

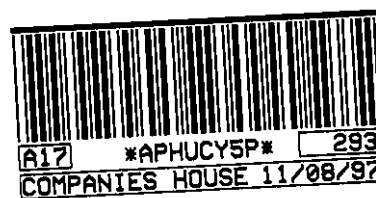
9 REGISTRATION

PROPERTY HOLDINGS
(LANCASHIRE AND WIRRAL) LIMITED

Company No: 537821

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 1997



PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 1997

DIRECTORS

Miss. A.J. Errington
Lady D.K.F. Errington
Mrs. A. Errington
C.C. Bushell - Appointed 25.3.97

COMPANY SECRETARY

H.N. Jones - Resigned 28.3.97
W. Saville - Appointed 9.4.97

REGISTERED OFFICE

83 Woodchurch Lane
Birkenhead
Merseyside
L42 9PL

AUDITORS

Moore Stephens
Barratt House
47/49, North John Street
Liverpool
L2 6TG

INDEX TO FINANCIAL STATEMENTS

Page No.

1-2	Report of the Directors
3-4	Reports of the Auditors
5	Profit and Loss Account
6	Balance Sheet
7-9	Notes to the Financial Statements

The following does not form part of the statutory financial statements:

10	Detailed Profit and Loss Account
----	----------------------------------

PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST MARCH, 1997

The directors have pleasure in presenting their Report, together with the audited Financial Statements for the year ended 31st March, 1997.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACTIVITIES

The principal activity of the company is that of an Investment Company.

STATE OF AFFAIRS

The directors consider that the state of the company's affairs is satisfactory.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £89,474.09. It is recommended that this amount be dealt with as follows:-

Preference Dividend	£ 500.00
Ordinary Dividend	84,000.00
Transfer to Reserves	4,974.09

	£89,474.09
	=====

PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST MARCH, 1997

DIRECTORS

The following directors served on the Board during the year and their interests in the shares of the company were as follows:-

	<u>Shareholding</u>				<u>Non-Beneficial</u>	
	<u>2½% Preference</u>		<u>Beneficial Holding</u>		<u>Holding</u>	
	<u>Shares of £1 each</u>		<u>Ordinary 10p. Shares</u>		<u>Ordinary 10p. Shares</u>	
	<u>31.3.97</u>	<u>1.4.96</u>	<u>31.3.97</u>	<u>1.4.96</u>	<u>31.3.97</u>	<u>1.4.96</u>
Miss. A.J. Errington	6,667	6,667	6,667	6,667	Nil	Nil
Lady D.K.F. Errington	6,657	6,657	3,801	3,801	1,080	1,080
Mrs. A. Errington	6,658	6,658	2,225	2,225	Nil	Nil
C.C. Bushell	Nil	N/A	Nil	N/A	Nil	N/A

FIXED ASSETS

The directors are of the opinion that the value of investments held is in excess of their book value.

AUDITORS

A Resolution proposing the re-appointment of Messrs. Moore Stephens will be presented to the members at the Annual General Meeting in accordance with S.384 of the Companies Act 1985.

By Order of the Board:


W. SAVILLE
Secretary.

12th May, 1997

PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Adverse Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st March, 1997 and of the profit of the company for the year then ended. The company has taken advantage of the exemptions from preparing group accounts but has not disclosed the additional information as required by Schedule 5 of the Companies Act 1985. In all other respects, in our opinion, the financial statements have been properly prepared in accordance with the Companies Act 1985.

LIVERPOOL

24 July 1997

Moore Stephens
MOORE STEPHENS

CHARTERED ACCOUNTANTS

REGISTERED AUDITORS

PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

REPORT OF THE AUDITORS

TO THE DIRECTORS OF
PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

PURSUANT TO SECTION 248(3) OF THE COMPANIES ACT 1985

We have examined the financial statements of the company and each of its subsidiaries for the year ended 31st March, 1997.

Basis of Opinion

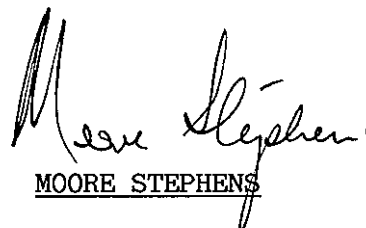
The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

Opinion

In our opinion the company is entitled to the exemption from preparing group accounts conferred by section 248 of the Companies Act 1985.

LIVERPOOL

2nd July 1997



MOORE STEPHENS

CHARTERED ACCOUNTANTS

REGISTERED AUDITORS

PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
Income from shares in Group Companies	1	£111,857.30	£93,763.53
Audit Fee		11.75	11.75
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		£111,845.55	£93,751.78
Tax on Profit on Ordinary Activities	3	22,371.46	18,752.70
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		£ 89,474.09	£74,999.08
<u>DIVIDENDS PAID AND PROPOSED</u>			
Preference Shares	4	£ 500.00	£ 500.00
Ordinary Shares	4	84,000.00	70,000.00
		-----	-----
		84,500.00	70,500.00
		-----	-----
<u>RETAINED PROFIT FOR THE FINANCIAL YEAR</u>		£ 4,974.09	£ 4,499.08
		=====	=====

The company has neither acquired or commenced any new business activities in the year nor discontinued any operations and it has no recognised gains or losses other than the profit for the year.

