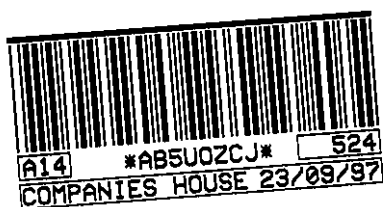


Leyton Properties Limited

2563463

Annual report for the year ended 5 April 1997

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**Directors' report
for the year ended 5 April 1997**

The directors present their report and the audited financial statements for the year ended 5 April 1997.

Principal activities

The principal activities of the company continue to be the investment in and management and letting of residential property.

Review of business and future developments

The profit for the year is set out in the profit and loss account on page 5.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 5 April 1997.

Market value of land and buildings

In accordance with Statement of Standard Accounting Practice No 19, investment properties are included in the balance sheet at open market value.

Directors

The directors of the company at 5 April 1997, all of whom have been directors for the whole of the year ended on that date, except where stated, were:

Mr P C T Warner (Chairman)	(resigned 8 May 1997)
Mr D J Veaser	
Mr B Tetley	(resigned 31 March 1997)
Mr A N Batty	(appointed 8 May 1997)
Mr N A Denby	(appointed 8 May 1997)
Mr D G Baker	(appointed 8 May 1997)

In accordance with the Articles of Association the directors are not required to retire by rotation.

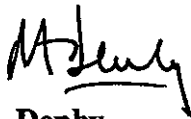
Directors' interests

According to the register required to be kept under Section 325 of the Companies Act 1985, none of the directors of the company at 5 April 1997 had any interest in the shares of the company either at the beginning or end of the year ended on that date.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



N A Denby
Secretary
Jardine House
3 Commercial Street
Bradford
11 June 1997

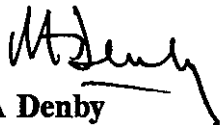
Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 5 April 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, 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



N A Denby
Secretary

11 June 1997

Report of the auditors to the members of Leyton Properties Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3 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 the company's affairs at 5 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Chartered Accountants and Registered Auditors

Leeds

11 June 1997

**Profit and loss account
for the year ended 5 April 1997**

	Notes	1997 £	1996 £
Turnover	2	<u>206,508</u>	<u>234,734</u>
Operating profit	2	402,065	248,668
Surplus on revaluation of investment properties		<u>294,749</u>	<u>87,340</u>
Profit on ordinary activities before interest		696,814	336,008
Interest receivable		12,830	6,542
Interest payable		(2)	-
Profit on ordinary activities before taxation		<u>709,642</u>	<u>342,550</u>
Taxation	6	<u>(81,460)</u>	<u>(58,204)</u>
Retained profit for the financial year	11	<u>628,182</u>	<u>284,346</u>

All items dealt with in arriving at profit on ordinary activities before taxation relate to continuing operations.

Statement of total recognised gains and losses

	Notes	1997 £	1996 £
Profit for the financial year		628,182	284,346
Unrealised surplus on revaluation of investment properties	11	129,161	-
Total gains and losses recognised since last annual report		<u>757,343</u>	<u>284,346</u>

Note of historical cost profits and losses

	1997 £	1996 £
Reported profit on ordinary activities before taxation	709,642	342,550
Realisation of property revaluation deficits of previous years	(27,133)	(7,496)
Historical cost profit on ordinary activities before taxation	<u>682,509</u>	<u>335,054</u>
Historical cost profit for the year retained after taxation and dividends	<u>601,049</u>	<u>276,850</u>

**Balance sheet
at 5 April 1997**

	Notes	1997 £	1996 £
Fixed assets			
Tangible fixed assets	7	<u>2,607,730</u>	<u>2,597,040</u>
Current assets			
Debtors	8	7,689	8,484
Cash at bank and in hand		<u>60,124</u>	<u>32,364</u>
		67,813	40,848
Creditors: amounts falling due within one year	9	<u>(1,266,374)</u>	<u>(1,986,062)</u>
Net current liabilities		<u>(1,198,561)</u>	<u>(1,945,214)</u>
Net assets		<u>1,409,169</u>	<u>651,826</u>
Capital and reserves			
Called up share capital	10	100	100
Revaluation reserve	11	129,161	-
Profit and loss account	11	<u>1,279,908</u>	<u>651,726</u>
Equity shareholders' funds	12	<u>1,409,169</u>	<u>651,826</u>

The financial statements on pages 5 to 12 were approved by the board of directors on 11 June 1997 and were signed on its behalf by:



N A Denby
Director

Notes to the financial statements for the year ended 5 April 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. However, compliance with Statement of Standard Accounting Practice No 19 'Accounting for investment properties' ("SSAP19") requires departure from the requirements of the Companies Act 1985 relating to depreciation. A summary of the more important accounting policies and an explanation of the departure relating to investment properties is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Financial Reporting Standard No 1

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

Investment properties

In accordance with SSAP 19:

- (a) investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve; and
- (b) no depreciation is provided in respect of freehold investment properties.

