

1067607 (England & Wales)

Knightspur Properties Plc
Directors' Report and Financial Statements
for the year ended 31st December 1997



Knightspur Properties Plc

Company Information

Directors Peter Laurence Murphy Esq.,
Matthew Martin Slane Esq.,

Joint Secretaries Paul Williams Esq.,
Mrs Shirley Dwyer

Company Number 1067607 (England and Wales)

Registered Office Gloucester House
Woodside Lane
North Finchley
London N12 8TP

Auditors Simmons Gainsford
7/10 Chandos Street
Cavendish Square
London W1M 9DE

Knightspur Properties Plc

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Knightspur Properties Plc

Chairman's Statement

Financial Statements for the year ended 31st December 1997

Knightspur Properties Plc and its subsidiaries are principally involved in the residential sector of the property market. The activities comprise of investments, development and trading in residential property portfolios.

The group has continued to adopt its policy to improve its residential portfolio by a programme of continued upgrading and provision of self-contained units. The group operates a priority repair scheme for all tenants and lessees ensuring a high standard of customer care and intends to expand and improve where possible such care. The combined effect is the creation of an easily realisable portfolio of properties. In the year, the group has successfully achieved a much improved quality of properties for sale at a lower building cost per unit.

I am pleased to report a Consolidated Profit before Taxation of £475,639 for the year to 31st December 1997.

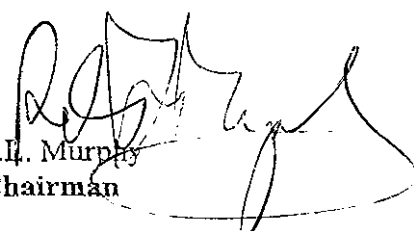
The group's gross realisations of both investment and trading portfolios amounted to c£1.17m (1996: c£1.57m).

I am thankful for the continued support of our main bankers, Barclays Bank Plc and Investec Bank (UK) Limited. The board of your company successfully negotiated with the bankers to secure long term funding with facilities being replaced by ten year loans with the main bankers.

I am confident of the future prospects of the group and with the current buoyant market conditions, I hope to be able to report an improvement in the group results for the forthcoming year.

Following a review of future strategy for the group, the main ground rent portfolio held by Denetower Limited and its subsidiary were offered for sale. I am pleased to report that a sale was successfully completed in 1998.

The Knightspur group is now concentrating more resources on the development of residential property, and has recently acquired a substantial portfolio of properties for modernisation and sale to the first time buyer market. This gives the group a balanced development portfolio as it has also commenced construction of several houses in a premier site in Totteridge, North London.



P.J. Murphy
Chairman

Date: 23 July 1998

Knightspur Properties Plc

Directors' Report for the year ended 31st December 1997

The directors present their report and the financial statements for the year ended 31st December 1997.

Principal Activities and Review of the Business

The principal activities of the group during the year have been that of property dealing, development and investment.

The review of the group's activities during the year and its future prospects are as indicated in the Chairman's Statement.

Results and Dividends

The Statutory Consolidated Profit and Loss Account is set out on page 5, shows a profit before taxation of £475,639.

The directors do not recommend the payment of a dividend.

Fixed Assets

The significant changes in fixed assets during the year are explained in notes 9 to the financial statements.

Directors and their Interests

The directors who served during the year and their interests in the ordinary share capital of the company were as stated below:

	Class of Share	1997	1996
Peter Laurence Murphy Esq.	Ordinary shares	86.08%	86.08%
Matthew Martin Slane Esq.	Ordinary shares	0.8%	0.8%

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford be reappointed as auditors of the company will be put to the Annual General Meeting.

Knightspur Properties Plc**Directors' Report for the year ended 31st December 1997 (continued)****Directors Responsibilities**

The directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group as at the end of the financial year and of the profit or loss, total recognised gains or losses and cash flow of the group for that period. The directors confirm their responsibility to ensure that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31st December 1997. The directors also confirm their responsibility to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the group and for taking reasonable steps to prevent and detect fraud and other irregularities.