The notes on pages 7 to 9 form an integral part of these Financial Statements

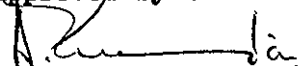
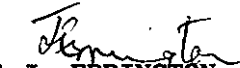
PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

BALANCE SHEET

AS AT 31ST MARCH, 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
<u>FIXED ASSETS</u>			
Investments	5	£37,253.95	£37,253.95
<u>CURRENT ASSETS</u>			
Cash at Bank		£19,968.96	£14,994.87
<u>CREDITORS: Amounts falling due within one year</u>			
Dividends	(500.00)	(500.00)	
Other Creditors	(11.75)	(11.75)	
	-----	-----	
<u>NET CURRENT ASSETS</u>		19,457.21	14,483.12
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		£56,711.16	£51,737.07
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	6	£22,000.00	£22,000.00
Profit and Loss Account		34,711.16	29,737.07
		-----	-----
<u>TOTAL SHAREHOLDERS' FUNDS</u>		£56,711.16	£51,737.07
(Including Non-Equity Interests)		=====	=====

Approved by the Board on: 12th May, 1997

	) Directors
A. ERRINGTON	
	
A.J. ERRINGTON	

The notes on pages 7 to 9 form an integral part of these Financial Statements

PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 1997

1. ACCOUNTING POLICIES

a) Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

b) Investments and Investment Income

All investments are stated at cost and credit is taken for investment income as it becomes due and payable.

c) Advance Corporation Tax

It is the company's policy not to provide for Advance Corporation Tax on proposed dividends as, in the directors' opinion, it will be fully recoverable in the subsequent accounting period.

d) Group Accounts

The company do not prepare group accounts because it is the directors' view that the expense involved is out of proportion to the value to members of such accounts.

2. STAFF COSTS

The only staff employed are the directors and secretary, none of whom receive any remuneration.

The average weekly number of employees during the year was:

<u>1997</u>	<u>1996</u>
4	4
==	==

3. TAXATION

The Charge for the year is made up as follows:-

Tax borne on Franked Investment Income	£22,371.46

Total Charge for the year	£22,371.46
	=====

4. DIVIDENDS

	<u>1997</u>	<u>1996</u>
Ordinary Dividend at £4.20 per share	£84,000.00	£70,000.00
2½% Preference Dividend	500.00	500.00
	-----	-----
	£84,500.00	£70,500.00
	=====	=====

PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH, 1997

5. FIXED ASSETS

All Investments of the company consist of shareholdings in Related Undertakings and are as follows:-

	<u>Cost</u>
<u>Associated Property Owners Limited</u>	
245,271 Ordinary Shares	£15,797.20
2,500 Preference Shares 4%	1,262.50
<u>Kingsway Hotels (Manchester) Limited</u>	
1,050 Preference Shares 7%	707.00
<u>Harley Houses Limited</u>	
2,000 Ordinary Shares	12,182.25
<u>Liverpool and Cheshire (House Investment) Limited</u>	
3,091 Ordinary Shares	3,153.00
2,000 Preference Shares 4%	1,010.00
<u>Birkton Estates Limited</u>	
6,160 Stock Units of 25p. each	3,142.00

<u>Per Balance Sheet</u>	£37,253.95
	=====

6. CALLED UP SHARE CAPITAL

	<u>1997</u> <u>Number</u>	<u>1997</u> <u>Value</u>	<u>1996</u> <u>Number</u>	<u>1996</u> <u>Value</u>
<u>Equity Shares</u>				
Authorised:				
Ordinary Shares of 10p each	20,000	£2,000	20,000	£2,000
	=====	=====	=====	=====
Issued and Fully Paid:				
Ordinary Shares of 10p each	20,000	£2,000	20,000	£2,000
	=====	=====	=====	=====
<u>Non-Equity Shares</u>				
Authorised:				
2½% Non Cumulative Preference Shares of £1 each	20,000	£20,000	20,000	£20,000
	=====	=====	=====	=====
Issued and Fully Paid:				
2½% Non Cumulative Preference Shares of £1 each	20,000	£20,000	20,000	£20,000
	=====	=====	=====	=====

PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH, 1997

7. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>1997</u>	<u>1996</u>
Total Recognised Gains	£89,474.09	£74,999.08
Dividends Paid	84,500.00	(70,500.00)
	-----	-----
Net Additions to Shareholders Funds	£ 4,974.09	£ 4,499.08
Opening Shareholders Funds	51,737.07	47,237.99
	-----	-----
Closing Shareholders Funds	£56,711.16	£51,737.07
	=====	=====
Relating to Equity Interests	£36,711.16	£31,737.07
Relating to Non-Equity Interests	20,000.00	20,000.00
	-----	-----
	£56,711.16	£51,737.07
	=====	=====

8. SUBSIDIARY UNDERTAKINGS (Incorporated in Great Britain)

	<u>Percentage held by Parent</u>	<u>Percentage held by Subsidiaries</u>	<u>Principal Activities</u>
Associated Property Owners Ltd.	99.8	-	Property Investment & Management
Birkton Estates Ltd.	38.5	60	"
British Standards Association Ltd.	-	100	"
Estates Development (Liverpool) Ltd.	-	90	"
J.R. Grant Properties Ltd.	-	100	"
Harley Houses Ltd.	100.0	-	"
Liverpool & Cheshire (House Investment) Ltd.	79.6	-	"
Palmeira Properties Ltd.	-	100	"
Second Avenue Properties Ltd.	-	100	"

9. CAPITAL AND OTHER COMMITMENTS

	<u>1997</u>	<u>1996</u>
Capital and other commitments:		
Contracted for but not provided for	£ Nil	£ Nil
	=====	=====

PROPERTY HOLDINGS (LANCASHIRE AND WIRRAL) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 1997

	<u>1997</u>	<u>1996</u>
Investment Income (gross)	£111,857.30	£93,763.53
<u>Less:</u>		
Audit Fee	11.75	11.75
<u>PROFIT FOR THE YEAR BEFORE TAXATION</u>	<u>£111,845.55</u>	<u>£93,751.78</u>