

**BRITISH PROPERTY FEDERATION
(LIMITED BY GUARANTEE)**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1998**



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

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Company registered number: 778293

BRITISH PROPERTY FEDERATION (LIMITED BY GUARANTEE)

Members of the Council and Directors of the Federation on 31 December 1998

G G Edington	(President)
R R Spinney	(Vice President)
S A Corbyn	(Immediate Past President)
C A Coward	(Honorary Treasurer)
R Aldridge	M R Moore
R J Anderson	T Moross
C H Armon-Jones	J H M Newsum
Mrs L I Baldry	R M Peskin
C J Bartram	J H Ritblat
R S Broadhurst	J I Saggars
R W Carey	M G Savage
R Chenery	A D Strang
R M Dantzic	C N Strickland
I Donald	A N Sturt
D F Gardner	J L Tuckey
M K Gaunt	P C R Wates
I J Henderson	J P White
C K Howes CVO	D R Wilson
D I Hunter	A D Winskell
D R Leslie	A R Winter
S A Lipton	I B Womack
P R Macklin	

BRITISH PROPERTY FEDERATION (LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1998

Business of the Federation

During the year the Federation has continued to represent its members' interests to the Government and to other bodies. A full review of the Federation's work is contained in the Annual Review and should be read in conjunction with this report.

BPF Commercial Ltd was incorporated as a wholly owned subsidiary on 23rd December 1998. The Company will handle the Federation's income from trading activities.

Results for the year

The results are set out in the income and expenditure account on page 6. The surplus for the year after deducting taxation was £185,755 (1997: £154,426)

Future developments

The Federation's lease expires at 35 Catherine Place on 29 April 1999 and the Federation will move to new premises at 1 Warwick Row on 1 March 1999. The full cost of leasehold improvements will amount to £166,972 of which £62,930, incurred at 31st December 1998, is included in tangible fixed assets.

Tangible fixed assets

Movements in the tangible fixed assets held by the Federation are shown in note 7.

Membership of the Council

The Federation wishes to thank all Council members for their contribution to the affairs of the Federation during the year.

The members of the Council and directors of the Federation on 31 December 1998 are listed on page 1.

The following joined the Council during the year.

Mr R J Anderson	(Appointed 26 February 1998)
Mr C H Armon-Jones	(Appointed 26 February 1998)
Mr C J Bartram	(Appointed 10 November 1998)
Mr R Chenery	(Appointed 30 March 1998)
Mr I Donald	(Appointed 22 April 1998)
Mr I J Henderson	(Appointed 26 February 1998)
Mr R N Lay	(Appointed 26 February 1998)
Mr M R Moore	(Appointed 10 November 1998)
Mr I Womack	(Appointed 1 January 1998)

BRITISH PROPERTY FEDERATION (LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1998
(continued)

The following left the Council during the year.

Mr K R Egerton	(Resigned 24 November 1998)
Mr R Hill	(Resigned 29 March 1998)
Mr R N Lay	(Resigned 11 December 1998)
Mr N Leslau	(Resigned 12 February 1998)
Mr N Pollock	(Resigned 22 April 1998)
Mr R M Squire	(Resigned 26 February 1998)

Since the year end the following changes have taken place

Mr R Peto	(Appointed 24 February 1999)
Mr A Wilby	(Appointed 24 February 1999)

**BRITISH PROPERTY FEDERATION
(LIMITED BY GUARANTEE)**

Statement of directors' responsibilities

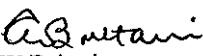
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the result of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

By order of the Board

24 February 1999


A W Brittain
Secretary
35 Catherine Place
London
SW1E 6DY

AUDITORS' REPORT TO THE MEMBERS OF BRITISH PROPERTY FEDERATION (LIMITED BY GUARANTEE)

We have audited the financial statements on pages 6 - 14, which have been prepared under the historic cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 4, 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 audit 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 as at 31 December 1998 and of its surplus for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY

24 February 1999

**Income & Expenditure Account
FOR YEAR ENDED 31 DECEMBER 1998**

	Notes	1998 £	1997 £
Subscription income		1,197,615	976,185
Operating and administrative expenses	2	(1,196,039)	(955,677)
Other operating income	5	<u>86,101</u>	<u>59,566</u>
Operating surplus		87,677	80,074
Interest receivable	4	<u>122,037</u>	<u>96,930</u>
Surplus on ordinary activities before taxation		209,714	177,004
Taxation	6	<u>(23,959)</u>	<u>(22,578)</u>
Surplus on ordinary activities after taxation		185,755	154,426
Income and expenditure balance at 1 January 1998		<u>947,690</u>	<u>793,264</u>
Income and expenditure balance at 31 December 1998		<u><u>1,133,445</u></u>	<u><u>947,690</u></u>

All income and expenditure relates to continuing operations.