This report was approved by the Board on 23 July 1998



Paul Williams Esq.,
Secretary

Auditors' Report
to the shareholders of Knightspur Properties Plc

We have audited the financial statements on pages 5 to 23 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent audit 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 on the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the group's and company's financial affairs at 31st December 1997 and of the results for the year ended and have been properly prepared in accordance with the Companies Act 1985.

Simmons Gainsford.

Simmons Gainsford

Chartered Accountants
& Registered Auditors

23 July 1998

7/10 Chandos Street
Cavendish Square
London W1M 9DE

Knightspur Properties Plc

Consolidated Profit and Loss Account for the year ended 31st December 1997

	Notes	1997 £	1996 £
Turnover	2	1,277,129	1,803,634
Cost of Sales		<u>(356,124)</u>	<u>(1,186,289)</u>
Gross Profit		921,005	617,345
Administrative expenses		<u>(338,101)</u>	<u>(367,433)</u>
		582,904	249,912
Share of Losses (1996:Profit) of Associated company		(4)	12
Other operating income		<u>63,994</u>	<u>275,930</u>
		646,894	525,854
Profit on sale of Investment property	4	206,460	69,702
Interest receivable		<u>24,494</u>	<u>9,347</u>
		877,848	604,903
Interest payable	5	<u>(402,209)</u>	<u>(461,165)</u>
Profit on ordinary activities before taxation		475,639	143,738
Taxation on ordinary activities	7	<u>(196,619)</u>	<u>(158,809)</u>
Profit (1996:Loss) on ordinary activities after taxation		279,020	(15,071)
		<u>279,020</u>	<u>(15,071)</u>
Minority interest		<u>(71,300)</u>	<u>(52,838)</u>
Profit (1996: Loss) for the year		<u>£207,720</u>	<u>(£67,909)</u>

The above results relate to the continuing operations of the group.

Knightspur Properties Plc

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31st December 1997

	Notes	1997 £	1996 £
Results per consolidated profit and loss account		207720	(67,909)
Unrealised deficit on revaluation of properties		-	(74,217)
		207,720	(142,126)

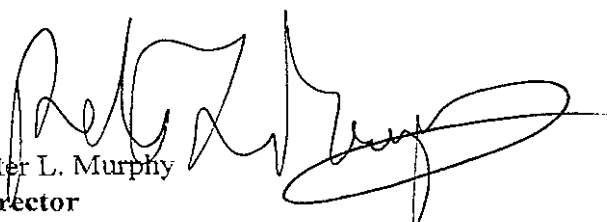
Note of Historical Cost Profits and Losses

		1997 £	1996 £
Historical cost profit on ordinary activities before taxation	4	475,639	143,738
Taxation charge on ordinary activities	7	(196,619)	(158,809)
Profit after taxation		279,020	(15,071)
Minority Interest		(71,300)	(52,838)
Profit for the year based on historical cost		£207,720	(£67,909)

Knightspur Properties Plc**Consolidated Balance Sheet
as at 31st December 1997**

	Notes	1997		1996	
		£	£	£	£
Fixed Assets					
Intangible Assets	8	18,590		57,093	
Tangible Assets	9a	3,212,348		3,542,815	
Investments	10a	<u>44,932</u>	3,275,870	<u>44,936</u>	3,644,844
Current Assets					
Stocks	11	2,864,589		2,744,131	
Debtors	12	937,976		1,040,733	
Cash at Bank and in Hand		<u>795,906</u>		<u>311,950</u>	
		4,598,471		4,096,814	
Creditors:					
Amounts falling due within one year	13	<u>(2,569,190)</u>		<u>(2,948,375)</u>	
Net Current Assets			<u>2,029,281</u>		<u>1,148,439</u>
			5,305,151		4,793,283
Creditors:					
Amounts falling due after more than one year	14		<u>(2,582,816)</u>		<u>(2,329,968)</u>
Total Assets less Current Liabilities			<u>£2,722,335</u>		<u>£2,463,315</u>
Capital and Reserves					
Called up Share Capital	15		1,718,394		1,718,394
Share premium account	16		251,278		251,278
Investment Revaluation Reserve	17		165,491		165,491
Capital Reserve	18		403,577		403,577
Profit and Loss Account	19		<u>(533,311)</u>		<u>(741,031)</u>
Shareholders Funds (Equity Interest)	22		2,005,429		1,797,709
Minority Interest			<u>716,906</u>		<u>665,606</u>
			<u>£2,722,335</u>		<u>£2,463,315</u>

