUTFLOW FROM FINANCING</u>	(239,061)	(211,765)
<u>INCREASE IN CASH IN THE YEAR</u>	(242,022)	<u>628,827</u>
<u>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (NOTE 2)</u>	£	
Decrease in cash in the year	(242,022)	
Cash outflow from decrease in debt and lease financing.	239,026	
Change in net funds resulting from cash flows	<u>(2,996)</u>	
Movement in funds in year	(2,996)	
Net funds at 1 January 1998	<u>1,019,094</u>	
Net funds at 31 December 1998	<u>1,016,098</u>	

NOTES TO THE CASH FLOW STATEMENT**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>1998</u>	<u>1997</u>
	£	£
Operating profit	644,930	1,118,777
Depreciation charges	603,418	532,262
Revaluation adjustment	-	72,000
Profit on sale of tangible fixed assets	(34,650)	(28,661)
Increase in debtors	(236,739)	(117,669)
Increase/(Decrease) in creditors	52,407	(140,488)
Increase in provision for liabilities & charges	<u>177,381</u>	<u>264,027</u>
	<u>1,206,747</u>	<u>1,700,248</u>

ANDREWS AND PARTNERS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

2. ANALYSIS OF NET DEBT

	<u>At</u> <u>1 January</u> <u>1998</u> <u>£</u>	<u>Cash</u> <u>Flow</u> <u>£</u>	<u>At</u> <u>31 December</u> <u>1998</u> <u>£</u>
Cash in hand and at bank	1,641,344	(242,022)	1,399,322
Debt due after 1 year	(284,053)	(35)	(284,088)
Finance leases	(338,197)	239,061	(99,136)
	<u>1,019,094</u>	<u>(2,996)</u>	<u>1,016,098</u>

ANDREWS AND PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards, adopting the following principal accounting policies:-

(1) Basis of consolidation

The consolidated financial statements incorporate audited accounts of the company and its subsidiaries. Subsidiaries are listed in note 10 to the financial statements.

As permitted by section 230(3) of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the financial year was £3,709 (1997: £734)

(2) Turnover

(a) Estate Agency:

Commission receivable in respect of the sale of property on behalf of clients is recognised in the financial statements on completion of each sale.

(b) Other Activities:

Turnover represents commission and fees from property letting and management, and commissions from financial services. Initial commission on financial services is recognised as income when the policy goes on risk. A provision is made for future clawbacks of initial commission anticipated to arise in the indemnity period. Renewal commission is recognised on a received basis. Fees and commissions receivable from clients of the property letting and management business are credited to profit and loss account on completion of the letting of the property or as rents fall due.

(3) Fixed assets

Fixed assets are stated at cost or valuation less depreciation calculated on the following basis:

(a) Freehold Premises:

Freehold buildings are not depreciated in accordance with SSAP12 as the buildings are kept in good repair and the directors consider that any depreciation is not material. Freehold land is not depreciated.

(b) Long Leasehold Premises:

Premises with leases in excess of 50 years to run are not depreciated as the properties are kept in good repair and the directors believe their market value will be maintained.

(c) Short Leasehold Premises:

Premises with leases with less than 50 years to run are depreciated over the unexpired period of the lease.

(d) Investment Properties:

Investment properties are not depreciated and are included in the accounts at market value in accordance with SSAP19.

ANDREWS AND PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (continued)

1. ACCOUNTING POLICIES (continued)

(e) Furniture and Equipment:

Furniture and equipment is depreciated on a straight line basis at varying rates from 10% to 20% per annum.

(f) Motor Vehicles:

Owned motor vehicles are depreciated on a straight line basis over 3 to 6 years. Motor vehicles held on finance leases are depreciated on a straight line basis over the period of the lease.

(4) Revaluation reserve

Differences arising on the revaluation of tangible fixed assets in the financial statements are taken to the revaluation reserve to the extent that the individual property has been revalued upwards previously.

(5) Deferred taxation

Tax deferred or accelerated by the effect of timing differences is accounted for where there is a reasonable probability that a liability or asset will crystallise.

