COMPANY REGISTRATION NUMBER 00502384

A. & E. BAINES LIMITED

UNAUDITED ABBREVIATED ACCOUNTS

31 DECEMBER 2005

LITHGOW PERKINS LLP
Chartered Accountants
Crown Chambers
Princes Street
Harrogate

A. & E. BAINES LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2005

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A. & E. BAINES LIMITED

ACCOUNTANTS' REPORT TO THE DIRECTORS OF A. & E. BAINES LIMITED

YEAR ENDED 31 DECEMBER 2005

In accordance with the engagement letter dated 14 February 2005, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company which comprise the Balance Sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the Company's Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Directors that we have done so, and state those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 December 2005 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Lithgow Perkins

LITHGOW PERKINS LLP
Chartered Accountants

Crown Chambers
Princes Street
Harrogate

17 February 2006

A. & E. BAINES LIMITED

ABBREVIATED BALANCE SHEET

31 DECEMBER 2005

	Note	2005 £	2004 £
FIXED ASSETS	2		
Tangible assets		**2,021,876**	1,806,494
CURRENT ASSETS			
Debtors		**20,733**	59,516
Cash at bank and in hand		**4,889**	147,782
		25,622	207,298
CREDITORS: Amounts falling due within one year	3	**95,869**	78,994
NET CURRENT (LIABILITIES)/ASSETS		**(70,247)**	128,304
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,951,629**	1,934,798
CREDITORS: Amounts falling due after more than one year	4	**11,667**	-
		1,939,962	1,934,798

The Balance sheet continues on the following page.

The notes on page 2 form part of these abbreviated accounts.

A. & E. BAINES LIMITED

ABBREVIATED BALANCE SHEET *(continued)*

31 DECEMBER 2005

	Note	2005 £	2004 £
CAPITAL AND RESERVES			
Called-up equity share capital	**5**	**33,000**	33,000
Share premium account		**63,000**	63,000
Revaluation reserve		**1,478,425**	1,478,425
Profit and loss account		**365,537**	360,373
SHAREHOLDERS' FUNDS		**1,939,962**	1,934,798

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

(i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and

(ii) preparing financial statements 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 financial statements, so far as applicable to the company.

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 17 February 2006 and are signed on their behalf by:

S M BAINES

The notes on pages 4 to 8 form part of these abbreviated accounts.

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

-Financial Reporting Standard for Smaller Entities (effective January 2005); and

-FRS 21 Events after the Balance Sheet date (IAS 10).

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	20% straight line
Motor Vehicles	-	25% reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Investment properties

No depreciation is provided on investment properties in accordance with Statement of Standard Accounting Practice No. 19. This constitutes a departure from the Companies Act 1985, and as such the profit for the year is stated higher than it would have been if the full requirements of the Companies Act had been followed. The reasoning behind not providing for any depreciation in the year is that the property is subject to an annual valuation by the company's directors in accordance with UK GAAP.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

> Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
>
> Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. FIXED ASSETS

	Tangible Assets £
COST OR VALUATION	
At 1 January 2005	**1,836,054**
Additions	**227,552**
Disposals	**(19,850)**
At 31 December 2005	**2,043,756**
DEPRECIATION	
At 1 January 2005	**29,560**
Charge for year	**7,460**
On disposals	**(15,140)**
At 31 December 2005	**21,880**
NET BOOK VALUE	
At 31 December 2005	**2,021,876**
At 31 December 2004	1,806,494

In accordance with Statement of Standard Accounting Practice No. 19 the freehold properties were valued by the directors at their open market value. The historical cost of land and buildings at 31 December 2005 was £521,555 (2004 - £321,574).

3. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	**26,534**	-
Hire purchase agreements	**5,000**	-
	31,534	-

4. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005 £	2004 £
Hire purchase agreements	**11,667**	-

5. SHARE CAPITAL

Authorised share capital:

	2005	2004
	£	£
35,000 Ordinary shares of £1 each	**35,000**	35,000

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	**33,000**	**33,000**	33,000	33,000

6. POST BALANCE SHEET EVENTS

Included in fixed assets is a freehold property with a Balance Sheet value of £199,981 at 31 December 2005. This property was sold in February 2006 for £225,000 less related costs.