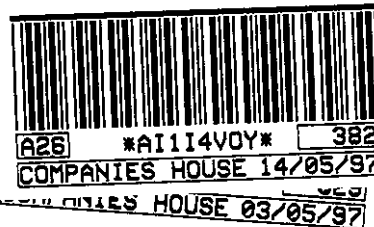


**ANDREWS AND PARTNERS LIMITED**

**(Registered Number 235326)**

**FINANCIAL STATEMENTS**

**31 DECEMBER 1996**



## ANDREWS AND PARTNERS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

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 1996.

#### 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

As predicted in last year's Directors' Report, 1996 was a year of substantial recovery for the group with turnover increasing 32% and a return to profitability.

The last year has seen a gradual improvement in the climate of the property market with confidence beginning to return. This was reflected in growing applicant demand although the supply of new instructions to the market remained depressed. No new branches were opened in 1996, but new initiatives started in earlier years brought a substantial benefit to this year's result.

The early signs for 1997 are very encouraging and the directors are confident of another profitable year.

#### 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. The directors recommend the payment of a £5 dividend (1995: £5) and the profit of £584,369 (1995: loss of £359,314) has been transferred to/(deducted from) reserves.

#### DIRECTORS

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

MO Feilden (Chairman)

M Robson

A Radford

NK Wright

#### 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 were granted to certain of the directors during the year as follows:-

	<u>At 1 January 1996</u>	<u>Granted in Year</u>	<u>At 31 December 1996</u>
	Number of options	Number of options	Number of options
M. Robson	-	19,336	19,336
N.K. Wright	-	9,668	9,668

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

## ANDREWS AND PARTNERS LIMITED

### DIRECTORS' REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 1996 (continued)

#### DIRECTORS' INTERESTS (continued)

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 1996 and 1995 were as follows:-

	<u>Ordinary shares of 50p each</u>	
	<u>1996</u>	<u>1995</u>
	<u>Number</u>	<u>Number</u>
MO Feilden	212,760	21,276
M Robson	247,260	24,726
NK Wright	247,260	24,726

#### 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.

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 1996 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>

## ANDREWS AND PARTNERS LIMITED

### DIRECTORS' REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 1996 (continued)

#### CHARITABLE DONATIONS

The group has this year given charitable donations of £204,000 (1995: £4,000).

#### 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 weekly information sheet circulated to all staff, regular training courses, meetings and conferences.

#### AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to be reappointed and a resolution concerning their appointment will be proposed at the next Annual General Meeting.

By Order of the Board



N K Wright  
Secretary

1<sup>st</sup> May 1997

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

We have audited the financial statements on pages 5 to 19 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 9 and 10.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2 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 affairs of the company and of the group as at 31st December 1996 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.



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

1<sup>st</sup> May 1997

**ANDREWS AND PARTNERS LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1996**

	<u>1996</u>		<u>1995</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>TURNOVER</u> (Note 2)		11,721,321		8,895,946
Administrative expenses		(10,842,697)		(9,303,281)
Charitable donations (Note 3)		(204,000)		(4,000)
Other operating income		<u>49,941</u>		<u>47,044</u>
 <u>OPERATING PROFIT/(LOSS)</u>		 724,565		 (364,291)
 Interest receivable (Note 4)	70,088		64,526	
Interest payable (Note 4)	(71,207)		(59,953)	
		<u>(1,119)</u>		<u>4,573</u>
 <u>PROFIT/(LOSS) ON ORDINARY</u> <u>ACTIVITIES BEFORE TAXATION</u> (Note 4)		 723,446		 (359,718)
Taxation (charge)/credit on profit on ordinary activities (Note 7)		(139,072)		<u>409</u>
 <u>PROFIT/(LOSS) FOR THE</u> <u>FINANCIAL YEAR</u>		 584,374		 (359,309)
 Dividends paid (Note 8)		(5)		(5)
 <u>RETAINED PROFIT/(LOSS) FOR</u> <u>THE FINANCIAL YEAR</u> (Note 17)		 <u>£584,369</u>		 <u>£(359,314)</u>

There are no other recognised gains or losses in the year. All operations are continuing. The notes on pages 9 to 19 form part of these financial statements.