The requirement of the Companies Act 1985 is to depreciate all properties but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because of the lack of analysis of the value as between land and buildings.

Investment properties (continued)

No provision is made for taxation on the chargeable gains which may arise if the properties were disposed of at their revalued amounts.

Sales of properties are recognised on completion of the sale.

All repairs and renewals are written off as incurred.

Housing improvement grants

Expenditure which is the subject of housing improvement grants is dealt with net of the grants obtained.

2 Turnover and operating profit

	1997 £	1996 £
Turnover: rental income exclusive of rates	206,508	234,734
Cost of sales and other property outgoings	(43,763)	(56,642)
Surplus from property rentals	162,745	178,092
Profit on sale of investment properties		
Gross profit	258,530	76,700
Administration expenses	(19,210)	(6,124)
	239,320	70,576
Operating profit	402,065	248,668

3 Auditors' remuneration

The company's auditors are remunerated through The Bradford Property Trust PLC and their fees are shown in the financial statements of that company.

4 Directors' emoluments

The directors have not received any emoluments from the company during the year.

5 Employee information

Other than the directors, the company has no employees.

6 Taxation

	1997 £	1996 £
United Kingdom corporation tax at 24% (1996: 25%):		
Current	81,491	56,634
(Over)/underprovision in respect of prior years	(31)	1,570
	<u>81,460</u>	<u>58,204</u>

7 Tangible fixed assets

	Freehold investment properties £
Valuation	
Valuation at 6 April 1996	2,597,040
Revaluation	423,910
Disposals	(413,220)
Valuation at 5 April 1997	<u>2,607,730</u>

The company's freehold investment properties have been valued at their open market value at the balance sheet date. The valuation has been carried out by two officers of one of the two joint venture parties who own the company's shares, one being an Associate of the Royal Institution of Chartered Surveyors. The historical cost of these properties is £2,478,569 (1996: £2,918,922). The potential corporation tax liability, had these properties been sold at the balance sheet date, was approximately £40,000 (1996: £138,000).

8 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Trade debtors	6,896	8,484
Prepayments and accrued income	793	-
	<u>7,689</u>	<u>8,484</u>

9 Creditors: amounts falling due within one year

	1997 £	1996 £
Trade creditors	13,869	8,428
Loans from joint venture parties	1,171,000	1,921,000
Corporation tax	81,491	56,634
Other taxation	14	-
	<u>1,266,374</u>	<u>1,986,062</u>

The loans from joint venture parties are unsecured and bear interest at a rate from time to time agreed between the parties and in default of agreement at a rate 1% above the bank base rate. The parties have agreed that no interest be charged in respect of the year ended 5 April 1997.

Each loan is repayable by the company in instalments and at the times mutually agreed between the joint venture parties but in the absence of agreement each loan is repayable on demand.

10 Called up share capital

	1997 £	1996 £
Authorised, allotted, called-up and fully paid		
50 "A" ordinary shares of £1 each	50	50
50 "B" ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>

11 Reserves

	Revaluation reserve £	Profit and loss account £
At 6 April 1996	-	651,726
Revaluation of investment properties	129,161	-
Retained profit for the year	-	628,182
At 5 April 1997	<u>129,161</u>	<u>1,279,908</u>

12 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Opening shareholders' funds	651,826	367,480
Profit for the financial year	628,182	284,346
Other recognised gains and losses	129,161	-
Closing shareholders' funds	<u>1,409,169</u>	<u>651,826</u>

13 Related party transactions

Leyton Properties Limited has an agreement with one of the two joint venture parties who own the company's shares, for the provision of property management services throughout the year.

The fees charged by The Bradford Property Trust PLC amounted to £26,555 (1996: £26,555). There was no amount outstanding at 5 April 1997.

14 Controlling party

The directors consider that the company has no controlling party.