

STERLING TRUST LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 1997

Registered number: 1761400



STERLING TRUST LIMITED

DIRECTORS AND ADVISORS

Directors	C J Emson J K Farrell J M Bottomley FCIS M J Fresson
Secretary	J M Bottomley FCIS
Registered Office	Fraser House 29 Albemarle Street London W1X 3FA
Auditors	KPMG PO Box 695 8 Salisbury Square London EC4Y 8BB
Solicitors	Gouldens 22 Tudor Street London EC4Y 0JJ
London Bankers	National Westminster Bank Plc 1 Princes Street London EC2R 8PH
Principal Group Subsidiaries	Argyle Trust Limited Sterling Trust Hotels Limited Sterling Property Developments Limited Sterling Property Trust Limited

STERLING TRUST LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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STERLING TRUST LIMITED**DIRECTORS' REPORT****Financial Statements**

The directors present their annual report and audited consolidated financial statements for the company and its subsidiaries for the year ended 31 December 1997.

Principal Activity

The company is the principal group investment holding company. It owns the shares of the operating group subsidiaries which have hotel and property interests together with a number of direct investment securities holdings.

Results

The profit and loss account set out on page 5 shows the Group's results for the year ended 31 December 1997.

Fixed Assets

Movements in fixed assets are set out in notes 9-11 in the accounts.

Proposed dividend and transfer of reserves

The directors recommend the payment of a dividend of £75,330 (1996: £75,953).

Transfer to reserves are set out in note 18 to the accounts.

Directors and directors' interests

The directors who held office during the year were as follows:

J.M. Bottomley
C.J. Emson
J.K. Farrell
R.G. White (resigned 31st May 1997).

J K Farrell and C. J. Emson are retiring in accordance with the Articles of Association and, being eligible, offer themselves for re-election at the Annual General Meeting.

At 31 December 1997 the following directors held shares in Anstake Limited (the ultimate holding company):

	31 December 1997 £1 Ordinary shares	31 December 1996 £1 Ordinary shares
J.K. Farrell	1,000	1,000

No other directors had any other interest in the shares of a group company.

STERLING TRUST LIMITED

DIRECTORS' REPORT (cont'd)

Year 2000

During the year the directors have considered the issues raised for the business and its systems as the year changes from 1999 to 2000.

As a result of their considerations, while there can be no absolute assurance that the steps taken by the company will identify all the vulnerabilities of its software and systems or those of its trading partners to the problems associated with the transition to the year 2000, the company believes it has taken all reasonable steps to do so.

The costs of this exercise have not been material to the company.

By order of the board


JM Bottomley

Director

11th Nov, 1999

STERLING TRUST LIMITED

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 group and of the profit or loss for the year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Report of the Auditors, KPMG, to the Members of Sterling Trust Limited

We have audited the financial statements on pages 5 to 22.

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.

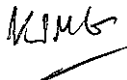
Basis of opinion

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 Group'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 affairs of the Company and the Group as at 31 December 1997 and of the result of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
Registered Auditors
LONDON

Date:

11 May 1999

STERLING TRUST LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997**

	Note	Year ended 31 December 1997		Year ended 31 December 1996	
		£'000	£'000	£'000	£'000
Turnover					
Continuing operations		5,912		1,767	
Acquisitions		-		2,693	
			5,912		4,460
Administrative costs					
Continuing operations		(2,733)		(2,409)	
Acquisitions		-		(1,688)	
			(2,733)		(4,097)
Exceptional item	3		(1,826)		-
Operating Profit			1,353		363
Continuing operations		1,353		(642)	
Acquisitions		-		1,005	
			1,353		363
Loss on sale of investment property			(112)		-
Profit on ordinary activities before interest			1,241		363
Income from other fixed asset investments			-		58
Interest receivable			68		11
Interest payable	2		(3,674)		(1,982)
Loss on ordinary activities before taxation	3		(2,365)		(1,550)
Tax credit on loss on ordinary activities	6		38		65
Loss on ordinary activities after taxation			(2,327)		(1,485)
Minority Interest - Equity			896		(144)
Loss for Financial Year			(1,431)		(1,629)
Dividends paid - Equity			(75)		(75)
- Non-Equity			(1)		(1)
			(1,507)		(1,705)

STERLING TRUST LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****Group Consolidated Statement of Total Recognised Gains and Losses**