**ANDREWS AND PARTNERS LIMITED**  
**CONSOLIDATED BALANCE SHEET - 31 DECEMBER 1996**

	<u>1996</u>	<u>1995</u>
	£	£
<b><u>FIXED ASSETS</u></b>		
Tangible assets (Note 9)	3,068,712	2,802,469
<b><u>CURRENT ASSETS</u></b>		
Debtors (Note 11)	539,592	568,657
Cash at bank and in hand	<u>1,012,517</u>	<u>1,826</u>
	1,552,109	570,483
<b><u>CREDITORS</u></b> (amounts falling due within one year)(Note 12)	<u>(1,586,545)</u>	<u>(1,014,729)</u>
	(34,436)	(444,246)
<b><u>CLIENTS' MONIES</u></b>		
Cash at bank	797,834	786,614
Due to clients	<u>(797,834)</u>	<u>(786,614)</u>
	-	-
<b><u>NET CURRENT LIABILITIES</u></b>	(34,436)	(444,246)
<b><u>TOTAL ASSETS LESS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>	3,034,276	2,358,223
<b><u>CREDITORS</u></b> (amounts falling due after more than one year) (Note 13)	(643,841)	(580,413)
<b><u>PROVISIONS FOR LIABILITIES AND</u></b>		
<b><u>CHARGES</u></b> (Note 14)	(472,980)	(273,456)
<b><u>DEFERRED INCOME</u></b>	-	(171,268)
	<u>£1,917,455</u>	<u>£1,333,086</u>
<b><u>CAPITAL AND RESERVES</u></b>		
Called up share capital (Note 16)	146,730	14,763
Share premium account ( Note 17)	-	26,782
Revaluation reserve (Note 17)	495,871	495,871
Profit and loss account (Note 17)	<u>1,274,854</u>	<u>795,670</u>
<b><u>TOTAL SHAREHOLDERS' FUNDS</u></b> (Note 18)	<u>£1,917,455</u>	<u>£1,333,086</u>
(including non-equity interests)		

Approved by the Board on  
1<sup>st</sup> May 1997



M Robson  
Director


The notes on pages 9 to 19 form part of these financial statements.

**ANDREWS AND PARTNERS LIMITED**

**BALANCE SHEET - 31 DECEMBER 1996**

	<u>1996</u>		<u>1995</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>			
Investments (Note 10)		171,877	171,777
<u>CURRENT ASSETS</u>			
Debtors (Note 11)	28,906		30,139
Cash at bank and in hand	<u>2,131</u>		<u>695</u>
	31,037		30,834
<u>CREDITORS</u> (amounts falling due within one year) (Note 12)			
	( <u>4,671</u> )		( <u>2,515</u> )
<u>NET CURRENT ASSETS</u>		<u>26,366</u>	<u>28,319</u>
<u>TOTAL ASSETS LESS</u> <u>CURRENT LIABILITIES</u>		<u>£198,243</u>	<u>£200,096</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital (Note 16)		146,730	14,763
Share premium account (Note 17)		-	26,782
Profit and loss account (Note 17)		<u>51,513</u>	<u>158,551</u>
<u>TOTAL SHAREHOLDERS' FUNDS</u> (Note 18) (including non-equity interests)		<u>£198,243</u>	<u>£200,096</u>

Approved by the Board on  
1<sup>st</sup> May 1997

  
M Robson  
Director

The notes on pages 9 to 19 form part of these financial statements.