(6) Finance and operating leases

Assets acquired by means of finance leases are capitalised as tangible fixed assets at fair value as if purchased outright. Obligations under finance leases are reported in creditors and the related finance charges are reported as interest payable. Payments under operating leases are expensed when incurred.

(7) Pension Scheme

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and is disclosed in note 5(a).

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (continued)****2. TURNOVER**

Turnover represents amounts receivable for services provided outside the group and comprises:

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Estate agency	8,799,060	8,983,180
Other activities	<u>3,835,584</u>	<u>3,739,888</u>
	<u>12,634,644</u>	<u>12,723,068</u>

3. CHARITABLE DONATIONS

Charitable donations of £205,500 (1997: £305,000) are paid under Deed of Covenant by the group to its shareholder charities.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Estate Agency	235,909	762,281
Other activities	<u>409,021</u>	<u>437,530</u>
	<u>644,930</u>	<u>1,199,811</u>
and is stated after charging/(crediting):		
Interest payable on:		
- finance lease charges	24,136	42,253
- bank loans and overdrafts	-	2,215
- other loans	<u>21,470</u>	<u>20,647</u>
	<u>45,606</u>	<u>65,115</u>
Profit on sale of fixed assets	(34,650)	(28,661)
Interest receivable:		
- bank interest	(159,816)	(146,149)
Depreciation - owned assets	449,852	333,216
- leased assets	153,566	199,046
Revaluation adjustment	-	72,000
Auditors' remuneration - Audit fees	28,320	26,350
- Non audit fees	13,230	19,026
Operating lease charges - Plant and Machinery	2,061	4,240
- Land and Buildings	<u>514,277</u>	<u>511,963</u>

5. STAFF COSTS

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
(a) Staff costs (including directors' remuneration) comprise:		
Salaries	5,900,706	5,651,454
Social Security costs	602,167	595,279
Pension contributions	316,141	308,700
Provision for contributions to employee share trust (Note 14)	<u>169,552</u>	<u>274,448</u>
	<u>6,988,566</u>	<u>6,829,881</u>

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (continued)**5. STAFF COSTS (continued)

	<u>1998</u> <u>Number</u>	<u>1997</u> <u>Number</u>
(b) The average number of persons employed by the group was:-		
Estate Agency	267	250
Other activities	<u>101</u>	<u>101</u>
	<u>368</u>	<u>351</u>

6. DIRECTORS' EMOLUMENTS

	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Aggregate emoluments	196,629	196,837
Company contributions paid to money purchase scheme	<u>27,312</u>	<u>25,650</u>
<u>Highest paid director</u>		
Aggregate emoluments	117,580	119,038
Company contributions paid to money purchase schemes	<u>18,312</u>	<u>16,800</u>

7. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Corporation tax charge based on the profit for the year adjusted for tax purposes		
- current year at 31% (1997: 31.5%)	194,068	312,938
- prior year overprovision	(2,766)	-
Deferred tax - current year (Note 15)	<u>-</u>	<u>(22,899)</u>
	<u>191,302</u>	<u>290,039</u>

In the event of a disposal of freehold or long leasehold property at the values at which they are included in the financial statements (note 9), the directors are of the opinion that no tax liability will arise due to the availability of brought forward capital allowances.

ANDREWS AND PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (continued)

8. DIVIDENDS

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Paid:		
4.9% cumulative preference shares	<u>5</u>	<u>5</u>

9. TANGIBLE FIXED ASSETS

THE GROUP

	<u>Investment Property</u>	<u>Freehold premises</u>	<u>Long leasehold</u>	<u>Short leasehold</u>	<u>Furniture and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>At cost/valuation</u>							
1 January 1998	81,000	1,071,250	155,000	562,549	3,114,374	1,332,357	6,316,530
Additions	42,000	222,229	-	-	254,469	468,705	987,403
Disposals	(81,000)	-	-	-	-	(273,309)	(354,309)
Transfers			(97,000)	97,000			
31 December 1998	<u>42,000</u>	<u>1,293,479</u>	<u>58,000</u>	<u>659,549</u>	<u>3,368,843</u>	<u>1,527,753</u>	<u>6,949,624</u>