	1997	1996
	£'000	£'000
Loss for the Financial Year	(1,431)	(1,629)
Unrealised Surplus on revaluation of investment land and buildings	-	245
	<hr/>	<hr/>
Total recognised gains and losses	(1,431)	(1,384)
	<hr/>	<hr/>

STERLING TRUST LIMITED**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1997**

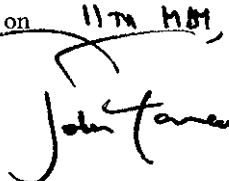
	Note	31 December 1997		31 December 1996	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets					
Positive goodwill	8	2,369		2,504	
Negative goodwill	8	(496)		(654)	
			1,873		1,850
Tangible assets	9	12,530		12,500	
Fixed asset investments	10	2,713		2,868	
			17,116		17,218
Current assets					
Stocks - Finished goods		11		11	
Debtors	12	2,477		2,844	
Investments	13	3,158		5,709	
Cash at bank and in hand	14	13,803		16,686	
		19,449		25,250	
Creditors: amounts falling due within one year	15	(21,247)		(27,042)	
Net current (liabilities)			(1,798)		(1,792)
Total assets less current liabilities			15,318		15,426
Creditors: amounts falling due after more than one year	16		(2,314)		(80)
Net assets			13,004		15,346
Capital and reserves					
Called up share capital	17	1,524		1,524	
Share premium account	18	9,776		9,776	
Other reserves	18	6		6	
Revaluation reserve	18	262		245	
Profit and loss account	18	9		1,471	
Shareholders Funds		11,577		13,022	
Equity Minority Interests in Subsidiary Undertakings		1,427		2,324	
			13,004		15,346

These financial statement were approved by the board of directors on 11th May, 1999 and were signed on its behalf by:

C J Emson
Director



J K Farrell
Director




STERLING TRUST LIMITED**BALANCE SHEET AS AT 31 DECEMBER 1997**

	Note	Year ended 31 December 1997		Year ended 31 December 1996	
		£'000	£'000	£'000	£'000
Fixed assets					
Investment in subsidiary undertakings	10		60		60
Investment in gilts	11		5		5
Other investments	11		581		-
			<hr/>		<hr/>
			646		65
Current assets					
Debtors	12	916		1,243	
Investments		3		-	
Cash at bank and in hand	14	13,368		13,673	
		<hr/>		<hr/>	
		14,287		14,916	
Creditors: amounts falling due within one year	15	(624)		(451)	
		<hr/>		<hr/>	
Net current assets			13,663		14,465
			<hr/>		<hr/>
Total assets less current liabilities			14,309		14,530
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17	1,524		1,524	
Share premium account	18	9,776		9,776	
Capital redemption reserve	18	6		6	
Profit and loss account	18	3,003		3,224	
		<hr/>		<hr/>	
Shareholders' funds			14,309		14,530
			<hr/>		<hr/>

These financial statement were approved by the board of directors on 11th May, 1999 and were signed on its behalf by:



C J Emson
Director



J K Farrell
Director

STERLING TRUST LIMITED**CONSOLIDATED CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 1997**

	Note	1997		1996	
		£'000	£'000	£'000	£'000
Net cash (outflow)/ inflow from operating activities	19		(30)		2,135
Returns on investment and servicing of finance					
Interest received		69		11	
Interest paid		(2,247)		(1,484)	
Dividends paid		(1)		(1)	
Income from other fixed assets investments		-		58	
Net cash outflow from returns on investment and servicing of finance			(2,179)		(1,416)
Taxation					
Corporation tax paid			(63)		(180)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(130)		(178)	
Disposal of tangible fixed assets		-		20	
Purchase of current assets investments - developments		(283)		(246)	
Purchase of fixed asset investments		-		(15)	
Disposal of fixed asset investments		-		190	
New loans issued		-		(371)	
Sale of current asset investment - development		3,164		811	
Receipt on disposal of freehold investment property		650		-	
Net cash inflow from capital expenditure and financial investment			3,401		211
Acquisitions and disposals					
Net outflow from purchase of subsidiary		-		(5)	
Net overdrafts acquired with subsidiary		-		(943)	
Net cash outflow for acquisition and disposals			-		(948)
Management of liquid resources					
Acquisition of gilts		(3)		-	
Acquisition of other quoted securities		(582)		-	
Net cash outflow from management of liquid resources			(585)		-
Equity Dividends paid					
			(75)		(75)
Net cash inflow/(outflow) before financing			469		(273)
Financing					
Repayment of bank loans		(9,034)		(3)	
Capital repayment of finance leases		(7)		(61)	
Receipt of other loans		345		345	
Repayment of other loans		(345)		-	
Repayment of loan stock		(2,122)		(305)	
Receipt of new bank loans		10,280		-	
Net cash outflow from financing activities	21		(883)		(24)
Increase/(Decrease) in cash in the period	21		414		(297)