**ANDREWS AND PARTNERS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 1996**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
<u>NET CASH INFLOW FROM OPERATING ACTIVITIES</u>	1,580,934	116,722
<u>RETURNS ON INVESTMENTS &amp; SERVICING OF FINANCE</u>		
Interest received	99,673	16,620
Interest paid	(28,375)	(23,992)
Interest element of lease purchase rentals payment	(42,779)	(35,961)
Dividends paid	(5)	(5)
<u>NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS &amp; SERVICING OF FINANCE</u>	28,514	(43,338)
<u>TAXATION</u> - Corporation tax paid	-	(16,700)
<u>INVESTING ACTIVITIES</u>		
Payments to acquire tangible fixed assets	(364,940)	(151,962)
Receipts from sale of tangible fixed assets	<u>62,234</u>	<u>25,598</u>
<u>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</u>	(302,706)	(126,364)
<u>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</u>	1,306,742	(69,680)
<u>FINANCING</u>		
Capital element of lease purchase rental payment	(227,579)	(146,259)
<u>NET CASH OUTFLOW FROM FINANCING</u>	(227,579)	(146,259)
<u>INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</u>	<u>£1,079,163</u>	<u>£(215,939)</u>

**NOTES TO THE CASH FLOW STATEMENT**

**1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Operating profit/(loss)	724,565	(364,291)
Depreciation charges	438,863	393,117
Profit on sale of tangible fixed assets	(46,075)	(18,783)
Increase in debtors	(520)	(8,015)
Increase in creditors	458,744	48,985
Increase/(Decrease) in provision for liabilities & charges	176,625	(105,559)
(Decrease)/Increase in deferred income	(171,268)	171,268
	<u>£1,580,934</u>	<u>£116,722</u>

**2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS**

At 1 January 1996	(66,646)	149,293
Net cash inflow	<u>1,079,163</u>	<u>(215,939)</u>
At 31 December 1996	<u>£1,012,517</u>	<u>£(66,646)</u>

**3. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	<u>Share Capital &amp; Share Premium</u>	<u>Debenture Loan</u>	<u>Lease Purchase Agreements</u>
Balance at 1 January 1996	41,545	284,000	421,216
Cash outflows from financing	-	-	(227,579)
Interest	-	53	-
Inception of lease purchase agreements	-	-	356,325
Bonus issue - non cash movement	<u>105,185</u>	-	-
Balance at 31 December 1996	<u>£146,730</u>	<u>£284,053</u>	<u>£549,962</u>

During the year the group entered into lease purchase agreements with a total capital value at the inception of the leases of £356,325.

## **ANDREWS AND PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996**

#### **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.

##### **(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 S.S.A.P. 12 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 25 years 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 25 years to run are depreciated over the unexpired period of the lease.

###### **(d) Furniture and Equipment:**

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

## ANDREWS AND PARTNERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)

#### 1. ACCOUNTING POLICIES (continued)

(e) 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 revaluation reserve.

(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 1996 (continued)****2. TURNOVER**

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

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Estate agency	7,971,378	6,013,188
Other activities	<u>3,749,943</u>	<u>2,882,758</u>
	<u>£11,721,321</u>	<u>£8,895,946</u>

**3. CHARITABLE DONATIONS**

Charitable donations of £204,000 (1995: £4,000) are paid under Deed of Covenant by the group to its shareholder charities.

**4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Estate Agency	290,015	(648,172)
Other activities	637,431	292,454
Charitable donations	<u>(204,000)</u>	<u>(4,000)</u>
	<u>£723,446</u>	<u>£(359,718)</u>

and is stated after charging/(crediting):

Interest payable on:

- finance lease charges	42,779	35,961
- bank loans and overdrafts	8,084	7,142
- other loans	<u>20,344</u>	<u>16,850</u>
	<u>71,207</u>	<u>59,953</u>

Profit on sale of fixed assets	(46,075)	(18,783)
--------------------------------	----------	----------

Interest receivable:

- bank interest	(70,088)	(64,526)
Depreciation - owned assets	296,117	268,851
- leased assets	142,746	124,266