The financial statements were approved by the Board on 23 July 1998


Peter L. Murphy
Director

Knightspur Properties Plc

Profit and Loss Account for the year ended 31st December 1997

	Notes	1997 £	1996 £
Turnover	2	464,825	828,920
Cost of Sales		<u>(172,601)</u>	<u>(860,670)</u>
Gross Profit		292,224	(31,750)
Property Expenses		(72,661)	(130,219)
Administrative expenses		<u>(157,955)</u>	<u>(137,654)</u>
		61,608	(299,623)
Group Dividends		285,000	450,694
Other Operating income		<u>230,963</u>	<u>436,022</u>
Operating Profit	3	577,571	587,093
Interest receivable		<u>21,254</u>	<u>1,962</u>
		598,825	589,055
Interest payable	5	<u>(278,866)</u>	<u>(330,647)</u>
Profit on ordinary activities before taxation		319,959	258,408
Taxation on loss from ordinary activities	7	<u>(14,077)</u>	<u>(17,431)</u>
Profit on ordinary activities after taxation		<u>£305,882</u>	<u>£240,977</u>

The above results relate to the continuing operations of the company.

The company has no recognised gains and losses other than those included in the loss above, and therefore, no separate statement of total recognised gains and losses has been presented.

Knightspur Properties Plc**Balance Sheet
as at 31st December 1997**

	Notes	1997	1996
		£	£
Fixed Assets			
Tangible Assets	9b	19,065	21,183
Investments	10	<u>5,269,364</u>	<u>5,250,769</u>
		5,288,429	5,271,952
Current Assets			
Stocks	11	1,224,964	1,324,499
Debtors	12	2,689,401	3,097,283
Cash at Bank and in hand		<u>623,936</u>	<u>124,725</u>
		4,538,301	4,546,507
Creditors:			
Amounts falling due within one year	13	<u>(5,983,144)</u>	<u>(6,730,479)</u>
Net Current Liabilities		<u>(1,444,843)</u>	<u>(2,183,972)</u>
Total Assets less Current Liabilities		3,843,586	3,087,980
Creditors:			
Amounts falling due after more than one year	14	<u>(1,697,500)</u>	<u>(1,320,000)</u>
		<u>£2,146,086</u>	<u>£1,767,980</u>
Capital and Reserves			
Called up Share Capital	15	1,718,394	1,718,394
Share Premium Account	16	251,278	251,278
Investment Revaluation reserve	17	1,887,061	1,711,785
Capital reserve	18	1,109	1,109
Profit and Loss Account	19	<u>(1,711,756)</u>	<u>(1,914,586)</u>
Shareholders Fund			
(equity interests)	22	<u>£2,146,086</u>	<u>£1,767,980</u>

The financial statements were approved by the Board on 23 July 1997

Peter L. Murphy
Director

Knightspur Properties Plc

Consolidated Cash Flow Statement for the year ended 31st December 1997

	Notes	1997	1996
		£	£
Net Cash Inflow from operating activities	1	666,576	1,118,015
Returns on investments and servicing of finance			
Interest received		24,494	9,347
Interest paid		<u>(402,209)</u>	<u>(461,165)</u>
Net Cash Outflow from returns on investments and servicing of finance		(377,715)	(451,818)
Taxation			
Corporation Tax Paid		(201,297)	(68,389)
Investing Activities			
Purchase of Property		(45,581)	(418,540)
Purchase of other fixed assets			(20,182)
Sale of Property		583,107	431,866
Associated Company Loss/Profit		4	(12)
Repayment on investment		-	33,727
Sale of other fixed assets		<u>-</u>	<u>10,000</u>
Net Cash Inflow from investing activities		537,530	36,859
Financing			
Repayment of loan		-	(100,000)
Issue of Shares to Minorities		<u>-</u>	<u>25</u>
		0	(99,975)
		<u>£625,094</u>	<u>£534,692</u>
Increase in Cash and Cash Equivalents		<u>£593,711</u>	<u>£534,692</u>

Knightspur Properties Plc

Notes to the Consolidated Cash Flow Statement for the year ended 31st December 1997