STERLING TRUST LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****FOR THE YEAR ENDED 31 DECEMBER 1997**

	1997 £'000	Group 1996 £'000
Loss for the financial year	(1,431)	(1,629)
Opening shareholders' funds	13,022	13,461
Dividends	(76)	(76)
Revaluation of fixed assets	-	245
Minority share of Goodwill	45	-
Write back of revaluation reserve on Sale of property	17	-
Transfer to Goodwill from Capital Reserves	-	1,021
	<hr/>	<hr/>
Closing shareholders' funds	11,577	13,022
	<hr/>	<hr/>
	1997 £'000	Company 1996 £'000
(Loss)/Profit for the financial year	(146)	77
Dividends	(75)	(76)
Opening Shareholders funds	14,530	14,529
	<hr/>	<hr/>
Closing Shareholders funds	14,309	14,530
	<hr/>	<hr/>

STERLING TRUST LIMITED**NOTES TO THE ACCOUNTS****1. Accounting policies****(a) Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified for the revaluation of certain fixed asset investments in land and buildings. In addition leasehold property on the acquisition of subsidiaries has been revalued prior to acquisition. The financial statements have been prepared on a going concern basis which assumes that the company will continue to trade.

(b) Basis of consolidation

These financial statements consolidate the accounts of Sterling Trust Limited and all its subsidiary undertakings. Results for the subsidiaries acquired have been included from the date of acquisition. The financial statements of Sterling Property Trust Limited and Sterling Property Developments Limited and their subsidiary undertakings were audited by Lake Bushells. A qualified opinion has been given on a number of the subsidiary undertakings.

This relates to the values at which development properties are held within the accounts of the subsidiary undertakings. Fair values were applied to the balance sheet values at the date of acquisition in the group accounts and accordingly the qualifications given by the auditors on the accounts of the subsidiary undertakings do not apply.

The share of interests in partnerships is reflected in the accounts of subsidiary undertakings on a proportional consolidation basis.

In accordance with Section 230(4) of the Companies Act 1985, Sterling Trust Limited is exempt from the requirement to present its own profit and loss account.

The amount of profit for the financial year dealt with in the financial statements of Sterling Trust Limited is disclosed in these accounts.

Maclew Investments Limited and Maclew Limited have non-coterminous year ends of 30 June. Their year end accounting date has not been altered since acquisition.

(c) Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and equipment	25%
Furniture fixtures and fittings	2½%
Motor vehicles	25%

No depreciation has been provided on leasehold properties where the leases have twenty years and over to run at the balance sheet date. It is the company's practice to maintain these assets in a continual state of repair and to make improvements thereto from time to time and accordingly the directors consider that the lives of these assets are so long and the residual values so high, that any depreciation would be insignificant.

(d) Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences on exchange are taken to the profit and loss account.

STERLING TRUST LIMITED**NOTES TO THE ACCOUNTS (cont'd)****1. Accounting policies (cont.)****(e) Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

(f) Hire purchase and leasing transactions

Where an asset is acquired under a hire purchase or finance lease agreement, the asset is capitalised and the corresponding liability to the hire purchase company is included in creditors. Depreciation on such assets is charged to the profit and loss account at rates calculated to write off the capitalised value of the assets, less any residual value, over the shorter of its expected useful life and the term of the agreement. Payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account so as to give a constant rate of charge over the period of the agreement.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

(g) Pension costs

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the money purchase scheme.

(h) Stock

Stock is stated at the lower of cost and net realisable value.

(i) Goodwill

In accordance with FRS 10 goodwill or negative goodwill arising on consolidation, representing the difference between the purchase price and the fair value of the net assets of the subsidiary undertaking at the date of acquisition is capitalised in the year of acquisition.

Goodwill is written off on a straight line basis over 20 years. Negative goodwill up to the fair values of non-monetary assets acquired is released to the profit and loss account in the period in which the non-monetary assets are recovered.