Auditors' remuneration - Audit fees	23,300	22,600
- Non audit fees	26,500	13,300

Operating lease charges - Plant and Machinery	185,056	275,078
- Land and Buildings	<u>526,621</u>	<u>541,927</u>

**5. STAFF COSTS**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
(a) Staff costs (including directors' remuneration) comprise:		
Salaries	5,191,665	4,260,576
Social Security costs	515,108	441,273
Pension contributions	243,589	208,048
Provision for contributions to employee share trust (Note 14)	<u>235,000</u>	<u>-</u>
	<u>£6,185,362</u>	<u>£4,909,897</u>

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)**5. STAFF COSTS (continued)

	<u>1996</u> <u>Number</u>	<u>1995</u> <u>Number</u>
(b) The average number of persons employed by the group was:-		
Estate Agency	242	231
Other activities	<u>95</u>	<u>86</u>
	<u>337</u>	<u>317</u>

6. DIRECTORS' EMOLUMENTS

	<u>1996</u>	<u>1995</u>
Directors' emoluments		
- for management services	<u>£203,991</u>	<u>£148,395</u>
Directors' emoluments (excluding pension contributions) include: Chairman	<u>£ 6,000</u>	<u>£4,000</u>
Highest paid director	<u>£109,783</u>	<u>£83,704</u>

The emoluments of the directors (excluding pension contributions) were in the following bands:

	<u>1996</u> <u>Number</u>	<u>1995</u> <u>Number</u>
£NIL - £5,000	-	2
£ 5,001 - £10,000	2	-
£45,001 - £50,000	-	1
£55,001 - £60,000	1	-
£80,001 - £85,000	-	1
£105,001 - £110,000	<u>1</u>	<u>-</u>
	<u>4</u>	<u>4</u>

7. TAXATION CHARGE/(CREDIT) ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Corporation tax charge/(credit) based on the profit for the year adjusted for tax purposes		
- current year	116,173	-
- prior year	-	(409)
Deferred tax - current year (Note 14)	<u>22,899</u>	<u>-</u>
	<u>£139,072</u>	<u>£(409)</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 roll-over relief.

# ANDREWS AND PARTNERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)

8. <u>DIVIDENDS</u>	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Paid:		
4.9% cumulative preference shares	<u>5</u>	<u>5</u>

## 9. TANGIBLE FIXED ASSETS

### THE GROUP

	<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>At cost/valuation</u>						
1 January 1996	1,284,000	178,000	652,375	2,496,520	1,056,788	5,667,683
Additions	-	-	-	366,190	355,075	721,265
Disposals	-	-	(3,073)	(18,073)	(238,750)	(259,896)
31 December 1996	<u>£1,284,000</u>	<u>£178,000</u>	<u>£649,302</u>	<u>£2,844,637</u>	<u>£1,173,113</u>	<u>£6,129,052</u>

### Analysis

At cost	512,000	-	649,302	2,844,637	1,173,113	5,179,052
At valuation	<u>772,000</u>	<u>178,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>950,000</u>
	<u>£1,284,000</u>	<u>£178,000</u>	<u>£649,302</u>	<u>£2,844,637</u>	<u>£1,173,113</u>	<u>£6,129,052</u>

### Depreciation

1 January 1996	-	-	423,648	1,909,323	532,243	2,865,214
Charge for year	-	-	23,094	199,216	216,553	438,863
Disposals	-	-	(3,073)	(15,683)	(224,981)	(243,737)
31 December 1996	<u>£ -</u>	<u>£ -</u>	<u>£443,669</u>	<u>£2,092,856</u>	<u>£523,815</u>	<u>£3,060,340</u>

### Net book amounts

31 December 1996	<u>£1,284,000</u>	<u>£178,000</u>	<u>£205,633</u>	<u>£751,781</u>	<u>£649,298</u>	<u>£3,068,712</u>
31 December 1995	<u>£1,284,000</u>	<u>£178,000</u>	<u>£228,727</u>	<u>£587,197</u>	<u>£524,545</u>	<u>£2,802,469</u>

