

BRONTE PROPERTIES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

Morison Stoneham
Chartered Accountants
805 Salisbury House
31 Finsbury Circus
London EC2M 5SQ

Company Number: 712795



BRONTE PROPERTIES LIMITED

DIRECTORS

The Hon. Mrs J B W Needham
T F Needham
J S Walters
R A J Needham
J D Bell

SECRETARY

B Collett

REGISTERED OFFICE

The Old Manor
Helmsley
Yorkshire
YO6 5AB

AUDITORS

Morison Stoneham
Chartered Accountants
805 Salisbury House
31 Finsbury Circus
London
EC2M 5SQ

BRONTE PROPERTIES LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997**

CONTENTS	PAGE
Directors' report	1
Auditors' report	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Balance sheet	6
Notes to the financial statements	7

BRONTE PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1997

The directors present their annual report and the audited financial statements for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activities during the year were the collection of rent, the supervision of its properties and the maintenance of its investment.

During the year the directors refurbished one of the company's investment properties.

DIVIDEND AND TRANSFER TO RESERVES

The directors did not pay an interim dividend during the year (1996 -£nil) and they do not recommend the payment of a final dividend (1996 -£nil).

It is proposed that the retained loss of £12,711 be transferred to reserves.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year (or on appointment if later), were as follows:

	Class of share	Number of shares	
		1997	1996
Mrs E M Guinness (deceased 17 August 1996)	Ordinary shares	-	1
The Hon. Mrs J B W Needham	Ordinary shares	1	1
C H W Parish (non-beneficial) (resigned 30 April 1997)	Ordinary shares	39,998	39,998
T F Needham	Ordinary shares	-	-
J S Walters (appointed 30 April 1997)	Ordinary shares	-	-
R A J Needham (appointed 30 April 1997)	Ordinary shares	-	-
J D Bell (appointed 30 April 1997)	Ordinary shares	-	-

BRONTE PROPERTIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 1997 - continued

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 as at the end of the financial year 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.

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Morison Stoneham, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

By order of the Board



B Collett

Secretary

26 November 1997

BRONTE PROPERTIES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF BRONTE PROPERTIES LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of directors and auditors

As described in the Directors' Report the company's directors are responsible for the preparation of the 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 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

805 Salisbury House
31 Finsbury Circus
London EC2M 5SQ

28 November 1997

Morison Stoneham

MORISON STONEHAM
Registered Auditors
Chartered Accountants

BRONTE PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	Note	1997 £	1996 £
RENTAL INCOME		61,978	51,800
Administrative expenses		<u>(71,157)</u>	<u>(33,987)</u>
OPERATING (LOSS)/PROFIT	2	(9,179)	17,813
Interest receivable	3	1,731	1,236
Interest payable		<u>(2,833)</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(10,281)	19,049
Taxation	5	<u>(2,430)</u>	<u>(4,700)</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR	12	<u><u>£(12,711)</u></u>	<u><u>£14,349</u></u>

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 7 to 11 form part of these financial statements.

BRONTE PROPERTIES LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1997**

	1997	1996
	£	£
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(12,711)	14,349
Unrealised movement on revaluation of properties	<u>61,304</u>	<u>(7,500)</u>
TOTAL NET GAINS RECOGNISED SINCE LAST ANNUAL REPORT	<u>£48,593</u>	<u>£6,849</u>

The notes on pages 7 to 11 form part of these financial statements.

BRONTE PROPERTIES LIMITED

BALANCE SHEET AS AT 31 MARCH 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	6	670,000	600,000
CURRENT ASSETS			
Debtors	7	4,010	5,166
Cash with solicitors		55,343	37,257
		<u>59,353</u>	<u>42,423</u>
CREDITORS - amounts falling due within one year	8	<u>(57,308)</u>	<u>(21,971)</u>
NET CURRENT ASSETS		<u>2,045</u>	<u>20,452</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		672,045	620,452
PROVISION FOR LIABILITIES AND CHARGES	9	<u>(3,000)</u>	-
		<u>£669,045</u>	<u>£620,452</u>
CAPITAL AND RESERVES			
Called up share capital	10	40,000	40,000
Revaluation reserve	11	404,151	342,847
Profit and loss account	12	224,894	237,605
Shareholders' funds		<u>£669,045</u>	<u>£620,452</u>

These financial statements were approved by the Board of Directors on 26 November 1997.

Signed on behalf of the Board of Directors



J S Walters - Director

The notes on pages 7 to 11 form part of these financial statements.

