A. & E. BAINES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

Company no. 00502384

LITHGOW, PERKINS & CO.

J. PERKINS F.C.A., A.T.I.I.
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CHARTERED ACCOUNTANTS

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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 1998, set out on pages 3 to 6 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

17th March 1999

A. & E. BAINES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1998

	Notes	1998		1997	
		£	£	£	£
FIXED ASSETS					
Tangible assets	2		1,463,578		1,238,634
CURRENT ASSETS					
Stocks		-		46,690	
Debtors		9,401		10,415	
Cash at building society		25,540		354	
Cash at bank and in hand		2,392		51	
		37,333		57,510	
CREDITORS: Amounts falling due within one year		(40,031)		(63,063)	
NET CURRENT LIABILITIES			(2,698)		(5,553)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,460,880		1,233,081
PROVISIONS FOR LIABILITIES AND CHARGES		(10,800)		(10,800)	
			(10,800)		(10,800)
			1,450,080		1,222,281
CAPITAL AND RESERVES					
Called-up share capital	3		33,000		33,000
Share premium account			63,000		63,000
Revaluation reserve			1,128,426		898,426
Profit and loss account			225,654		227,855
SHAREHOLDERS' FUNDS			1,450,080		1,222,281

The balance sheet is continued on page 4

The notes set out on pages 5 to 6 form an integral part of these accounts

BALANCE SHEET AS AT 31ST DECEMBER 1998 (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 1998 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

17th March 1999

The notes set out on pages 5 to 6 form an integral part of these accounts

A. & E. BAINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1998

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) 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.

A. & E. BAINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER 1998

2 TANGIBLE FIXED ASSETS

	Motor vehicles	Fixtures & equipment	Freehold property	Total
COST	£	£	£	£
At 1st Janaury 1998	14,798	34,673	321,574	371,045
Applicable to disposals	-	(15,115)	-	(15,115)
Surplus on revaluation	-	-	1,128,426	1,128,426
At 31st December 1998	14,798	19,558	1,450,000	1,484,356
DEPRECIATION				
At 1st Janaury 1998	12,164	18,673	-	30,837
Charge for the year	659	2,048	-	2,707
Released by disposals	-	(12,766)	-	(12,766)
At 31st December 1998	12,823	7,955	-	20,778
NET BOOK VALUE				
At 31st December 1998	1,975	11,603	1,450,000	1,463,578
At 31st December 1997	2,634	16,000	1,220,000	1,238,634

The freehold properties were revalued by the directors at open market value as at 31st December 1998 in accordance with statement of Standard Accounting Practice No 19.

3 SHARE CAPITAL

	Number 1998	Value 1998	Number 1997	Value 1997
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