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

	<u>1996</u>	<u>1995</u>
	<u>Furniture and equipment</u>	<u>Furniture and equipment</u>
	<u>£</u>	<u>£</u>
Cost	164,358	757,021
Accumulated depreciation	<u>(22,148)</u>	<u>(299,227)</u>
Net book amount	<u>142,210</u>	<u>457,794</u>

## ANDREWS AND PARTNERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)

#### 9. TANGIBLE FIXED ASSETS (continued)

Freehold and long leasehold properties (excluding additions) are stated at market value as at 31 December 1992 following valuations on an open market basis by members of the Royal Institute of Chartered Surveyors. At 31 December 1996 the historical cost of the revalued freehold premises was £354,751 and of long leasehold premises £99,378.

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

There were no capital commitments at 31 December 1996 or 31 December 1995.

#### 10. INVESTMENTS

	<u>Shares in subsidiaries</u>
	<u>£</u>
THE COMPANY	
At 1 January 1996	171,777
Additions in the year	<u>100</u>
At 31 December 1996	<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>	
	<u>%</u>	<u>%</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

The company acquired 100% of the share capital of Andrews ESOP Ltd on 24 September 1996 at a cost of £100.

#### 11. DEBTORS

THE GROUP	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Trade debtors	240,678	222,162
Other debtors	48,544	68,803
Prepayments and accrued income	<u>250,370</u>	<u>277,692</u>
	<u>£539,592</u>	<u>£568,657</u>

#### THE COMPANY

Amounts due from subsidiary undertakings	<u>£28,906</u>	<u>£30,139</u>
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## ANDREWS AND PARTNERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)

#### 12. CREDITORS (Amounts falling due within one year)

THE GROUP	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Bank overdraft	-	68,472
Trade creditors	293,178	227,011
Outstanding pension contributions	-	26,982
Taxation and social security	562,781	369,624
Accruals	402,647	179,921
Lease purchase agreements	211,766	142,719
Corporation tax	<u>116,173</u>	<u>-</u>
	<u>£1,586,545</u>	<u>£1,014,729</u>

The group overdraft is secured on freehold premises of the Company.

THE COMPANY	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Amounts due to subsidiary undertakings	100	100
Accruals	2,664	1,415
Taxation and Social Security	-	1,000
Corporation tax	<u>1,907</u>	<u>-</u>
	<u>£4,671</u>	<u>£2,515</u>

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

THE GROUP	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Bonuses - amounts due between one and five years	21,592	17,916
Lease purchase agreements		
- amounts due between one and two years	212,315	123,713
- amounts due between two and five years	125,881	154,784
Debenture loan - amounts due between one and two years	<u>284,053</u>	<u>284,000</u>
	<u>£643,841</u>	<u>£580,413</u>

The debenture loan is secured on freehold premises of the Company.

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



**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)****14. PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>Deferred Tax</u>	<u>Clawback Provision</u>	<u>Lease Obligations</u>	<u>Contributions to employee share trust (Note (i))</u>	<u>Total</u>
	£	£	£	£	£
THE GROUP					
At 1 January 1996	-	119,591	153,865	-	273,456
Utilised in the year	-	(72,693)	(85,942)	-	(158,635)
Released in the year	-	(4,623)	-	-	(4,623)
Created in the year	<u>22,899</u>	<u>104,883</u>	<u>-</u>	<u>235,000</u>	<u>362,782</u>
At 31 December 1996	<u>£22,899</u>	<u>£147,158</u>	<u>£67,923</u>	<u>£235,000</u>	<u>£472,980</u>

- (i) In 1996 the group established an employee share trust. Share options were granted to certain of the directors during the year as disclosed on page 1 of the directors' report. The provision represents contributions payable to the Trust to purchase the shares following exercise of the options.