Analysis

At cost	-	222,229	-	562,549	3,368,843	1,527,753	5,681,374
At valuation	42,000	1,071,250	58,000	97,000	-	-	1,268,250
	<u>42,000</u>	<u>1,293,479</u>	<u>58,000</u>	<u>659,549</u>	<u>3,368,843</u>	<u>1,527,753</u>	<u>6,949,624</u>

Depreciation

1 January 1998	-	-	-	379,809	2,342,480	647,163	3,369,452
Charge for year	-	-	-	22,279	279,100	302,039	603,418
Disposals	-	-	-	-	-	(195,250)	(195,250)
31 December 1998	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,088</u>	<u>2,621,580</u>	<u>753,952</u>	<u>3,777,620</u>

Net book amounts

31 December 1998	42,000	1,293,479	58,000	257,461	747,263	773,801	3,172,004
31 December 1997	81,000	1,071,250	155,000	182,740	771,894	685,194	2,947,078

The non depreciation of the investment property in accordance with accounting standards does not materially affect the financial statements.

The transfers represent properties with less than 50 years left to run on their leases reclassified as short leasehold in accordance with the requirements of the Companies Act 1985.

Included with furniture and equipment and motor vehicles are assets held under finance lease.

	<u>1998</u>	<u>1997</u>		
	<u>Furniture and equipment</u>	<u>Motor vehicles</u>	<u>Furniture and equipment</u>	<u>Motor vehicles</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost	164,358	196,190	164,358	682,909
Accumulated depreciation	(131,720)	(122,258)	(76,934)	(401,106)
Net book amount	<u>32,638</u>	<u>73,932</u>	<u>87,424</u>	<u>281,803</u>

ANDREWS AND PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (continued)

9. TANGIBLE FIXED ASSETS (continued)

Freehold, long leasehold and investment properties (excluding additions) are stated at market value as at 31 December 1998 following valuations on an open market basis by members of the Royal Institute of Chartered Surveyors. At 31 December 1998 the historical cost of the revalued freehold premises was £821,694 and of long leasehold premises £99,379.

The company's overdraft facility and debenture loan are secured on the freehold and long leasehold premises.

There were no capital commitments at 31 December 1998 (£194,000 at 31 December 1997).

10. INVESTMENTS

	<u>Shares in subsidiaries</u> £
THE COMPANY	
At 1 January 1998 and 31 December 1998	<u>171,877</u>

The subsidiaries, all of which have been consolidated and are wholly owned are:-

	<u>Proportion of nominal value of shares held</u>		<u>Nature of Business</u>
	<u>By the Company</u> %	<u>By the Group</u> %	
Andrews Estate Agents Limited	85	100	Estate Agents
London Guardian Estate Agency Limited	100	100	Investment Company
Andrews Letting and Management Limited	100	100	Letting Agents
Andrews Pension Trust Limited	100	100	Pension Trustee
Andrews Financial Services Limited	0	100	Financial Services
Andrews ESOP Limited	100	100	ESOP Trustee

11. DEBTORS

THE GROUP	<u>1998</u> £	<u>1997</u> £
Trade debtors	488,968	328,476
Other debtors	139,913	65,272
Prepayments and accrued income	<u>285,396</u>	<u>282,358</u>
	<u>914,277</u>	<u>676,106</u>

THE COMPANY

Amounts due from subsidiary undertakings	<u>30,947</u>	<u>27,849</u>
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ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (continued)****12. CREDITORS (Amounts falling due within one year)**

THE GROUP	<u>1998</u> £	<u>1997</u> £
Lease purchase agreements	87,505	221,940
Trade creditors	259,018	201,275
Outstanding pension contributions	4,440	13,402
Taxation and social security	593,899	564,675
Corporation tax	194,069	326,089
Accruals	<u>306,142</u>	<u>338,565</u>
	<u>1,445,073</u>	<u>1,665,946</u>

The group overdraft facility is secured on freehold premises of Andrews Estate Agents Limited.