1 Reconciliation of operating profit to Net cash inflow from operating activities

	1997	1996
	£	£
Operating Profit	646,894	525,854
Depreciation Charges	10,784	11,956
(Increase)/Decrease in stocks of properties	(120,458)	39,589
Decrease in Debtors	102,757	855,059
Increase in Creditors	(11,904)	(364,707)
Amortisation of Goodwill	38,503	41,789
Loss on Disposal of fixed asset investment	-	8,475
Net cash inflow from operating activities	£ 666,576	£ 1,118,015

2 Analysis of changes in cash and cash equivalents during the year

	1997	1996
	£	£
Balance at the beginning of the year	(3,437,251)	(3,971,943)
Net cash inflow/outflow	593,711	534,692
Balance at the end of the year	£ (2,843,540)	£ (3,437,251)

3 Analysis of the balances of cash and cash equivalents as shown in the Balance Sheet

	1997	1996
	£	£
Cash at Bank and in Hand	795,906	311,950
Bank Overdrafts	(1,206,630)	(1,569,233)
Bank Loans	(2,432,816)	(2,179,968)
Balance at the end of the year	£ (2,843,540)	£ (3,437,251)

4 Analysis of changes in financing during the year

	1997	1996
	£	£
Other Loans		
Balance at the beginning of the year	150,000	250,000
Repayment in year	-	(100,000)
Balance at the end of the year	£ 150,000	£ 150,000

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 1997

1 Accounting Policies

The have been no changes in accounting policies during the year.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable Accounting Standards. The financial statements adopt the following accounting policies:

Basis of Consolidation

The consolidated financial statements include the accounts of the holding company and all its subsidiaries and associates. Goodwill arising on consolidation and representing the excess of purchase price over the fair value of the net assets acquired is amortised over five years.

Turnover

Turnover represents sales of properties held as trading stock and rents received.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except investment properties, over their expected useful lives. It is calculated on the original cost of the assets at the following rate:

Furniture, Fixtures and Fittings	- 10% per annum on net book value
Motor Vehicles	- 25% per annum on net book value

Purchased Goodwill

Goodwill is the excess of purchase consideration over their value of net assets acquired.

It is capitalised and amortised over its estimated useful economic life limited up to a maximum period of five years

Additional goodwill arising during the year will be amortised over the five year period starting with effect from the following year.

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 1997

1 Accounting Policies (continued)

Investment Properties

In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Stocks and Work in Progress

Stocks and Work in Progress are valued at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Deferred Taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the foreseeable future.

Tax losses arising in group companies which remain unrelieved at the year end are treated as a timing difference, as in the view of the directors these losses will be utilised against profits anticipated to arise in the foreseeable future.

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 1997

2 Turnover and Profits Analysis by activity

	Turnover		Profit on Ordinary Activities Before taxation	
	1997	1996	1997	1996
	£	£	£	£
Group				
Sales of Properties	627,505	1,222,615	475,639	143,738
Rent Received	649,624	581,019	-	-
	<u>£ 1,277,129</u>	<u>£ 1,803,634</u>	<u>£ 475,639</u>	<u>£ 143,738</u>
Company				
Sales of Properties	<u>£ 464,825</u>	<u>£ 828,920</u>	<u>£ 319,959</u>	<u>£ 258,408</u>

3 Operating Profit

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
After charging:				
Amortisation	38,503	41,789	-	-
Depreciation	10,784	11,956	2,118	2,354
Auditors' Remuneration	<u>18,500</u>	<u>20,000</u>	<u>8,000</u>	<u>8,840</u>
After crediting:				
Joint Venture Profits	<u>58,567</u>	<u>245,867</u>	<u>58,567</u>	<u>245,867</u>

4 Profit on Sale of Investment Property

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Profit on Sale of freehold property against opening valuation	<u>206,460</u>	<u>69,702</u>	<u>-</u>	<u>-</u>
Realised on investment property against historical cost	<u>206,460</u>	<u>69,702</u>	<u>-</u>	<u>-</u>

