

Directors' Report and Accounts
County Properties (Northern) Limited
for the year ended 30 September 1998



COUNTY PROPERTIES (NORTHERN) LIMITED

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Financial statements

for the year ended 30 September 1998

Registered office

Third Floor
Pavilion House
Scarborough
North Yorkshire
YO11 2JR

Directors

J. Guthrie
R. G. Urquhart

Secretary

J. M. Johnson

Registered auditors

Moore Stephens
Chartered Accountants
12 Alma Square
Scarborough
North Yorkshire
YO11 1JU

Bankers

Bank of Scotland
P O Box 5
The Mound
Edinburgh
EH1 1YZ

Company registration

England 1245594

Directors' report

for the year ended 30 September 1998

Financial statements

The directors have pleasure in presenting their annual report to shareholders together with the audited accounts for the year ended 30 September 1998.

Principal activity and business review

The company is a property investment company. The directors are pleased to report a satisfactory period of trading. The profit and loss account reflects a profit for the year of £676,082 (1997 - £564,745). The directors do not recommend the payment of a dividend.

Directors and their interests in the capital of the company

The directors named on page 1 served throughout the period. The interests of Mr. J. Guthrie in the capital of group companies are disclosed in the directors' report of Broadland Properties Limited. Mr. R. G. Urquhart held no interests in the capital of any group companies during the period under review.

Year 2000 issues

A significant risk analysis has been performed to determine the impact of year 2000 issues on all our activities. From this, prioritised action plans have been developed which are designed to address the key risks in advance of critical dates. The implementation of these action plans is substantially complete.

The risk analysis also considers the impact on our business of year 2000 related failures by our significant suppliers, including managing agents. In appropriate cases we have initiated formal communication with these other parties.

The directors believe that the company has achieved an acceptable state of readiness.

The cost of implementing the action plans including modifications to our computer hardware and software has not been significant and has been subsumed into the recurring activities of the company.

Elective resolutions

The shareholders have passed elective resolutions dispensing with the requirement to hold an annual general meeting and to lay the accounts before an annual general meeting. Nevertheless the directors would like to remind the shareholders that any shareholder has the right to call for the accounts to be laid before a meeting of the shareholders and this right may be exercised by notice in writing to the company's registered office within 28 days from the date of receipt of the accounts.

Directors' report

for the year ended 30 September 1998

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 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;
- 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

A handwritten signature in black ink, appearing to read 'J. M. Johnson', with a stylized flourish at the end.

J. M. Johnson
Secretary

COUNTY PROPERTIES (NORTHERN) LIMITED

Auditors' report to the shareholders of County Properties (Northern) Limited

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We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention as modified by the revaluation of investment properties and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

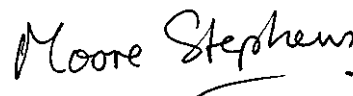
As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 affairs of the company as at 30 September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



12-13 Alma Square
Scarborough
24th March 1999

Moore Stephens
Registered Auditors
Chartered Accountants

COUNTY PROPERTIES (NORTHERN) LIMITED

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Profit & loss account

for the year ended 30 September 1998

	Notes	1998 £	1997 £
Turnover - continuing operations	1	903,504	647,392
Cost of sales		(194,846)	(71,004)
Gross profit		<u>708,658</u>	<u>576,388</u>
Administrative expenses		(32,940)	(12,021)
Operating profit - continuing operations	2	<u>675,718</u>	<u>564,367</u>
Interest receivable	3	364	378
Profit on ordinary activities before taxation		<u>676,082</u>	<u>564,745</u>
Taxation on profit on ordinary activities	4	0	0
Profit on ordinary activities after taxation		<u>676,082</u>	<u>564,745</u>
Dividend		0	0
Retained profit for year	10	<u><u>676,082</u></u>	<u><u>564,745</u></u>

Statement of total recognised gains and losses

The company has no recognised gains or losses other than have been recognised in the profit and loss account.

COUNTY PROPERTIES (NORTHERN) LIMITED

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Balance sheet

as at 30 September 1998

	Notes	1998	1997
		£	£
Fixed assets			
Investment property	6	4,883,546	4,252,003
Current assets			
Debtors	7	52,783	26,954
Cash at bank and in hand		<u>46,751</u>	<u>10,499</u>
		99,534	37,453
Creditors:			
amounts falling due within one year	8	<u>(583,497)</u>	<u>(565,955)</u>
Net current liabilities		(483,963)	(528,502)
Total assets less current liabilities		<u>4,399,583</u>	<u>3,723,501</u>
Capital and reserves			
Called up share capital	9	12,000	12,000
Profit & loss account	10	3,614,688	2,938,606
Revaluation reserve	10	772,895	772,895
Equity shareholders funds	11	<u>4,399,583</u>	<u>3,723,501</u>

The financial statements were approved by the board of directors on 24th March 1999



J. Guthrie
Director

Notes to the accounts**for the year ended 30 September 1998**

1. Accounting policies**a) Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties and in accordance with applicable accounting standards.

