

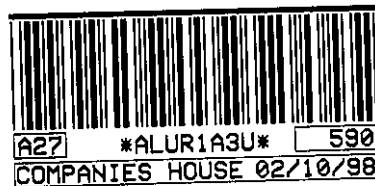
PROPERTY LAND LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 1997

Company No. 3102994



SMITH & WILLIAMSON

Chartered Accountants

GUILDFORD

PROPERTY LAND LIMITED**DIRECTORS' REPORT**

The directors present their report and the financial statements for the year ended 30 September 1997.

REVIEW OF THE YEAR

The principal activity is that of property investment and letting and it is envisaged this will continue in the forthcoming year.

After providing for taxation, the profit for the year was £3,184 (1996: nil) . The directors are satisfied with the results for the first period of trading.

FUTURE DEVELOPMENTS

The directors expect no significant changes in the business in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors and their beneficial interest in the shares of the company at the beginning and end of the year were:-

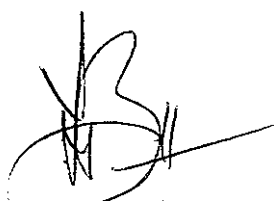
Ordinary shares of £1 each

J P C Birley	1
J Buttolph	1

AUDITORS

The auditors, Smith & Williamson, were appointed by the board of directors during the year. A resolution confirming their appointment will be proposed at the next annual general meeting.

BY ORDER OF THE BOARD



~~Secretary~~ DIRECTOR

29th September 1998

PROPERTY LAND LIMITED

STATEMENT OF 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 and of the profit and loss of the company for that period. In preparing those accounts, 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 accounts 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 accounts comply with the Companies Act. 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.

REPORT OF THE AUDITORS
TO THE MEMBERS OF
PROPERTY LAND LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

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.

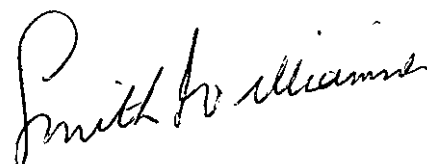
Basis of opinion

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 at 30 September 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GUILDFORD

30th September 1998

SMITH & WILLIAMSON
Chartered Accountants
Registered Auditors

PROPERTY LAND LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 SEPTEMBER 1997**

	Note	1997 £	1996 £
TURNOVER	2	21,543	-
Property and maintenance expenses		(190)	-
GROSS PROFIT		21,353	-
Administration expenses		(4,041)	-
		17,312	-
Interest receivable		13	-
Interest payable	5	(10,335)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,990	-
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(3,806)	-
RETAINED PROFIT		£ 3,184	-

A reconciliation of movements in shareholders funds is included as note 11 to the accounts.

There is no difference between the profits shown and their historical cost equivalents.

The company has no recognised gains or losses in the year other than the trading profit.

All activities are classed as continuing.

PROPERTY LAND LIMITED**BALANCE SHEET****AS AT 30 SEPTEMBER 1997**

	Note	1997 £	1996 £
FIXED ASSETS			
Investments	7	332,971	-
CURRENT ASSETS			
Other debtors		4,200	-
Cash at bank and in hand		2,966	2
		<u>7,166</u>	<u>2</u>
CREDITORS: amounts falling due within one year	8	(142,976)	-
NET CURRENT (LIABILITIES)/ ASSETS		<u>(135,810)</u>	<u>2</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		£197,161	2
CREDITORS: amounts falling due after more than one year	9	(193,975)	-
		<u>£ 3,186</u>	<u>£ 2</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account	11	3,184	-
EQUITY SHAREHOLDERS' FUNDS		<u>£ 3,186</u>	<u>£ 2</u>

The financial statements were approved by the Board of Directors on

29th September 1998



 J P C Birley



 J Buttolph

PROPERTY LAND LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 1997****1. ACCOUNTING POLICIES****1.1 Accounting convention**

The accounts have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings, and in accordance with applicable Accounting Standards.

1.2 Investment property

In accordance with SSAP19, as amended, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, unless a deficit is expected to be permanent or a surplus offsets a deficit previously charged to the profit and loss account, when the deficit/surplus is debited/credited to the profit and loss account respectively, and (ii) no depreciation is charged on freehold investment properties. This treatment as regards the Company's investment properties, may be a departure from the requirements for the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate and that the accounting policy is necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the current valuation and the amount which might otherwise have been shown cannot be 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.

2. TURNOVER

The turnover, which arose wholly within the United Kingdom, is attributable to the one activity, property letting.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:-

Auditors remuneration	£500	-
	<u> </u>	<u> </u>

4. STAFF COSTS

The average number of persons employed during the year, including executive directors, was made up as follows:

	<u>Number</u>	<u>Number</u>
Administration and management	2	2
	<u> </u>	<u> </u>

There were no staff costs during the year.

PROPERTY LAND LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 1997**

	1997 £	1996 £
5. INTEREST PAYABLE		
Interest payable on bank loans and overdrafts	£10,335	£ -
	<u> </u>	<u> </u>
6. TAX ON PROFIT ON ORDINARY ACTIVITIES		
United Kingdom corporation tax based on the profit for the year at 21/24% (1996: 25/24%)	3,806	£ -
	<u> </u>	<u> </u>
7. TANGIBLE FIXED ASSETS		
		Investment Property £
Cost:		
At 1 October 1996		-
Additions		332,971
At 30 September 1997		<u>£332,971</u>
		<u> </u>
The investment properties are included at cost as the directors feel this is a fair approximation to the year end value.		
	1997 £	1996 £
8. CREDITORS: Amounts falling due within one year		
Bank loans	27,092	-
Amounts owed to directors	102,083	-
Corporation Tax	3,806	-
Other creditors	604	-
Accruals	9,391	-
	<u>£142,976</u>	<u>£ -</u>
	<u> </u>	<u> </u>
The loan from the directors is interest free and has no fixed terms for repayment.		
9. CREDITORS: Amounts falling due after more than one year		
Bank loans	£ 193,975	£ -
	<u> </u>	<u> </u>

PROPERTY LAND LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 1997****9. CREDITORS:** Amounts falling due after
more than one year (cont/d)

The maturity of the loan may be analysed as follows:-

In one year or less	£ 27,092	£ -
	<hr/>	<hr/>
Between one and two years	27,092	-
Between two and five years	81,277	-
More than five years	85,606	-
	<hr/>	<hr/>
	£ 193,975	£ -
	<hr/>	<hr/>

The bank loans are:

- i) £150,000 Term Loan commenced in February 1997 and is repayable in monthly installments over the next ten years. Interest is charged at 2% above base rate.
- ii) £28,000 Business Variable Loan commenced on May 1997 and is repayable in monthly installments over the next seven years. Interest is charged at 2.5% above base rate.
- iii) £56,000 Rate Loan commenced in May 1997 and is repayable in monthly installments over the next seven years. Interest is charged at 2.5% above base rate.

The loans are secured by legal charges over the investment properties to which they relate.

10. CALLED UP SHARE CAPITAL

Authorised, issued and fully paid:	1997	1996
2 Ordinary shares of £1 each	£ 2	£ 2
	<hr/>	<hr/>

**11. RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS**

	Share Capital £	Profit and Loss Account £	Total £
At 1 October 1996	2	-	2
Profit for the year	-	3,184	3,184
	<hr/>	<hr/>	<hr/>
At 30 September 1997	£ 2	£ 3,184	£ 3,186
	<hr/>	<hr/>	<hr/>