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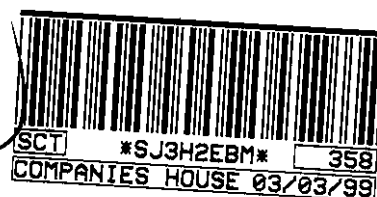
Edinburgh Solicitors' Property Centre Limited

(A company limited by guarantee and not having
a share capital)

Report and Accounts

31 May 1998

ERNST & YOUNG



Edinburgh Solicitors' Property Centre Limited
(A company limited by guarantee and not having a share capital)

DIRECTORS' REPORT

DIRECTORS

G B Clark WS (Chairman)
Mrs P D Peddie WS
P D Aiken WS
D H Borrowman
R M Stimpson WS
P J J Valente NP

SECRETARIES

Morton Fraser Milligan WS

REGISTERED NO.

48530

REGISTERED OFFICE

85 George Street
Edinburgh
EH2 3ES

The directors present their report for the year ended 31 May 1998.

ACCOUNTS

The directors submit the audited accounts of the company for the year ended 31 May 1998. The profit for the year, after taxation, amounted to £12,873 (1997: profit £67,759).

ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company is the provision of any service which may assist solicitors in their business generally and, in particular, in the selling of residential property. This is accomplished by display of particulars for sale of such properties, the supply of such particulars to the public and the publication of the "Weekly List".

POST BALANCE SHEET EVENTS

On 18 August 1998 the company invested in a subsidiary undertaking, SPS Limited, which subsequently commenced the operation of a property centre in Newcastle.

YEAR 2000

Many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption.

A company-wide programme, designed to address the impact of the Year 2000 on our business, is under way. Resources have been allocated and the Board receives regular reports on progress.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the Board believes that it will achieve an acceptable state of readiness and be able to deal promptly with any issues that might subsequently arise.

DIRECTORS

The directors of the company during the year ended 31 May 1998 were those listed above.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the Board


Secretaries

22 February 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 or 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 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.

**REPORT OF THE AUDITORS
to the members of Edinburgh Solicitors' Property Centre Limited**

We have audited the accounts on pages 5 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

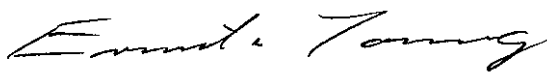
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Edinburgh

22 February 1999

Edinburgh Solicitors' Property Centre Limited
(A company limited by guarantee and not having a share capital)

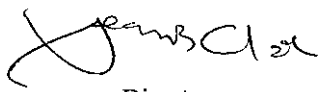
PROFIT AND LOSS ACCOUNT
for the year ended 31 May 1998

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
TURNOVER	2	3,400,066	3,510,568
Operating charges	3(a)	3,384,051	3,425,039
OPERATING PROFIT		16,015	85,529
Interest payable	4	(642)	(4,677)
Interest receivable	5	20,826	22,094
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	36,199	102,946
Tax on profit on ordinary activities	7	23,326	35,187
PROFIT FOR THE YEAR		12,873	67,759

Edinburgh Solicitors' Property Centre Limited
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BALANCE SHEET
at 31 May 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	8	842,705	937,071
CURRENT ASSETS			
Debtors	9	313,892	279,407
Cash at bank and in hand		545,992	570,695
		<u>859,884</u>	<u>850,102</u>
CREDITORS: amounts falling due within one year	10	650,871	712,914
NET CURRENT ASSETS		<u>209,013</u>	<u>137,188</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,051,718</u>	<u>1,074,259</u>
CREDITORS: amounts falling due after more than one year	11	-	20,992
PROVISIONS FOR LIABILITIES AND CHARGES	12	77,500	86,434
ACCRUALS AND DEFERRED INCOME			
Lease premium received		69,512	75,000
		<u>904,706</u>	<u>891,833</u>
RESERVES			
Profit and loss account	13	904,706	891,833