b) Turnover

Turnover represents amounts receivable for rents and service charges, net of value added tax where applicable.

c) Investment properties

In accordance with SSAP 19 the directors have included the company's investment properties in the balance sheet at the directors' estimate of their open market value. The corresponding surplus on revaluation has been credited to an undistributable revaluation reserve. In common with many other investment companies and in accordance with SSAP 19, no depreciation has been provided on the company's freehold, feuhold or long leasehold properties. This departure from statutory accounting principles is enabled under s226(5) of the Companies Act 1985 for the overriding purpose of presenting a true and fair view.

d) Acquisition and disposal of properties

Acquisitions and disposals are considered to have taken place on the date of unconditional contract.

e) Deferred taxation

It is the directors' policy to provide for deferred taxation only to the extent that a liability is anticipated to arise in the foreseeable future.

f) Related party transactions

Advantage is taken of the exemption given in Financial Reporting Standard number 8 "Related Party Disclosures" from the requirement to separately disclose transactions with group companies.

2. Operating profit is stated after charging

	1998 £	1997 £
Auditors' remuneration	<u>2,800</u>	<u>1,900</u>

3. Interest receivable

	1998 £	1997 £
Other interest receivable	364	378
	<u>364</u>	<u>378</u>

4. Taxation

No taxation arises on the profits for the period due to anticipated availability of group relief, for nil payment.

Notes to the accounts

for the year ended 30 September 1998

5. Deferred taxation

The full potential liability and amount provided in the accounts relating to deferred taxation, assuming a tax rate of 31% (1997 - 31%) arises from the following timing differences between the tax computations and accounts:

	Full potential liability	Of which dealt with in accounts	
	1998	1997	1998
	£	£	£
Capital allowances in excess of depreciation	72,271	51,693	-
Maximum liability on disposal of revalued assets	137,943	240,000	-
	210,214	291,693	0

6. Investments

	Feuhold Property
	£
Cost/valuation	
As at 30 September 1997	4,252,003
Additions in year	631,543
As at 30 September 1998	4,883,546

Investment properties have been revalued at their open market value by Mr. J Guthrie FRICS (director). The original cost of the properties shown at valuation is £4,110,652 (1997 - £3,479,108).

7. Debtors

	1998	1997
	£	£
Trade debtors	6,623	26,754
Other debtors	46,160	200
	52,783	26,954

COUNTY PROPERTIES (NORTHERN) LIMITED

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Notes to the accounts

for the year ended 30 September 1998

8. Creditors - amounts falling due within one year

	1998	1997
	£	£
Trade creditors	33,847	267
Amount owed to ultimate parent company	235,555	475,645
Other creditors	4,553	4,553
Taxation & social security	0	23,994
Accruals and deferred income	309,542	61,496
	<u>583,497</u>	<u>565,955</u>

Amounts owed to group companies have no specific repayment terms and may therefore be due after more than one year.

9. Share capital

	1998		1997	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
	£	£	£	£
'A' ordinary shares of £1 each	6,000	6,000	6,000	6,000
Ordinary shares of £1 each	44,000	6,000	44,000	6,000
	<u>50,000</u>	<u>12,000</u>	<u>50,000</u>	<u>12,000</u>

The 'A' shares have a priority right to a fixed cumulative dividend of 5.6% per annum. All such dividends have been waived by the shareholders. They also have a priority to distributable profits in respect of the amount paid up on the A shares, dividend arrears and a bonus of 20% on the nominal amount of such shares. Their voting entitlement is one vote for every £3 of paid up capital in 'A' shares.

The Ordinary shares have no right to dividends other than those recommended by the directors. They also have an unlimited right to share in a surplus on winding up after the rights of the 'A' shares have been satisfied. Their voting entitlement is one vote for every £2 of paid up capital in Ordinary shares.

10. Reserves

	Profit & loss account	Revaluation reserve
	£	£
As at 30 September 1997	2,938,606	772,895
Retained profit for the year	676,082	
Revaluation surplus		0
As at 30 September 1998	<u>3,614,688</u>	<u>772,895</u>

Notes to the accounts**for the year ended 30 September 1998****11. Reconciliation of movement in shareholders' funds**

	1998	1997
	£	£
Profit for the financial period	676,082	564,745
Dividend	0	0
	<u>676,082</u>	<u>564,745</u>
Other recognised gains and losses in the year	0	0
Opening shareholders funds	3,723,501	3,158,756
	<u>4,399,583</u>	<u>3,723,501</u>
Closing shareholders funds		

12. Capital commitments

	1998	1997
	£	£
Contracted for but not provided in the accounts	<u>687,778</u>	<u>0</u>

13. Contingent liabilities

This company has given cross guarantees in respect of group borrowings from its bankers. Security given includes a debenture over the whole assets of this company, together with specific legal charges over certain investment properties.

14. Employees

No personnel other than the directors were employed by the company during the year.

No directors' emoluments were paid during the year (1997 - nil).

15. Ultimate parent company

The accounts of this company are included in the consolidated accounts of Broadland Properties Limited, which is regarded as the company's ultimate parent company.