2. Interest payable

	1997 £'000	1996 £'000
On bank loans and overdrafts	3,091	1,613
Other loans	544	356
On corporation tax	27	-
Other finance leases	12	13
	<hr/>	<hr/>
	3,674	1,982
	<hr/>	<hr/>

STERLING TRUST LIMITED**NOTES TO THE ACCOUNTS (cont'd)****3. Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is stated after charging/(crediting):-

	1997 £'000	1996 £'000
Auditor's remuneration:		
Audit	15	32
Other services	51	50
Depreciation	99	130
Amortisation of goodwill	179	179
Release of negative goodwill	(158)	(79)
Operating Leases - land and buildings	12	12
- office equipment	5	8
Loss/(profit) on disposal of fixed assets	86	(103)
Profit on foreign exchange	-	(2)
Interest payable on finance leases	12	13
Exceptional items	1,826	-

Exceptional items represent provisions against a bank balance and other assets.

4. Remuneration of directors

	1997 £'000	1996 £'000
<i>Directors' emoluments (including pension contributions)</i>		
Other emoluments	69	-

The emoluments, excluding pension contributions, of the chairman were £ 49,522 (1996:£nil) and those of the highest paid director were £49,522 (1996: £nil).

The emoluments, (including the chairman and highest paid directors) were within the following ranges:

	Number of directors	
	1997	1996
£0 - £5,000	2	3
£5,001 - £10,000	-	-
£ 10,001 - £ 15,000	-	-
£15,001 - £20,000	1	-
£20,001 - £25,000	-	-
£40,001 - £45,000	-	-
£45,001 - £50,000	1	-

5. Staff numbers and costs

The average number of persons employed by the group (excluding directors) during the year was analysed as follows :-

	1997 Number	1996 Number
Administration and management	9	7
Hotel staff	42	37
	51	44

STERLING TRUST LIMITED**NOTES TO THE ACCOUNTS (cont'd)****5. Staff numbers and costs (cont.)**

The aggregate staff costs were:-

	1997 £'000	1996 £'000
Wages and salaries	651	553
Social security costs	62	41
Pension and other costs	17	19
Health costs	3	-
	<hr/>	<hr/>
	733	613
	<hr/>	<hr/>

6. Taxation

	1997 £'000	1996 £'000
UK corporation tax	-	(30)
Release of prior year provision	38	95
	<hr/>	<hr/>
Taxation credit	38	65
	<hr/>	<hr/>

7. Profit on ordinary activities after taxation

As provided by the section 230 of the Companies Act 1985 no separate profit and loss account is presented for the company. The loss for Sterling Trust Limited for the year dealt with in the accounts is £220,946 (1996: Loss £948).

8. Intangible Assets - Goodwill

	Positive Goodwill £'000	Negative Goodwill £'000	Total £'000
As at 1 January 1997	2,504	(654)	1,850
Amortisation	(179)	-	(179)
	<hr/>	<hr/>	<hr/>
	2,325	(654)	1,671
Transfer to Minority Interests	44	-	44
Release of negative goodwill	-	158	158
	<hr/>	<hr/>	<hr/>
	2,369	(496)	1,873
	<hr/>	<hr/>	<hr/>

STERLING TRUST LIMITED**NOTES TO THE ACCOUNTS (cont'd)****8. Intangible Assets - Goodwill (cont.)**

Negative goodwill arose on the acquisition of property partnerships in 1995.

9. Tangible Fixed Assets:- Group

	Fixtures & Fittings £'000	Vehicles £'000	Long L/holds £'000	Plant £'000	Total £'000
COST OR VALUATION					
At 31 December 1996	1,399	120	11,208	419	13,146
Additions	18	48	-	63	129
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 1997	1,417	168	11,208	482	13,275
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION					
At 31 December 1996	349	37	-	260	646
Charge for the year	38	39	-	22	99
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 December 1997	387	76	-	282	745
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value as at 31 December 1997	1,030	92	11,208	200	12,530
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value as at 31 December 1996	1,050	83	11,208	159	12,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All motor vehicles are held under finance leases.

STERLING TRUST LIMITED**NOTES TO ACCOUNTS (cont'd)****10. Fixed asset investments**

Group	Gilts listed on Stock Exchange £'000	Freehold Land and Buildings £'000	Loan Stock £'000	Vehicles £'000	Total £'000
Balance at 1 January 1997	10	2,858	-	-	2,868
Additions	-	-	516	65	581
Disposals	-	(736)	-	-	(736)
Balance at 31 December 1997	10	2,122	516	65	2,713

Certain freehold land and buildings have been revalued. This represents directors valuation on the basis of open market value on a plot of land. The directors are of the opinion that the open market value of this land as at 31 December 1997 is not materially different to that valuation from an Independent Estate Agent with experience in local market.