THE COMPANY	<u>1998</u> £	<u>1997</u> £
Amounts due to subsidiary undertakings	100	4,222
Accruals	1,750	2,395
Corporation tax	<u>1,148</u>	<u>216</u>
	<u>2,998</u>	<u>6,833</u>

13. CREDITORS (Amounts falling due after more than one year)

THE GROUP	<u>1998</u> £	<u>1997</u> £
Staff bonuses - amounts due between one and five years	28,618	21,793
Lease purchase agreements		
- amounts due between one and two years	11,631	96,946
- amounts due between two and five years	-	19,311
Debenture loan - amounts due between one and two years	-	284,053
- amounts due between two and five years	<u>284,088</u>	<u>-</u>
	<u>324,337</u>	<u>422,103</u>

The debenture loan is secured on freehold premises of Andrews Estate Agents Limited.

The Company itself had no creditors falling due after more than one year.

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (continued)****14. PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>Compensation payable</u>	<u>Clawback Provision</u> (Note 1(2)(b))	<u>Lease Obligations</u>	<u>Contributions to employee share trust</u>	<u>Total</u>
	£	£	£	£	£
THE GROUP					
At 1 January 1998	50,000	158,722	18,837	509,448	737,007
Utilised in the year	(50,000)	(99,288)	(3,425)	-	(152,713)
Released in the year	-	-	(6,855)	-	(6,855)
Created in the year	<u>75,000</u>	<u>95,952</u>	<u>-</u>	<u>165,997</u>	<u>336,949</u>
At 31 December 1998	<u>75,000</u>	<u>155,386</u>	<u>8,557</u>	<u>675,445</u>	<u>914,388</u>

Personal Investment Authority pensions review.

In common with many other pensions advisors, the company has been required by the Personal Investment Authority ("PIA") to review the sale of pensions in the period from 29 April 1988 to 30 June 1994.

Phase one of the review has been satisfactorily completed by 31 December 1998 with no significant additional cost to the company. Phase two of the review has commenced in the first quarter of 1999 in accordance with the PIA's requirements. A specific provision has been made in the accounts for those cases likely to lead to compensation amounting to £75,000 (including related professional fees). Phase two of the review is not likely to be completed until June 2000 so there remains some uncertainty as to the final outcome. At present the directors believe that the cost of phase two should not exceed £75,000, but there is a possibility that additional claims may come to light in the future.

EMPLOYEE SHARE TRUST

In 1996 the group established an employee share trust. Share options were granted to certain of the directors during 1996 as disclosed on page 2 of the directors' report, and no further options have been granted in 1997 or 1998. The provision represents contributions payable to the Trust to purchase the shares following exercise of the options.

15. DEFERRED TAXATION

	<u>1998</u>		<u>1997</u>	
	<u>Full potential liability</u> <u>/ (asset)</u>	<u>Provision created</u>	<u>Full potential liability</u> <u>/ (asset)</u>	<u>Provision created</u>
	£	£	£	£
THE GROUP				
Accelerated capital allowances	7,158	-	(2,813)	-
Other timing differences	<u>(12,027)</u>	<u>-</u>	<u>(16,617)</u>	<u>-</u>
	<u>(4,869)</u>	<u>-</u>	<u>(19,430)</u>	<u>-</u>

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (continued)****16. CALLED UP SHARE CAPITAL****THE GROUP AND THE COMPANY**

	<u>4.9% cumulative preference shares of £1 each</u>		<u>Ordinary shares of 50p each</u>		<u>Total</u>
	<u>Number</u>	<u>£</u>	<u>Number</u>	<u>£</u>	<u>£</u>
AUTHORISED:					
At 1 January 1998 and 31 December 1998	<u>14,960</u>	<u>14,960</u>	<u>370,080</u>	<u>185,040</u>	<u>200,000</u>
ALLOTTED, ISSUED AND FULLY PAID:					
At 1 January 1998 and 31 December 1998	<u>100</u>	<u>100</u>	<u>293,260</u>	<u>146,630</u>	<u>146,730</u>

Holders of the cumulative preference shares are entitled to a fixed cumulative preferential dividend at the rate of 4.9% per annum on the paid up capital. In the case of a winding up or other return on capital the holders of the preference shares are entitled to receive repayment in full of the paid up capital together with any arrears of the cumulative preferential dividend. The preference shares carry no voting rights unless the dividends are in arrears.