Statement of recognised gains and losses	£	£
Total gains and losses recognised since last annual report	<u><u>185,755</u></u>	<u><u>154,426</u></u>

The notes on pages 8 to 14 form part of these financial statements.

Balance Sheet
31 December 1998

	Notes	1998 £	1997 £
Fixed Assets			
Tangible assets	7	116,855	14,632
Investments	8	1,142,903	831,686
Investment in Group undertakings	8	<u>200</u>	<u>100</u>
		1,259,958	846,418
Current Assets			
Debtors	9	109,504	107,504
Investments	10	473,482	320,000
Cash at bank and in hand		<u>76,443</u>	<u>179,155</u>
		659,429	606,659
Creditors			
Amounts falling due within one year	11	<u>(662,442)</u>	<u>(380,387)</u>
Net current assets/(liabilities)		<u>(3,013)</u>	<u>226,272</u>
Total assets less current liabilities		1,256,945	1,072,690
Provisions for liabilities and charges			
Other provisions	12	<u>(123,500)</u>	<u>(125,000)</u>
		<u>1,133,445</u>	<u>947,690</u>
Members' funds			
Income and expenditure account	13	<u>1,133,445</u>	<u>947,690</u>

Members' funds includes non equity interests (see note 13)

The financial statements were approved by the Board on 24 February 1999

G G Edington

C A Coward

A W Brittain

The notes on pages 8 to 14 form part of these financial statements

Notes to the Financial Statements

FOR YEAR ENDED 31 DECEMBER 1998

1 ACCOUNTING POLICIES

The financial statements of the Federation have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following principal accounting policies have been applied:

INCOME

Income comprises subscriptions from members which are treated as income in the year to which they relate. Income received in the current year relating to future years is credited to deferred income.

PENSION COSTS

Contributions to the Federation's defined contribution pension scheme are charged to the profit and loss account on an accruals basis.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost and depreciated on a straight line basis at the following rates

Computer equipment	33.33%
Furniture, fittings and office equipment	33.33%
Leasehold improvements	20.00%

A full year's depreciation is charged in the year of acquisition.

CASH FLOW STATEMENT

The company has taken advantage of the exemption under Financial Reporting Standard 1 (revised 1996) not to prepare a cash flow statement, as the directors believe the company is a small entity under section 246 to 249 Companies Act 1985.

FIXED ASSET INVESTMENTS

Fixed interest investments are carried at amortised cost, less provision for any permanent diminution in value. The premium or discount is taken to the income and expenditure account over the life of the investment. Equity investments are carried at cost less provision for any permanent diminution in value.

CONSOLIDATED ACCOUNTS

The company has not prepared consolidated accounts on the grounds of the immateriality of its subsidiaries.

Notes to the Financial Statements

FOR YEAR ENDED 31 DECEMBER 1998
(continued)