**15. DEFERRED TAXATION**

	<u>1996</u>		<u>1995</u>	
	<u>Full potential liability /(asset)</u>	<u>Provision created</u>	<u>Full potential asset</u>	<u>Asset recognised</u>
	£	£	£	£
THE GROUP				
Accelerated capital allowances	52,439	52,439	(58,125)	-
Other timing differences	(29,540)	(29,540)	(50,775)	-
	<u>£22,899</u>	<u>£22,899</u>	<u>£(108,900)</u>	<u>£-</u>

The company has no deferred tax not provided.

**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 1996	14,960	14,960	32,326	16,163	31,123
Increase on 2 May 1996	-	-	337,754	168,877	168,877
At 31 December 1996	<u>14,960</u>	<u>£14,960</u>	<u>370,080</u>	<u>£185,040</u>	<u>£200,000</u>
ALLOTTED AND FULLY PAID:					
At 1 January 1996	100	100	29,326	14,663	14,763
Bonus issue on 2 May 1996	-	-	263,934	131,967	131,967
At 31 December 1996	<u>100</u>	<u>£100</u>	<u>293,260</u>	<u>£146,630</u>	<u>£146,730</u>

## ANDREWS AND PARTNERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)

#### 16. CALLED UP SHARE CAPITAL (continued)

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 1 of the directors' report.

#### 17. RESERVES

	GROUP	COMPANY	GROUP	GROUP & COMPANY
	Profit & Loss Account	Profit & Loss Account	Revaluation Reserve	Share Premium Account
	£	£	£	£
At 1 January 1996	795,670	158,551	495,871	26,782
Profit/(Loss) for the year	584,374	(1,848)	-	-
Dividends paid	(5)	(5)	-	-
Bonus issue	(105,185)	(105,185)	-	(26,782)
At 31 December 1996	<u>1,274,854</u>	<u>51,513</u>	<u>495,871</u>	<u>-</u>

#### 18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1996</u> £	<u>1995</u> £
<u>THE GROUP</u>		
Profit/(loss) for the financial year	584,374	(359,309)
Dividends paid	(5)	(5)
Net addition to/(deduction from) shareholders' funds	<u>584,369</u>	<u>(359,314)</u>
Opening shareholders' funds	<u>1,333,086</u>	<u>1,692,400</u>
Closing shareholders' funds	<u>£1,917,455</u>	<u>£1,333,086</u>
Closing shareholders' funds comprise:		
Non-equity interests - preference shares	100	100
Equity interests	<u>1,917,355</u>	<u>1,332,986</u>
	<u>£1,917,455</u>	<u>£1,333,086</u>

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)****18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS (continued)**

<u>THE COMPANY</u>	<u>1996</u> £	<u>1995</u> £
(Loss)/Profit for the financial year	(1,848)	112
Dividends paid	(5)	(5)
Net (deduction from)/addition to shareholders funds	(1,853)	107
Opening shareholders' funds	<u>200,096</u>	<u>199,989</u>
Closing shareholders' funds	<u>£198,243</u>	<u>£200,096</u>
Closing shareholders' funds comprise:		
Non-equity interests - preference shares	100	100
Equity interests	<u>198,143</u>	<u>199,996</u>
	<u>£198,243</u>	<u>£200,096</u>

**19. OPERATING LEASE COMMITMENTS**

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

	<u>Land and</u> <u>Buildings</u> £	<u>Other</u> <u>Leases</u> £	<u>Total</u> £
Expiring within one year	90,000	3,335	93,335
Expiring between one and five years	88,800	2,061	90,861
Expiring after five years	<u>336,250</u>	<u>-</u>	<u>336,250</u>
	<u>£515,050</u>	<u>£5,396</u>	<u>£520,446</u>

The company itself had no operating lease commitments at 31 December 1996.

## **ANDREWS AND PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)**

#### **20. RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8, Related Party Disclosures, not to disclose related party transaction with members of the group.

#### **21. 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 1996.