A. & E. BAINES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

Company no. 00502384

TELEPHONE: 01423 564446
FAX: 01423 504637

LITHGOW, PERKINS & CO.

J. PERKINS F.C.A., A.T.I.I.
D. E. WATLER F.C.A.
M.R. BROADWAY F.C.A.
A. P. HALLINAN M.Inst.A.M.

CHARTERED
ACCOUNTANTS

CROWN CHAMBERS
PRINCES STREET
HARROGATE
HG1 1NJ

ACCOUNTANTS' REPORT ON THE UNAUDITED ACCOUNTS TO THE DIRECTORS OF

A. & E. BAINES LIMITED

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31st December 1997, set out on pages 3 to 7 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Lithgow, Perkins & Co.

Chartered Accountants

27th February 1998

A. & E. BAINES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1997

	Notes	1997	1997	1996	1996
		£	£	£	£
FIXED ASSETS					
Tangible assets	2		1,238,634		1,134,114
CURRENT ASSETS					
Stocks		46,690		49,471	
Debtors		10,415		20,978	
Cash at building society		354		32,600	
Cash at bank and in hand		51		48	
		57,510		103,097	
CREDITORS: Amounts falling due within one year		(63,063)		(54,655)	
NET CURRENT ASSETS (LIABILITIES)			(5,553)		48,442
TOTAL ASSETS LESS CURRENT LIABILITIES			1,233,081		1,182,556
PROVISIONS FOR LIABILITIES AND CHARGES		(10,800)		(10,800)	
			(10,800)		(10,800)
			1,222,281		1,171,756
CAPITAL AND RESERVES					
Called-up share capital	3		33,000		33,000
Share premium account			63,000		63,000
Revaluation reserve			898,426		849,538
Profit and loss account			227,855		226,218
SHAREHOLDERS' FUNDS			1,222,281		1,171,756

The balance sheet is continued on page 4

The notes set out on pages 5 to 7 form an integral part of these accounts

A. & E. BAINES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1997 (cont'd)

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A of the Companies Act 1985. Shareholders holding 10% or more of the nominal value of the company's issued share capital have not issued a notice requiring an audit under Section 249B(2). The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 31st December 1997 and of its profit or loss for the year then ended 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.

The directors have taken advantage, in the preparation of these abbreviated accounts, of the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board: S.B.

S. Baines - Director

27th February 1998

The notes set out on pages 5 to 7 form an integral part of these accounts

A. & E. BAINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1997

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 condsiderable 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.

A. & E. BAINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1997

(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 1997	14,798	21,418	275,495	311,711
Additions at cost	-	13,255	46,079	59,334
Surplus on revaluation	-	-	898,426	898,426
At 31st December 1997	14,798	34,673	1,220,000	1,269,471
DEPRECIATION				
At 1st January 1997	11,286	15,849	-	27,135
Charge for the year	878	2,824	-	3,702
At 31st December 1997	12,164	18,673	-	30,837
NET BOOK VALUE				
At 31st December 1997	2,634	16,000	1,220,000	1,238,634
At 31st December 1996	3,512	5,569	1,125,033	1,134,114

The freehold properties were revalued by the directors at open market value as at 31st December 1997 in accordance with Statement of Standard Accounting Practice No 19.

3 SHARE CAPITAL

	Number 1997	Value 1997	Number 1996	Value 1996
Authorised:		£		£
Ordinary shares of £1 each	35,000	35,000	35,000	35,000
Issued and fully paid:				
Ordinary shares of £1 each	33,000	33,000	33,000	33,000

A. & E. BAINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1997

4 CAPITAL AND OTHER COMMITMENTS

	1997	1996
	£	£
Capital and other commitments:		
Contracted for but not provided for	-	45,000
	-	45,000