2 OPERATING AND ADMINISTRATIVE EXPENSES	1998 £	1997 £
Premises		
Rent and rates	110,788	114,993
Service charge	2,280	-
Insurance	11,092	10,899
Light and heat	2,331	2,320
Repairs and renewals	8,379	66,129
Cleaning	6,212	5,419
	<u>141,082</u>	<u>199,760</u>
Administration & Overheads		
Staff costs (see Note 3)	102,300	87,637
Printing & stationery	16,243	10,424
Telephone & postage	5,215	4,292
Maintenance of equipment	12,159	10,692
Depreciation	57,165	19,233
Auditors' remuneration	6,896	6,695
Legal & professional	35,931	-
Consultancy	13,537	-
Satisfaction survey	10,000	-
Sundry expenses	2,716	2,609
	<u>262,162</u>	<u>141,582</u>
Lobbying & Member Services		
Staff costs (see Note 3)	388,093	340,533
Printing & stationery	21,543	15,618
Telephone & postage	18,900	14,448
Consultancy fees and special project work	169,017	62,624
Legal & professional	5,000	41,682
Books & periodicals	8,338	8,884
Journal & newsletters	49,078	41,672
Meetings, conferences and seminars	37,477	31,560
Subscriptions and donations	8,754	9,451
Non-recoverable VAT	59,898	30,127
Sundry expenses	4,518	1,017
Transfer to subsidiary undertaking	22,179	16,719
	<u>792,795</u>	<u>614,335</u>
	<u>1,196,039</u>	<u>955,677</u>
Auditors' remuneration		
	1998	1997
	£	£
Non - audit fees	<u>5,000</u>	<u>25,714</u>

Financial commitments

At 31 December 1998 the company had annual commitments under non-cancellable operating leases expiring as follows:

	1998 £	1997 £
Within one year	30	-
Within one to five years	-	90
After five years	<u>127</u>	<u>-</u>
	<u>157</u>	<u>90</u>

Notes to the Financial Statements

FOR YEAR ENDED 31 DECEMBER 1998
(Continued)

3 EMPLOYEES

Staff costs consist of:

	1998	1997
	£	£
Wages and salaries	401,621	349,815
Social security cost	35,280	33,623
Pension cost	53,492	44,732
	<u>490,393</u>	<u>428,170</u>
Administration & Overheads	102,300	87,637
Lobbying & Member Services	<u>388,093</u>	<u>340,533</u>
	<u>490,393</u>	<u>428,170</u>

The average weekly number of employees during the year was as follows:

	1998	1997
full time	11	10

The Federation operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Federation in an independently administered fund. The pension cost charge represents contributions payable by the Federation to the Fund and amounted to £49,945 (1997: £31,203)

Contributions totalling £23,170 (1996: £15,005) were prepaid at 31 December 1998 and are included in debtors.

Notes to the Financial Statements

FOR YEAR ENDED 31 DECEMBER 1998
(Continued)

4 INTEREST RECEIVABLE	1998 £	1997 £
Other interest - short-term deposits	52,741	30,751
Income from fixed asset investments	63,803	61,363
Income from equity investments	1,528	-
Amortisation of discount on fixed asset investment	3,965	4,816
	<u>122,037</u>	<u>96,930</u>
5 OTHER OPERATING INCOME	1998 £	1997 £
Net publication receipts	12,806	11,693
Conference and annual luncheon income	184,372	150,262
Less: direct expenses	<u>(161,654)</u>	<u>(142,499)</u>
	22,718	7,763
Profit on disposal of shares	5,663	2,373
Other	44,914	37,737
	<u>86,101</u>	<u>59,566</u>
6 TAXATION	1998 £	1997 £
Corporation tax on investment income at 21% (1997: 21.5%)	25,642	21,034
Capital gains tax	1,171	498
Under/(Over)provided in prior year	<u>(2,854)</u>	<u>1,046</u>
	<u>23,959</u>	<u>22,578</u>

The Federation is liable to corporation tax only on its investment income and any capital gains.

Notes to the Financial Statements

FOR YEAR ENDED 31 DECEMBER 1998
(Continued)

7 TANGIBLE FIXED ASSETS

	Computer £	Furniture, fittings and office equipment £	Leasehold Improvements	Total £
Cost				
At beginning of year	87,582	65,358	-	152,940
Additions	23,013	73,443	62,930	159,386
Disposals	-	-	-	-
Cost at end of year	<u>110,595</u>	<u>138,801</u>	<u>62,930</u>	<u>312,326</u>
Depreciation				
At beginning of year	76,687	61,621	-	138,308
Provision for year	17,616	26,961	12,586	57,163
Disposals	-	-	-	-
At end of year	<u>94,303</u>	<u>88,582</u>	<u>12,586</u>	<u>195,471</u>
Net book value				
At 31 December 1998	<u>16,292</u>	<u>50,219</u>	<u>50,344</u>	<u>116,855</u>
At 31 December 1997	<u>10,895</u>	<u>3,737</u>	<u>3,737</u>	<u>14,632</u>

