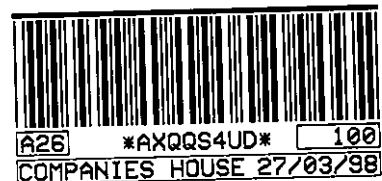


SHIRES ESTATE AGENTS LIMITEDCompany Number 2123767FINANCIAL STATEMENTSFor the year ended 30th June 1997

SHIRES ESTATE AGENTS LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report and Financial Statements for the year ended 30th June 1997.

Principal Activities

The principal activity of the Company remains that of Estate Agency and related business.

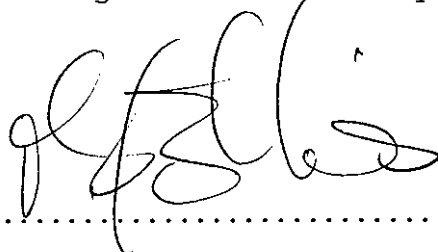
Directors and their Interests

The Directors who served throughout the year and their interests in the shares of the Company at the year end were as follows:-

	<u>Ordinary Shares of £1 each</u>	
	<u>At 30th June 1997</u>	<u>At 30th June 1996</u>
D. A. Kemble-Taylor	283	283
M. J. Ellis	358	358
R. J. C. Gallon	358	358

The Report of the Directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 20 March 1998,
and signed on its behalf by



M. J. Ellis - Secretary

SHIRES ESTATE AGENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30th June 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
<u>TURNOVER</u>	1	175,364	159,026
Administrative Expenses		142,848	125,048
		-----	-----
<u>OPERATING PROFIT</u>		32,516	33,978
Loss on Sale of Motor Vehicle		-	(1,935)
Other Interest Receivable and Similar Income		3,839	4,470
Amounts written off Investments		-	(10,000)
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</u>	3	36,355	26,513
Interest Payable and Similar Charges		10,109	12,085
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		26,246	14,428
Tax on Profit on Ordinary Activities		5,465	4,671
		-----	-----
<u>PROFIT FOR THE FINANCIAL YEAR</u>	13	20,781	9,757
Dividends Paid and Proposed		2,790	-
		-----	-----
<u>RETAINED PROFIT FOR THE YEAR</u>		£17,991	£9,757
		=====	=====

The Company has no recognised gains or losses other than the profit for the year.

The Company's Turnover and Expenses all relate to continuing operations.

The Profit on Ordinary Activities before Taxation and the Retained Profit have been calculated on the historical cost basis.

The Notes on pages 5 to 9 form part of these Financial Statements.

SHIRES ESTATE AGENTS LIMITED

B A L A N C E S H E E T

As at 30th June 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
<u>FIXED ASSETS</u>			
Tangible Assets	6	114,731	119,430
Investment	7	17,500	17,500
		-----	-----
		132,231	136,930
		-----	-----
<u>CURRENT ASSETS</u>			
Debtors	8	14,671	25,520
Cash at Bank and in Hand		113,272	99,250
		-----	-----
		127,943	124,770
		-----	-----
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	9	139,382	139,316
		-----	-----
<u>NET CURRENT (LIABILITIES)</u>		(11,439)	(14,546)
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		120,792	122,384
		-----	-----
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	10	67,063	74,657
		-----	-----
<u>ACCRUALS AND DEFERRED INCOME</u>	11	6,771	18,760
		-----	-----
		£46,958	£28,967
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	12	999	999
Profit and Loss Account	13	45,959	27,968
		-----	-----
<u>SHAREHOLDERS' FUNDS</u>	13	£46,958	£28,967
		=====	=====

Shareholders' funds are fully attributable to equity interests.

SHIRES ESTATE AGENTS LIMITED

BALANCE SHEET (Continued)

As at 30th June 1997

In the Directors' opinion the Company was entitled under Section 249A(1) of the Companies Act 1985 to exemption from the audit of its Accounts for the year ended 30th June 1997. No members have deposited notice under Section 249B requiring an audit of these Accounts.