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 1997

5	Interest Payable	Group		Company	
		1997	1996	1997	1996
		£	£	£	£
	Bank Loans and Overdrafts	358,445	437,489	241,273	307,995
	Other Loans	37,593	23,676	37,593	22,652
	Interest on Corporation Tax	6,171	-	-	-
		<u>£ 402,209</u>	<u>£ 461,165</u>	<u>£ 278,866</u>	<u>£ 330,647</u>

6	Staff Costs	Group		Company	
		1997	1996	1997	1996
		£	£	£	£
	Wages and Salaries	112,318	147,234	49,011	56,232
	Social Security Costs	12,013	13,340	4,698	3,647
		<u>£ 124,331</u>	<u>£ 160,574</u>	<u>£ 53,709</u>	<u>£ 59,879</u>

The average weekly number of employees during the year was as follows:

	Group		Company	
	1997	1996	1997	1996
Office and Management	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>

The above costs represent the group's proportion of the total wages.

The charge above represents the proportion attributable to the company as part of the group.

7	Taxation	Group		Company	
		1997	1996	1997	1996
		£	£	£	£
	Corporation Tax charge	196,584	131,140	12,688	26,084
	Net under provision in previous year	35	-	1,389	-
	Tax credit on group losses	-	-	-	(8,653)
	Deferred Tax credit	-	27,669	-	-
		<u>£ 196,619</u>	<u>£ 158,809</u>	<u>£ 14,077</u>	<u>£ 17,431</u>

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 1997

8 Intangible Fixed Assets - Group

	Goodwill on Consolidation £
Cost:	
At 1st January 1997 and at 31st December 1997	£ <u>301,672</u>
Amortisation:	
At 1st January 1997	244,579
Charge for the year	<u>38,503</u>
At 31st December 1997	£ <u>283,082</u>
Net Book Value at 31st December 1997	£ <u>18,590</u>
Net Book Value at 31st December 1996	£ <u>57,093</u>

9 Tangible Fixed Assets

9 a. Tangible Fixed Assets - Group

	Freehold Investment Property £	Furniture Fixtures & Fittings £	Motor Vehicles £	Total £
Cost:				
At 1st January 1997	3,479,944	91,594	33,296	3,604,834
Additions	45,581	11,383	-	56,964
Revaluation	-	-	-	-
Disposal	(376,647)	-	-	(376,647)
	<u>£ 3,148,878</u>	<u>£ 102,977</u>	<u>£ 33,296</u>	<u>£ 3,285,151</u>
At 31st December 1997				
Depreciation:	£	£	£	£
At 1st January 1997	-	51,113	10,906	62,019
Provided for the year	-	5,186	5,598	10,784
Eliminated on Disposal	-	-	-	-
	<u>£ -</u>	<u>£ 56,299</u>	<u>£ 16,504</u>	<u>£ 72,803</u>
At 31st December 1997				
Net Book Value at				
31st December 1997	£ <u>3,148,878</u>	£ <u>46,678</u>	£ <u>16,792</u>	£ <u>3,212,348</u>
31st December 1996	£ <u>3,479,944</u>	£ <u>40,481</u>	£ <u>22,390</u>	£ <u>3,542,815</u>

The freehold investment properties were valued on an open market basis as between a willing buyer and a willing seller by the directors of the group.

Knights spur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 1997

9 b. Tangible Fixed Assets - Company	Fixtures & Fittings £
Cost:	
At 1st January 1997 and at 31st December 1997	£ <u>55,573</u>
Amortisation:	
At 1st January 1997	34,390
Charge for the year	2,118
At 31st December 1997	£ <u>36,508</u>
Net Book Value at 31st December 1997	£ <u>19,065</u>
Net Book Value at 31st December 1996	£ <u>21,183</u>

10 Investments

10 a. Investments - Group

	Listed Investments £	Associated Companies £	Total £
At 1st January 1997	340	44,596	44,936
Share of losses for the year	-	(4)	(4)
At 31st December 1997	£ <u>340</u>	£ <u>44,592</u>	£ <u>44,932</u>

10 b. Investments - Company

	Listed Investments	Associated Companies	Total
At 1st January 1997 and at 31st December 1997	£ <u>6,778,982</u>	£ <u>40</u>	£ <u>6,779,022</u>
Provision for Surplus/Reduction in Cost of Investment:			
At 1st January 1997	1,528,253	-	1,528,253
Arising in the year			
- Surpluses	(175,276)	-	(175,276)
- Reductions	156,681	-	156,681
At 31st December 1997	£ <u>1,509,658</u>	£ <u>0</u>	£ <u>1,509,658</u>
Net Book Value at 31st December 1997	£ <u>5,269,324</u>	£ <u>40</u>	£ <u>5,269,364</u>
Net Book Value at 31st December 1996	£ <u>5,250,729</u>	£ <u>40</u>	£ <u>5,250,769</u>

Provision relates to surplus and reduction of the cost of investment to net assets attributable to the company.