Director

22 February 1999

Edinburgh Solicitors' Property Centre Limited
(A company limited by guarantee and not having a share capital)

CASH FLOW STATEMENT
for the year ended 31 May 1998

	Notes	1998 £	1997 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	3(b)	228,698	355,382
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(642)	(4,677)
Interest received		20,565	22,094
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		19,923	17,417
TAXATION		(47,017)	(42,581)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(167,548)	(195,077)
Receipts from sales of tangible fixed assets		18,251	4,000
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE		(149,297)	(191,077)
NET CASH INFLOW BEFORE FINANCING FINANCING	14	52,307 (52,210)	139,141 (3,845)
INCREASE IN CASH		97	135,296
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase in cash		97	135,296
Cash outflow from decrease in debt		52,210	3,845
Transfers		(949)	-
Change in net funds		51,358	139,141
Net funds at 31 May 1997		494,634	355,493
Net funds at 31 May 1998		545,992	494,634

Edinburgh Solicitors' Property Centre Limited
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NOTES TO THE ACCOUNTS
at 31 May 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

The cost of fixed assets is written off by equal annual instalments over their expected useful lives as follows:

Motor vehicles	4 years
Computer equipment	5 years
Office fittings, equipment and improvements	5 years
Tenants' improvements	10 years, or duration of lease if shorter
Heritable property	50 years

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

Leases

Assets acquired under finance leases are capitalised in accordance with SSAP 21 and depreciated along with the other owned assets.

Lease premiums

Lease premiums received are credited to the profit and loss account over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

Turnover represents the value, excluding VAT, of subscriptions, modem income, logon charges, insertion fees and advertising income received by the company.

3. OPERATING CHARGES

(a)

	1998	1997
	£	£
Raw materials and consumables	45,928	57,129
Wages and salaries	748,576	677,841
Social security costs	62,534	51,751
Other pension costs	53,070	99,634
Depreciation of owned fixed assets	237,104	229,772
Printing and distribution	1,080,262	1,160,527
Other operating charges	1,156,577	1,148,385
	<u>3,384,051</u>	<u>3,425,039</u>
Average number of employees during the year	<u>83</u>	<u>74</u>

Edinburgh Solicitors' Property Centre Limited
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NOTES TO THE ACCOUNTS
at 31 May 1998

3. OPERATING CHARGES
(continued)

(b) Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	1998	1997
	£	£
Operating profit	16,015	85,529
Depreciation	237,104	229,772
Exceptional credit in respect of release of obligations of 'Business Property' venture	(22,363)	-
Lease premium release	(5,488)	-
Loss on sale of tangible fixed assets	3,059	1,089
Increase in debtors	(21,597)	(29,180)
Increase in creditors	21,968	68,172
Net cash inflow from operating activities	<u>228,698</u>	<u>355,382</u>

4. INTEREST PAYABLE

	1998	1997
	£	£
Bank loan and overdraft interest	<u>642</u>	<u>4,677</u>

5. INTEREST RECEIVABLE

	1998	1997
	£	£
Bank interest	<u>20,826</u>	<u>22,094</u>

6. PROFIT ON ORDINARY ACTIVITIES

This is stated after charging and crediting:

	1998	1997
	£	£
Auditors' remuneration	5,000	5,000
Operating lease charges	6,619	8,064
Management fee	10,000	10,000
Secretarial fee	10,000	10,000
Exceptional contribution to pension scheme	-	46,036
Exceptional credit in respect of release of obligations of 'Business Property' venture	(22,363)	-

The management fee and the secretarial fee are paid to a firm of which a director is a member. The directors do not consider that this transaction falls within Schedule 6 of the Companies Act 1985.