The Directors are responsible for ensuring that the Company keeps accounting records which comply with Section 221 of the Act, and for preparing Accounts which give a true and fair view of the state of affairs of the Company as at the end of each financial year, and of its profit or loss for each year in accordance with the requirements of Section 226 of the Act and which otherwise comply with its requirements, so far as applicable to the Company.

The Financial Statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 20 March 1998,
and signed on its behalf by

Directors

The Notes on pages 5 to 9 form part of these Financial Statements.

SHIRES ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 1997

1. ACCOUNTING POLICIES

a) Basis of Accounting

The Financial Statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

b) Turnover

Turnover consists of the invoice value, excluding Value Added Tax, for the sale of properties and services.

c) Depreciation

Depreciation is provided in order to write off the cost of fixed assets over their expected useful life. The following annual rates are used:-

Motor Vehicles	25%	Reducing Balance
Fixtures and Fittings	15%	" "
Leasehold Property	1%	Straight Line
Freehold Property		Not Depreciated

Freehold Property is maintained to such a standard that its estimated residual value is not less than its cost, therefore no depreciation is charged as it is not material.

d) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

e) Leased Assets

Where assets are financed by leasing agreements ("finance leases") the assets are included in the Balance Sheet at cost less depreciation in accordance with the Company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the Profit and Loss Account over the period of the lease in proportion to the balance of capital payments outstanding, unless stated otherwise in the agreement. Rentals payable under operating leases are charged to the Profit and Loss Account as incurred.

f) Indemnity Commissions

Where commissions are earned on indemnity terms, provision is made in full for the unearned proportion of those commissions based on the average life of those commissions as set out by Lautro guidelines.

2. SEGMENTAL INFORMATION

The Company operates in the U.K., and the whole of its Turnover is to the U.K. market.

SHIRES ESTATE AGENTS LIMITEDNOTES TO THE FINANCIAL STATEMENTSFor the year ended 30th June 19973. CONSOLIDATION

Under Sections 248 and 249 of the Companies Act 1985, the Company, being the parent company of a small group of companies, is entitled to exemption from publishing group accounts for the year ended 30th June 1997. These accounts therefore represent a view of the individual company only and not that of the group.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION1997
£1996
£

The Profit on Ordinary Activities before Taxation is stated after charging:-

Depreciation of Owned Tangible Fixed Assets	1,985	1,941
Depreciation of Assets held under Finance Lease and Hire Purchase Contracts	4,284	8,181
Operating Lease Rentals - Land and Buildings	5,500	5,500
- Plant and Machinery	Nil	759
Hire Purchase Interest and Finance Lease Charges	1,063	1,612
Amounts written off Investments	Nil	10,000
	=====	=====

5. DIRECTORS

1997

1996

Total Emoluments	£77,117	£74,804
	=====	=====

6. TANGIBLE FIXED ASSETS

	<u>Freehold Property</u>	<u>Leasehold Property</u>	<u>Motor Vehicles</u>	<u>Fixtures and Fittings</u>	<u>Total</u>
<u>Cost</u>					
At 1st July 1996	35,000	65,969	29,250	20,946	151,165
Additions	-	-	-	1,570	1,570
	-----	-----	-----	-----	-----
At 30th June 1997	35,000	65,969	29,250	22,516	152,735
	-----	-----	-----	-----	-----
<u>Depreciation</u>					
At 1st July 1996	-	5,938	12,114	13,683	31,735
Charge for the year	-	660	4,284	1,325	6,269
	-----	-----	-----	-----	-----
At 30th June 1997	-	6,598	16,398	15,008	38,004
	-----	-----	-----	-----	-----
<u>Net Book Value</u>					
At 30th June 1997	£35,000	£59,371	£12,852	£7,508	£114,731
	=====	=====	=====	=====	=====
At 30th June 1996	£35,000	£60,031	£17,136	£7,263	£119,430
	=====	=====	=====	=====	=====

The net book value of motor vehicles includes £8,250 (1996: £17,136) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged in the year on those assets amounted to £4,284 (1996: £8,181).

SHIRES ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 1997

6. TANGIBLE FIXED ASSETS (Continued)

The leasehold property is the subject of a 999 year head lease which commenced 8th May 1987.