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 1997

- 10 c.** Knightspur Properties Plc holds the following interests in the equity capital of the undertakings indicated below:

Name of Company	Country of Registration	Holdings	Proportion held
Trading Companies			
Denetower Limited	England	Ordinary Shares	75%
Gardenstate Properties Limited	England	Ordinary Shares	75%
Totteridge Common Limited	England	Ordinary Shares	90%
Investment Companies			
B & C Flats Limited	England	Ordinary Shares	100%
Bremysyde Limited	England	Ordinary Shares	88.50%
Double Limited	England	Ordinary Shares	100%
J W Coleman Estate Co. Limited	England	Ordinary Shares	100%
Roundel Limited	England	Ordinary Shares	100%
Sumcounty Investments Limited	England	Ordinary Shares	100%
Invicta Holdings Limited	England	Ordinary Shares	77%
Wards Properties Limited	England	Ordinary Shares	100%
Wards Properties (Clacton) Limited	England	Ordinary Shares	100%
Totteridge House Limited	England	Ordinary Shares	100%
Tridentvale Limited	England	Ordinary Shares	100%
Yearvale Limited	England	Ordinary Shares	75%
M25 Estates Limited	England	Ordinary Shares	40%
M25 Holdings Limited	England	Ordinary Shares	75%
M25 Investment Limited	England	Ordinary Shares	100%
Dormant Companies			
L T Swan & Co Limited	England	Ordinary Shares	100%
Turner Financial Services Limited	England	Ordinary Shares	100%
Stimpson (investments) Limited	England	Ordinary Shares	100%

11 Stocks

	Group		Company	
	1997	1996	1997	1996
Stock of Properties	<u>£ 2,864,589</u>	<u>£ 2,744,131</u>	<u>£ 1,224,964</u>	<u>£ 1,324,499</u>

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 1997

12 Debtors: falling due within one year

12 a.	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Trade Debtors	149,467	107,542	102,783	10,000
Other Debtors (note 21)	593,080	670,850	358,135	381,584
Amounts owed by group undertakings (note 12 b)	-	-	1,882,889	1,624,579
Prepayment and Accrued Income	195,429	262,341	120,594	108,656
Dividend	-	-	225,000	972,464
	<u>£ 937,976</u>	<u>£ 1,040,733</u>	<u>£ 2,689,401</u>	<u>£ 3,097,283</u>

12 b. Amounts owed by group undertakings are net of provision against amount due from a fellow group company.

13 Creditors: falling due within one year

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Trade Creditors	144,120	134,423	-	-
Other Creditors (note 21)	297,687	393,158	276,456	325,358
Amounts owed to Joint Venture Corporation Tax	369,025	247,798	311,646	190,419
Bank Loans and Overdraft	268,721	273,399	39,343	77,575
Taxes and Social Security Costs	1,206,630	1,569,233	972,685	1,321,859
Amount owed to Subsidiary Undertakings	8,208	-	2,012	-
Amount owed to Associated Undertakings	-	-	4,138,502	4,538,622
Accruals	197,107	196,985	197,107	197,122
	77,692	133,379	45,393	79,524
	<u>£ 2,569,190</u>	<u>£ 2,948,375</u>	<u>£ 5,983,144</u>	<u>£ 6,730,479</u>

The bank Loans and Overdrafts are secured by way of legal mortgages over land and buildings (both freehold and leasehold) owned by the company and its subsidiary undertakings.