Edinburgh Solicitors' Property Centre Limited
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NOTES TO THE ACCOUNTS
at 31 May 1998

7. **TAX ON PROFIT ON ORDINARY ACTIVITIES**

The charge based on the profit for the year comprises:

	1998	1997
	£	£
UK corporation tax @ 25% (1997: 25%)	33,044	47,189
Transfer (from) deferred tax	(8,934)	(11,626)
Adjustments relating to prior years	(784)	(376)
	<u>23,326</u>	<u>35,187</u>

The effective tax rate for the current year is higher than normal due to certain permanently disallowable items.

8. **TANGIBLE FIXED ASSETS**

	Heritable property	Tenants' improvements	Office furniture & equipment	Motor vehicles	Computer systems	Total
	£	£	£	£	£	£
Cost						
At 1 June 1997	106,141	1,125,447	167,520	107,708	461,978	1,968,794
Additions		29,218	31,759	52,163	54,408	167,548
Disposals				(42,133)	(5,833)	(47,966)
At 31 May 1998	<u>106,141</u>	<u>1,154,665</u>	<u>199,279</u>	<u>117,738</u>	<u>510,553</u>	<u>2,088,376</u>
Depreciation						
At 1 June 1997	7,960	537,004	138,170	42,090	306,499	1,031,723
Charge for year	2,123	115,470	17,635	24,109	77,767	237,104
Disposals				(20,823)	(2,333)	(23,156)
At 31 May 1998	<u>10,083</u>	<u>652,474</u>	<u>155,805</u>	<u>45,376</u>	<u>381,933</u>	<u>1,245,671</u>
Net book amounts						
31 May 1998	<u>96,058</u>	<u>502,191</u>	<u>43,474</u>	<u>72,362</u>	<u>128,620</u>	<u>842,705</u>
1 June 1997	<u>98,181</u>	<u>588,443</u>	<u>29,350</u>	<u>65,618</u>	<u>155,479</u>	<u>937,071</u>

9. **DEBTORS:** amounts falling due within one year

	1998	1997
	£	£
Trade debtors	196,182	169,818
Prepayments	93,849	95,415
Other debtors	23,069	14,174
Taxation recoverable	792	-
	<u>313,892</u>	<u>279,407</u>

Edinburgh Solicitors' Property Centre Limited
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NOTES TO THE ACCOUNTS
at 31 May 1998

10. CREDITORS: amounts falling due within one year

	1998	1997
	£	£
Bank loans and overdrafts	-	55,069
Trade creditors	380,430	419,740
Social security and other taxation	153,667	131,797
Corporation tax	33,044	47,017
Accruals	67,190	54,345
Other creditors	16,540	4,946
	<u>650,871</u>	<u>712,914</u>

11. CREDITORS: amounts falling due after more than one year

	1998	1997
	£	£
Other creditors	-	20,992
	<u>-</u>	<u>20,992</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

The components of the provision for deferred taxation and the amounts not provided are as follows

	Provided		Not provided	
	1998	1997	1998	1997
	£	£	£	£
Accelerated capital allowances	17,308	23,309	-	-
Other timing differences	(4,351)	(3,570)	-	-
Corporation tax on chargeable gain arising from relief under Section 115				
Capital Gains Tax Act 1979	64,543	66,695	-	-
	<u>77,500</u>	<u>86,434</u>	<u>-</u>	<u>-</u>

13. MOVEMENTS IN RESERVES

	1998	1997
	£	£
Balance at 31 May 1997	891,833	824,074
Profit for the year	12,873	67,759
	<u>904,706</u>	<u>891,833</u>

14. ANALYSIS OF CHANGES IN NET DEBT

	1 June 1997	Transfer of balances	Cashflow	31 May 1998
	£	£	£	£
Cash at bank and in hand	570,695	(24,800)	97	545,992
Bank overdraft	(2,859)	2,859	-	-
Bank loan	(52,210)	-	52,210	-
Other creditors	(20,992)	20,992	-	-
	<u>494,634</u>	<u>(949)</u>	<u>52,307</u>	<u>545,992</u>