BRONTE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No. 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to expiry. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.3 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.4 CASH FLOW STATEMENT

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 from presenting a cash flow statement as it qualifies as a small company.

2. OPERATING (LOSS)/PROFIT

	1997 £	1996 £
The operating (loss)/profit is stated after charging:-		
Auditors' remuneration	900	875
Repairs and renewals	45,887	-
	<u> </u>	<u> </u>

3. INTEREST RECEIVABLE

	1997 £	1996 £
Interest on deposits with solicitors	1,709	1,236
Interest on late paid rent	22	-
	<u> </u>	<u> </u>
	<u>£1,731</u>	<u>£1,236</u>

BRONTE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997 - continued

4. DIRECTORS AND EMPLOYEES

	1997 £	1996 £
Staff costs:-		
Wages and salaries	9,394	11,875
Social security costs	(231)	682
	<u>£9,163</u>	<u>£12,557</u>

There were no employees during the year apart from the directors.

	£	£
Directors' emoluments:-		
Remuneration for management services	<u>9,394</u>	<u>11,875</u>

5. TAXATION

	1997 £	1996 £
The taxation charge based on the (loss)/profit before tax comprises:-		
U.K. corporation tax at 24% (1996 - 25%)	-	4,700
Over provision in previous year	(570)	-
Deferred taxation	3,000	-
	<u>£2,430</u>	<u>£4,700</u>

BRONTE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997 - continued

6. TANGIBLE FIXED ASSETS

	Freehold property £
Cost or valuation:	
At 1 April 1996	600,000
Additions	8,696
Revaluation in year	61,304
	<hr/>
At 31 March 1997	670,000
	<hr/>
Net book value at 31 March 1997	£670,000
	<hr/>
Net book value at 31 March 1996	£600,000
	<hr/>

Land and buildings were valued at 31 March 1997 at open market value on the basis of existing use at £670,000 by the directors. The surplus over cost of £404,151 is shown under revaluation reserve.

7. DEBTORS

	1997 £	1996 £
Trade debtors	2,825	2,825
Other debtors	585	1,936
Prepayments and accrued income	600	405
	<hr/>	<hr/>
	£4,010	£5,166
	<hr/>	<hr/>

8. CREDITORS: Amounts falling due within one year

	1997 £	1996 £
Bank loan	44,833	-
Corporation tax	-	4,700
Other taxation and social security	682	1,224
Other creditors	4,730	5,922
Accruals and deferred income	7,063	10,125
	<hr/>	<hr/>
	£57,308	£21,971
	<hr/>	<hr/>

BRONTE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997 - continued

9. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is calculated at 33% (1996 - 33%) attributable to the following:

	Not provided		Provided	
	1997 £	1996 £	1997 £	1996 £
Surplus on revaluation	18,000	5,300	3,000	-
	<u>£18,000</u>	<u>£5,300</u>	<u>£3,000</u>	<u>£ -</u>

10. SHARE CAPITAL

	1997 £	1996 £
Authorised		
Equity interests:		
40,000 ordinary shares of £1 each	<u>£40,000</u>	<u>£40,000</u>
Allotted, called up and fully paid		
Equity interests:		
40,000 ordinary shares of £1 each	<u>£40,000</u>	<u>£40,000</u>

11. REVALUATION RESERVE

	1997 £	1996 £
Balance at 1 April	342,847	350,347
Revaluation during the year	<u>61,304</u>	<u>(7,500)</u>
Balance at 31 March	<u>£404,151</u>	<u>£342,847</u>

12. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
Retained profits at 1 April	237,605	223,256
(Loss)/profit for the financial year	<u>(12,711)</u>	<u>14,349</u>
Retained profits at 31 March	<u>£224,894</u>	<u>£237,605</u>

BRONTE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997 - continued

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
(Loss)/profit for the financial year	(12,711)	14,349
Other recognised gains and losses relating to the year (net)	61,304	(7,500)
Net addition to shareholders' funds	48,593	6,849
Shareholders' funds at 1 April 1996	620,452	613,603
Shareholders' funds at 31 March 1997	<u>£669,045</u>	<u>£620,452</u>
Represented by:		
Equity interests	<u>£669,045</u>	<u>£620,452</u>

14. RELATED PARTY TRANSACTIONS

Throughout the year ended 31 March 1997 Mr C H W Parish was a partner in Macfarlanes who provided professional services to the company. All transactions between the company and Macfarlanes are on an arm's length basis. During the year £11,157 was charged by Macfarlanes for services provided.

15. ULTIMATE CONTROLLING PARTY

The company is controlled by a trust connected with the directors.