	1997 £'000	1996 £'000
Company		
Investment in subsidiary undertakings		
Carrying value of investment at 31 December 1997	60	60

The company's principal subsidiaries were:-

Name	Percentage of Ordinary Shares held	Activity
Argyle Trust Limited	100% - Registered in Scotland	Investment holding company
Sterling Property Developments Limited	100%	Property development company
Sterling Property Trust Limited	100%	Property investment company
Terminal Six (Heathrow) Limited	100%	Project development company (dormant)
First City Care (Holdings) Limited	100%	Holding company (dormant)
Sterling Trust Hotels Limited	75%	Hotel owning and management company

STERLING TRUST LIMITED**NOTES TO ACCOUNTS (cont'd)****10. Fixed asset investments**

Name	Percentage of Ordinary Shares held	Activity
Maclew Limited	56%	Hotel management
Maclew Investments Limited	75%	Investment holding company
Maclew Holdings Limited	75%	Investment holding company

11. Fixed Asset Investments : Company

	Other Investments £000	Gilts £000
Balance at 1 January 1997	-	5
Disposals	-	-
Additions	581	-
Balance at 31 December 1997	581	5

12. Debtors

	Group		Company	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Trade debtors	55	168	-	-
Amounts owed by immediate parent undertaking	33	26	34	27
Amount owed by group undertaking	-	-	461	546
Amount due by related undertaking	12	-	-	-
Other debtors	2,377	2,650	421	670
	2,477	2,844	916	1,243

13. Current Asset Investments : Group

	Listed on Stock Exchange £'000	Development Properties £'000	Total £'000
As at 1 January 1997	5	5,704	5,709
Additions	3	258	261
Disposals	-	(2,812)	(2,812)
As at 31 December 1997	8	3,150	3,158

STERLING TRUST LIMITED**NOTES TO ACCOUNTS (cont'd)****13. Current Asset Investments : Company (cont'd)**

	Listed on Stock Exchange £'000
As at 1 January 1997	-
Additions	3
As at 31 December 1997	3

14. Cash at bank and in hand

	Group		Company	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Other cash balances	13,803	16,686	13,368	13,673

15. Creditors: amounts falling due within one year

	Group		Company	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Bank loans and overdrafts	15,536	18,988	-	-
Trade creditors	146	100	-	-
Amounts owed to subsidiary undertaking	-	-	500	-
Other taxes and social security	207	338	-	-
Corporation tax	93	165	-	-
Loan Stock	1,526	3,648	-	-
Other loans	1,779	1,645	-	-
Other creditors	969	1,346	-	346
Accruals and deferred income	991	812	124	105
	21,247	27,042	624	451

Bank loans and overdrafts and other loans are secured by fixed and floating charges over the freehold investment properties and long leasehold investment properties. These loans will be repaid from the realisation of developments.

The Loan Stock was issued on 31 December 1994 by Sterling Property Developments Limited and Sterling Property Trust Limited in part consideration of the acquisition of secured loans to property owning partnerships and was due to be repaid on 31 March 1996. Repayments have been extended by Sterling Property Developments Limited and Sterling Property Trust Limited to 31 December, 1998 and 31 December 2000 respectively. The interest rate on both Loan Stocks was increased to 4% p.a over Barclays base rate on 1 January 1997.

STERLING TRUST LIMITED**NOTES TO ACCOUNTS (cont'd)****16. Creditors: amounts falling due after more than one year**

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Corporation Tax	-	30	-	-
Other creditors	34	50	-	-
Bank loans	2,280	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,314	80	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The maturity of bank loans falling due after more than one year is

	1997	1996
	£000	£000
Due in one to two years	34	80
Due in two to five years	615	-
Due in over five years	1,665	-
	<hr/>	<hr/>
	2,314	80
	<hr/>	<hr/>

Bank loans falling due after more than one year are secured by a fixed and floating charge over freehold investment property. Other creditors, representing obligations due under finance leases and hire purchase agreements comprise the amounts due within one to two years.