Details of the share options granted in the year are given on page 2 of the directors' report.

17. RESERVES

	<u>GROUP</u>	<u>COMPANY</u>	<u>GROUP</u>
	<u>Profit & Loss Account</u>	<u>Profit & Loss Account</u>	<u>Revaluation Reserve</u>
	<u>£</u>	<u>£</u>	<u>£</u>
At 1 January 1998	1,879,621	52,242	413,121
Retained profit for the year	362,333	3,704	-
Transfer of realised profits	<u>35,944</u>	<u>-</u>	<u>(35,944)</u>
At 31 December 1998	<u>2,277,898</u>	<u>55,946</u>	<u>377,177</u>

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (continued)****18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

<u>THE GROUP</u>	<u>1998</u> £	<u>1997</u> £
Profit for the financial year	567,838	909,772
Charitable donations	(205,500)	(305,000)
Dividends paid	<u>(5)</u> 362,333	<u>(5)</u> 604,767
Other recognised losses relating to year	—	(82,750)
Net addition to shareholders' funds	362,333	522,017
Opening shareholders' funds	<u>2,439,472</u>	<u>1,917,455</u>
Closing shareholders' funds	<u>2,801,805</u>	<u>2,439,472</u>
Closing shareholders' funds comprise:		
Non-equity interests - preference shares	100	100
Equity interests	<u>2,801,705</u>	<u>2,439,372</u>
	<u>2,801,805</u>	<u>2,439,472</u>
 <u>THE COMPANY</u>	 <u>1998</u> £	 <u>1997</u> £
Profit/(Loss) for the financial year	3,709	734
Dividends paid	<u>(5)</u>	<u>(5)</u>
Net addition to shareholders funds	3,704	729
Opening shareholders' funds	<u>198,972</u>	<u>198,243</u>
Closing shareholders' funds	<u>202,676</u>	<u>198,972</u>
Closing shareholders' funds comprise:		
Non-equity interests - preference shares	100	100
Equity interests	<u>202,576</u>	<u>198,872</u>
	<u>202,676</u>	<u>198,972</u>

ANDREWS AND PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (continued)

19. OPERATING LEASE COMMITMENTS

Operating lease commitments of the group payable within one year but not provided in the financial statements:

	<u>1998</u>		
	<u>Land and</u>	<u>Other</u>	<u>Total</u>
	<u>Buildings</u>	<u>Leases</u>	
	<u>£</u>	<u>£</u>	<u>£</u>
Expiring within one year	33,250	370	33,620
Expiring between one and five years	149,050	-	149,050
Expiring after five years	<u>352,650</u>	<u>-</u>	<u>352,650</u>
	<u>534,950</u>	<u>370</u>	<u>535,320</u>

The company itself had no operating lease commitments at 31 December 1998.

20. ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is the charity World in Need, which holds 72.5% of the allotted share capital of Andrews and Partners Limited.

During the year the Andrews and Partners Limited group donated £145,100 to World in Need in the form of a Deed of Covenant from London Guardian Estate Agency Limited.

There were no amounts due to or from World in Need at the balance sheet date.

21. RELATED PARTY DISCLOSURES

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions and balances with entities that are part of the Andrews and Partners Limited group that have been eliminated on consolidation.

22. ANDREWS AND PARTNERS EMPLOYEE SHARE TRUST

The Employee Share Trust was established on 23 September 1996 to hold and distribute fully paid ordinary shares in the company issued under employees' share schemes (within the meaning of section 743 of the Companies Act 1985). The Trustee is Andrews ESOP Limited, a wholly owned subsidiary of the company. The company will bear the cost of expenses relating to the Employee Share Trust. No shares were held by the Trust at 31 December 1998.