7. FIXED ASSET INVESTMENTS GROUP UNDERTAKINGS

Shares in Group Undertaking:

Cost

At 1st July 1996 and 30th June 1997 27,500

Provision for permanent diminution in value at
1st July 1996 and 30th June 1997 10,000

Net Book Value

At 1st July 1996 and 30th June 1997 £17,500
=====

The above investment is unlisted.

Additional information on Group Undertakings:

<u>Name</u>	<u>Country of Registration and Operation</u>	<u>Class of Shares Held</u>	<u>Percentage of Shares held by Group Undertakings</u>
Shires (Bury St. Edmunds) Limited	England and Wales Estate Agency	£1 Ordinary	100%

Shires (Bury St. Edmunds) Limited Financial Statements are made up to the 30th June 1997. The aggregate capital and reserves of this Company at 30th June 1997 amounted to £19,394 (1996: £8,738) and the profit after taxation for the year ended 30th June 1997 amounted to £10,656 (1996: Loss for period £9,381).

8. <u>DEBTORS: DUE WITHIN ONE YEAR</u>	<u>1997</u>	<u>1996</u>
Trade Debtors	9,859	20,354
Amounts owed by Group Undertakings	2,718	4,439
Others	2,094	727
	-----	-----
	£14,671	£25,520
	=====	=====

9. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>1997</u>	<u>1996</u>
Bank Loans and Overdrafts	21,985	4,775
Trade Creditors	5,601	4,629
Amounts owed to Group Undertakings	1,504	-
Other Creditors	110,292	129,912
	-----	-----
	£139,382	£139,316
	=====	=====

The bank borrowings are secured.

SHIRES ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 1997

10. <u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	<u>1997</u>	<u>1996</u>
Bank Loan	65,794	68,592
Other Creditors	1,269	6,065
	-----	-----
	£67,063	£74,657
	=====	=====

The bank loan is secured.

Included in Other Creditors:

	<u>1997</u>	<u>1996</u>
Obligations under hire purchase contracts		
Amounts payable within one year	£4,445	£6,960
Amounts payable within two to five years	£1,269	£6,066
	=====	=====

Analysis of Debt Maturity:

Amounts Payable:	<u>1997</u>	<u>1996</u>
In one year or on demand	4,921	4,775
Between one and two years	4,921	4,775
Between two and five years	14,762	14,327
In five years or more	46,111	49,490
	-----	-----
	£70,715	£73,367
	=====	=====

11. <u>ACCRUALS AND DEFERRED INCOME</u>	<u>1997</u>	<u>1996</u>
Unearned Indemnity Commission	£6,771	£18,760
	=====	=====

Full provision is made for unearned indemnity commission.

<u>Movement for the year</u>	<u>Unearned Indemnity Commission</u>
Balance at 1st July 1996	18,760
Commission Earned	(11,989)

Balance at 30th June 1997	£6,771
	=====

SHIRES ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 1997

12.	<u>CALLED UP SHARE CAPITAL</u>	<u>1997</u>	<u>1996</u>
	Authorised		
	10,000 Ordinary Shares of £1 each	£10,000 =====	£10,000 =====
	Allotted, Called Up, and Fully Paid		
	999 Ordinary Shares of £1 each	£999 ===	£999 ===

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>Share Capital</u>	<u>Profit and Loss Account</u>	<u>Total Shareholders' Funds</u>
Balance at 1st July 1995	999	18,211	19,210
Profit for the year	-	9,757	9,757
	---	-----	-----
Balance at 30th June 1996	999	27,968	28,967
Profit for the year	-	20,781	20,781
Dividend Paid	-	(2,790)	(2,790)
	---	-----	-----
Balance at 30th June 1997	£999 ===	£45,959 =====	£46,958 =====

14. FINANCIAL COMMITMENTS

Operating Lease Commitments

At 30th June 1997 the Company was committed to making the following payments in the year ending 30th June 1998 under operating leases analysed according to the period in which each lease expires as follows:

	<u>Land and Buildings</u>
After five years	£5,500 =====

The property lease is subject to three yearly rent reviews.