17. Share capital

	1997		1996	
	Number of shares	Share capital £	Number of shares	Share capital £
Authorised share capital				
Ordinary shares of 10p each	28,041,859	2,804,186	28,041,859	2,804,186
Deferred shares of 1p each	40,271,128	402,711	40,271,128	402,711
	<hr/>	<hr/>	<hr/>	<hr/>
		3,206,897		3,206,897
	<hr/>	<hr/>	<hr/>	<hr/>
Issued share capital				
Ordinary shares of 10p each	11,211,861	1,121,186	11,211,861	1,121,186
Deferred shares of 1p each	40,271,128	402,711	40,271,128	402,711
	<hr/>	<hr/>	<hr/>	<hr/>
		1,523,897		1,523,897
	<hr/>	<hr/>	<hr/>	<hr/>

STERLING TRUST LIMITED**NOTES TO ACCOUNTS (cont'd)****18. Share premium and reserves****Group**

	Other reserves	Revaluation reserve	Share premium account	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 1997	6	245	9,776	1,471	11,498
Loss for year	-	-	-	(1,507)	(1,507)
Sale of property	-	17	-	-	17
Minority share of Goodwill	-	-	-	45	45
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	6	262	9,776	9	10,053
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Company

	Other reserves	Share premium account	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 January 1997	6	9,776	3,224	13,006
Loss for the year	-	-	(221)	(221)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	6	9,776	3,003	12,785
	<hr/>	<hr/>	<hr/>	<hr/>

19. Reconciliation of operating profit/(loss) to net cashflow from operating activities

	1997 £'000	1996 £'000
Operating profit (net of interest received)	1,353	363
Depreciation	99	130
Amortisation of goodwill	179	179
Release of negative goodwill	(158)	(79)
Loss on sale of fixed tangible assets	-	271
Profit on sale of fixed asset investments	-	(168)
Loss on sale of current asset investments	-	1,299
Release of revaluation reserve	17	-
Profit on sale of investment property	(112)	-
Loss on sale of fixed asset investments	86	-
Profit on sale of current asset investments	(1,998)	-
Decrease in trade and other debtors	40	170
Increase/(Decrease) in trade creditors, accruals and deferred income and other creditors	464	(30)
	<hr/>	<hr/>
Net cash (outflow)/ inflow from operating activities	(30)	2,135
	<hr/>	<hr/>

STERLING TRUST LIMITED**NOTES TO ACCOUNTS (cont'd)****20. Analysis of net debt**

	At 1 Jan 1997	Cash Flow	Other non- cash changes	At 31 Dec 1997
	£'000	£'000	£'000	£'000
Cash in hand, at bank	16,686	(2,883)	-	13,803
Overdrafts	(2,474)	2,469	-	(5)
	<u>14,212</u>	<u>(414)</u>	<u>-</u>	<u>13,798</u>
Bank loans	(16,514)	(1,246)	(52)	(17,812)
Other loans	(1,645)	-	(134)	(1,779)
Debts due within one year	(3,993)	2,467	-	(1,526)
Finance leases	(88)	20	-	(68)
Current asset investments	5	584	-	589
TOTAL	<u><u>(8,023)</u></u>	<u><u>1,411</u></u>	<u><u>(186)</u></u>	<u><u>(6,798)</u></u>

21. Reconciliation of net cash outflow to movement in net debt

	£'000	£'000
Decrease in cash in the period	(414)	
Cash outflow from decrease in debt and lease financing	<u>1,241</u>	
Change in net debt resulting from cash flows		827
Increase liquid resources		584
Other non-cash changes		<u>(186)</u>
Movement in net debt in the period		1,225
Net debt at 1 January 1997		<u>(8,023)</u>
Net debt at 31 December 1997		<u><u>(6,798)</u></u>

STERLING TRUST LIMITED**NOTES TO ACCOUNTS (cont'd)****22. Contingent liability**

The company has guaranteed the bank loans and overdrafts and provisions for potential warranty claims of its immediate parent undertaking, The Sterling Credit Group Limited, up to the amount of £13,000,000. The bank loans and overdrafts of The Sterling Credit Group Limited are secured by cash deposits held by the company.

23. Immediate parent undertaking and ultimate parent undertaking

The company is a subsidiary undertaking of The Sterling Credit Group Limited. The ultimate parent undertaking for which group accounts are drawn up is Anstake Limited. The Sterling Credit Group Limited and Anstake Limited are registered in England and Wales. Copies of the accounts of the ultimate parent undertaking will be obtainable from Fraser House, 29 Albemarle Street, London W1X 3FA and Companies House.

24. Leasing commitments

Commitments due under non-cancellable operating lease as at 31 December 1997 are:-

	Land and Buildings £'000	Other £'000
Leases expiring within one year	12	5
	<hr/>	<hr/>