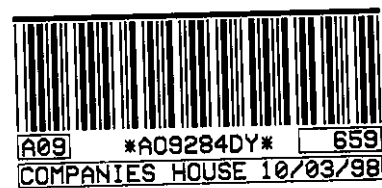


A. & E. BAINES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997
Company no. 00502384



LITHGOW, PERKINS & CO.

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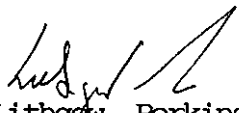
CHARTERED
ACCOUNTANTS

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	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		<u>51</u>	<u>48</u>
		57,510	103,097
CREDITORS: Amounts falling due within one year		<u>(63,063)</u>	<u>(54,655)</u>
NET CURRENT ASSETS (LIABILITIES)		<u>(5,553)</u>	<u>48,442</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,233,081	1,182,556
PROVISIONS FOR LIABILITIES AND CHARGES		<u>(10,800)</u>	<u>(10,800)</u>
		<u>(10,800)</u>	<u>(10,800)</u>
		<u>1,222,281</u>	<u>1,171,756</u>
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		<u>227,855</u>	<u>226,218</u>
SHAREHOLDERS' FUNDS		<u>1,222,281</u>	<u>1,171,756</u>

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. Baines

- Director

27th February 1998

S.B.

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 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.

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	<u>14,798</u>	<u>34,673</u>	<u>1,220,000</u>	<u>1,269,471</u>
DEPRECIATION				
At 1st January 1997	11,286	15,849	-	27,135
Charge for the year	878	2,824	-	3,702
At 31st December 1997	<u>12,164</u>	<u>18,673</u>	<u>-</u>	<u>30,837</u>
NET BOOK VALUE				
At 31st December 1997	<u>2,634</u>	<u>16,000</u>	<u>1,220,000</u>	<u>1,238,634</u>
At 31st December 1996	<u>3,512</u>	<u>5,569</u>	<u>1,125,033</u>	<u>1,134,114</u>

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	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
Issued and fully paid:				
Ordinary shares of £1 each	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>

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
		<u>-</u>	<u>45,000</u>