8 FIXED ASSET INVESTMENTS

	1998 £	1997 £
Eurobonds		
£120,000 Qit Fer & Titane 7 1/4% 1998	-	118,990
£50,000 Abbey National 8% 2003	49,139	48,936
£65,000 Abbey National 8% 2003	64,984	64,980
£146,000 British Telecom 7 1/8% 2003	142,028	141,192
£110,000 European Investment Bank 7% 2000	110,331	110,504
£110,000 Bank of Scotland 6 3/4% 1999	109,686	109,371
£125,000 Int Bank Rec & Dev 6.375% 2001	124,422	-
£120,000 Abbey National 5 3/8% 2009	120,780	-
Treasury Stock		
£101,600 Treasury 6% Stock 1999	101,238	100,618
£145,000 Treasury 6 3/4% Stock 2004	<u>138,238</u>	<u>137,095</u>
	960,846	831,686
Equity Investments	<u>182,057</u>	-
	<u>1,142,903</u>	<u>831,686</u>

All fixed asset investments are listed on the London Stock Exchange.

Notes to the Financial Statements

FOR YEAR ENDED 31 DECEMBER 1998
(Continued)

8 FIXED ASSET INVESTMENTS CONTINUED

At 31 December 1998 the market value of investments was £1,197,068 (1997: £856,518).

Movements in fixed asset investments during the year were as follows:

	£
As at 1 January 1998	831,686
Additions	451,767
Disposals	(144,515)
Amortisation of discounts	3,965
As at 31 December 1998	<u>1,142,903</u>

INVESTMENTS IN GROUP UNDERTAKINGS

The shares listed below are wholly owned and incorporated in England

	Ordinary Shares Held	Ordinary Shares Held
	1998	1997
	£	£
British Property Federation (Europe) Ltd £1 Ordinary Shares	100	100
BPF Commercial Ltd £1 Ordinary Shares	100	-
	<u>200</u>	<u>100</u>

British Property Federation (Europe) Ltd acts as the Federation's member of the European Property Federation whose purpose is to represent the interests of commercial property owners and investors at European Union level.

BPF Commercial Ltd will handle the Federation's income from trading activities. The company has not traded during the period under review.

9	DEBTORS	1998	1997
		£	£
	Accrued interest	15,111	34,745
	Other debtors	33,269	21,487
	Due from Group undertaking	1,399	1,900
	Prepayments	<u>59,725</u>	<u>49,372</u>
		<u>109,504</u>	<u>107,504</u>
10	INVESTMENTS	1998	1997
		£	£
	Short term deposits	<u>473,482</u>	<u>320,000</u>

Notes to the Financial Statement

FOR YEAR ENDED 31 DECEMBER 1998
(Continued)

11	CREDITORS FALLING DUE WITHIN ONE YEAR	1998 £	1997 £
	Other creditors	61,507	44,945
	Taxation and social security	17,953	22,748
	Corporation tax	15,024	7,264
	Capital gains tax	1,171	498
	Accruals	239,009	66,460
	Deferred Income	327,778	238,472
		<u>662,442</u>	<u>380,387</u>

12 OTHER PROVISIONS

Other provisions represents provisions related to the Federation's premises at 35 Catherine Place charged to the income and expenditure account during the year of £Nil (1997 £45,000). £1,500 of this provision (1997 Nil) has been utilised during the year.

13	RECONCILIATION OF MEMBERS' FUNDS	1998 £	1997 £
	Opening members' funds as originally reported	947,690	793,264
	Surplus for the year	185,755	154,426
	Closing members' funds	<u>1,133,445</u>	<u>947,690</u>

The British Property Federation is a company limited by guarantee which acts as a non-profit making Organisation in the promotion of the interests of the British property industry. In the event of a deficit arising on a winding up, the members of the company have guaranteed to provide a maximum of up to £1 per member to meet this deficit. In the event of a surplus arising on a winding up, this surplus will be transferred to another Organisation with objectives similar to those of the Federation.

14	CAPITAL COMMITMENTS	1998 £	1997 £
	Contracts placed for future capital expenditure not provided in the financial statements	<u>104,042</u>	<u>-</u>