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 1997

14 Creditors: falling due after more than one year

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
10.5 % Unsecured Loan	150,000	150,000	150,000	150,000
Bank Loan repayable between				
- one and two years	302,152	277,152	155,000	130,000
- two and five years	820,664	802,816	465,000	390,000
- after more than five years	1,310,000	1,100,000	927,500	650,000
	<u>£ 2,582,816</u>	<u>£ 2,329,968</u>	<u>£ 1,697,500</u>	<u>£ 1,320,000</u>

The long term treasury bank loans are secured by a fixed and floating charge over the investment properties and closing stock of the group. Interest rates are of 10.31% p.a. fixed until 28th February 2002.

The medium term bank loans are secured on the group's stock of properties and guarantee from the company with interest of 3% above libor.

15 Share Capital

	Authorised		Issued and Fully Paid	
	1997	1996	1997	1996
Ordinary Shares of £1 each	<u>£ 3,000,000</u>	<u>£ 3,000,000</u>	<u>£ 1,718,394</u>	<u>£ 1,718,394</u>

16 Share Premium Account

	Group		Company	
	1997	1996	1997	1996
As at 1st January 1996 and at 31st December 1997	<u>£ 251,278</u>	<u>£ 251,278</u>	<u>£ 251,278</u>	<u>£ 251,278</u>

17 Investment Revaluation Reserves

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
At 1st January 1997	165,491	165,491	1,711,785	857,111
Revaluation in year (note 10 b)	-	-	175,276	854,674
At 31st December 1997	<u>£ 165,491</u>	<u>£ 165,491</u>	<u>£ 1,887,061</u>	<u>£ 1,711,785</u>

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 1997

18 Capital Reserves

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
At 1st January 1997	403,577	369,850	1,109	1,109
movement in year	-	33,727	-	-
	<u>403,577</u>	<u>403,577</u>	<u>1,109</u>	<u>1,109</u>
At 31st December 1997	£ 403,577	£ 403,577	£ 1,109	£ 1,109

19 Profit and Loss Account

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
At 1st January 1997	(741,031)	(598,905)	(1,914,586)	429,706
Profit / (Loss) for the year	207,720	(67,909)	305,882	240,977
Revaluation of Investment Properties	-	(74,217)	-	-
Provision against value of Investments (note 10 b)	-	-	(156,681)	(2,382,927)
Provision against amount due from group company (note 12 b)	-	-	53,629	(202,342)
	<u>(533,311)</u>	<u>(741,031)</u>	<u>(1,711,756)</u>	<u>(1,914,586)</u>
At 31st December 1997	£ (533,311)	£ (741,031)	£ (1,711,756)	£ (1,914,586)

20 Contingent Liabilities

In connection with overall banking facilities, unlimited guarantees have been given by the company, to support the borrowings of subsidiary and associated undertakings. The amount of the contingent liability under these guarantees is constantly changing due to day to day movements on the bank accounts but should not exceed the overall facilities granted to the companies involved amounting to £846,674 at the date of these financial statements (1996: £1,257,408).

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 1997

21 Related Party Transactions

a. Included under Other Debtors are amounts due as follows:

	Group		Company	
	1997	1996	1997	1996
i) From companies under common control	£ 163,516	£ 275,599	£ 53,588	£ 275,599
ii) From other connected companies	£ 332,349	-£	£ 227,525	-

b. Included under Other Creditors are amounts payable as follows:

	Group		Company	
	1997	1996	1997	1996
Amounts due to companies under common control	-£	£ 218,787	-£	£ 218,787

22 Reconciliation of Shareholders' Fund

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Profit / (Loss) for the financial year	207,720	(67,909)	305,882	240,977
Revaluation of Investment Properties	-	(74,217)	-	-
Net Provision against value of Investments (note 10 b)	-	-	18,595	(1,528,253)
Provision against amount due from group company (note 12 b)	-	-	53,629	(202,342)
Transfer to Capital Reserves	-	33,727	-	-
	<u>207,720</u>	<u>(108,399)</u>	<u>378,106</u>	<u>(1,489,618)</u>
Opening Shareholders' Funds	1,797,709	1,906,108	1,767,980	3,257,598
	<u>£ 2,005,429</u>	<u>£ 1,797,709</u>	<u>£ 2,146,086</u>	<u>£ 1,767,980</u>
Closing Shareholders' Funds				