A. & E. BAINES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1995

Company no. 00502384

LITHGOW, PERKINS & CO.

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CHARTERED ACCOUNTANTS

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ACCOUNTANTS REPORT TO THE SHAREHOLDERS OF

A. & E. BAINES LIMITED

We have examined, without carrying out an audit, the accounts for the year ended 31st December 1995 set out on pages 4 to 7.

Respective responsibilities of directors and reporting accountant
As described on page 5 the company's directors are responsible for the preparation of the accounts, and they believe that the company is exempt from an audit. It is our responsibility to examine the accounts and based on our examination to report our opinion, as set out below, to the shareholders.

Basis of opinion
We conducted our examination in accordance with the appropriate standards for reporting accountants issued by the Auditing Practices Board. This examination consisted of comparing the accounts with the accounting records kept by the company and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion
In our opinion:

(a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;

(b) having regard only to, and on the basis of, the information contained in those accounting records:

   (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Companies Act 1985; and

ACCOUNTANTS REPORT TO THE SHAREHOLDERS OF

A. & E. BAINES LIMITED (cont'd)

Opinion

(ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

Lithgow, Perkins & Co.

Reporting Accountants

19th January 1996

A. & E. BAINES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1995

	Notes	1995		1994	
		£	£	£	£
FIXED ASSETS					
Tangible assets	2		1,111,234		1,112,816
CURRENT ASSETS					
Stocks		46,150		45,621	
Debtors		25,802		5,460	
Cash at building society		5,780		35,945	
Cash at bank and in hand		50		50	
		77,782		87,076	
CREDITORS: Amounts falling due within one year		(64,538)		(73,617)	
NET CURRENT ASSETS			13,244		13,459
TOTAL ASSETS LESS CURRENT LIABILITIES			1,124,478		1,126,275
PROVISIONS FOR LIABILITIES AND CHARGES		(10,800)		(10,800)	
			(10,800)		(10,800)
			1,113,678		1,115,475
CAPITAL AND RESERVES					
Called-up share capital	3		30,000		30,000
Revaluation reserve			849,538		851,298
Profit and loss account			234,140		234,177
			1,113,678		1,115,475

The balance sheet is continued on page 5

The notes set out on pages 6 to 7 form part of these financial statements

A. & E. BAINES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1995 (cont'd)

In approving these financial statements as directors of the company we hereby confirm:-

1. that for the year in question the company was entitled to exemption under subsection 2 of Section 249A of the Companies Act 1985,

2. that no notice had been deposited by members in relation to its accounts for the financial year, and

3. that the directors acknowledged their responsibilities for:
   (i) ensuring that the company keeps accounting records which comply with Section 221, and

   (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to the accounts, so far as applicable to the company.

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The directors have taken advantage of the exemptions for individual financial statements conferred by Part I and Part III of Schedule 8 to the Companies Act 1985 and have done so on the grounds that the company is entitled to the benefits of those exemptions as a small company.

Approved by the board:

C. Baines *C Baines* - Director

19th January 1996

The notes set out on pages 6 to 7 form an integral part of these accounts

A. & E. BAINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1995

1 ACCOUNTING POLICIES

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

(b) Depreciation

Depreciation is calculated to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. The annual depreciation rates and methods are as follows:

Motor vehicles	- 25% on the reducing balance method
Fixtures & equipment	- 15% on the reducing balance method
Freehold property	- not provided in accordance with SSAP 19

(c) Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price, less any further costs of realisation.

(d) Deferred taxation

Provisions are made so that the deferred taxation account represents Corporation Tax, calculated on the liability method, in respect of surpluses on disposals of fixed assets subject to roll-over relief and excess of tax allowances given for fixed assets over the depreciation provided, except to the extent that the directors are able to foresee that no liability is likely to arise from a reversal of the above timing differences in relation to tax allowances given for fixed assets, for some considerable period.

(e) Assets leased

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged on a straight-line basis over the term of the lease.

(f) Pensions

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

(g) Turnover

Turnover is the total amount, excluding value added tax, receivable by the company in the ordinary course of business for goods supplied and for services provided as a principal.

2 TANGIBLE FIXED ASSETS

	Motor vehicles	Fixtures & equipment	Freehold property	Total
COST	£	£	£	£
At 1st January 1995	14,798	20,283	248,702	283,783
Additions at cost	-	1,135	1,760	2,895
Surplus on revaluation	-	-	849,538	849,538
At 31st December 1995	14,798	21,418	1,100,000	1,136,216
DEPRECIATION				
At 1st January 1995	8,555	13,710	-	22,265
Charge for the year	1,561	1,156	-	2,717
At 31st December 1995	10,116	14,866	-	24,982
NET BOOK VALUE				
At 31st December 1995	4,682	6,552	1,100,000	1,111,234
At 31st December 1994	6,243	6,573	1,100,000	1,112,816

The freehold properties were revalued by the directors at open market value as at 31st December 1995 in accordance with Statement of Standard Accounting Practice No 19.

3 SHARE CAPITAL

	Number 1995	Value 1995	Number 1994	Value 1994
Authorised:		£		£
Ordinary shares of £1 each	35,000	35,000	35,000	35,000
Issued and fully paid:				
Ordinary shares of £1 each	30,000	30,000	30,000	30,000