

SHIRES ESTATE AGENTS LIMITED

Company Number 2123767

FINANCIAL STATEMENTS

For the year ended 30 June 1998



SHIRES ESTATE AGENTS LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report and unaudited Financial Statements for the year ended 30 June 1998.

Principal Activities

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

Year 2000 Compliance

The Directors recognise that systems operating within the Company and systems operated by suppliers and other parties with whom the Company has a business relationship may fail as a result of problems arising from the date change at the millennium. These system failures could potentially result in significant cost to the Company if no action is taken.

The Directors are currently assessing the risks to the Company, and taking action to deal with the key risks which are identified.

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 30 June 1998</u>	<u>At 30 June 1997</u>
D. A. Kemble-Taylor	333	283
M. J. Ellis	333	358
R. J. C. Gallon	333	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 23/3/1999,
and signed on its behalf by



M. J. Ellis - Secretary

SHIRES ESTATE AGENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 June 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
<u>TURNOVER</u>	1	185,112	175,364
Administrative Expenses		144,611	142,848
		-----	-----
<u>OPERATING PROFIT</u>		40,501	32,516
Loss on Sale of Motor Vehicle		(600)	-
Other Interest Receivable and Similar Income		4,368	3,839
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</u>	4	44,269	36,355
Interest Payable and Similar Charges		8,555	10,109
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		35,714	26,246
Tax on Profit on Ordinary Activities		8,791	5,465
		-----	-----
<u>PROFIT FOR THE FINANCIAL YEAR</u>	13	26,923	20,781
Dividends Paid and Proposed		9,000	2,790
		-----	-----
<u>RETAINED PROFIT FOR THE YEAR</u>		£17,923	£17,991
		=====	=====

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 10 form part of these Financial Statements.

SHIRES ESTATE AGENTS LIMITED

BALANCE SHEET

As at 30 June 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
<u>FIXED ASSETS</u>			
Tangible Assets	6	124,124	114,731
Investment	7	17,500	17,500
		-----	-----
		141,624	132,231
		-----	-----
<u>CURRENT ASSETS</u>			
Debtors	8	11,664	14,671
Cash at Bank and in Hand		92,138	113,272
		-----	-----
		103,802	127,943
		-----	-----
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	9	115,785	139,382
		-----	-----
<u>NET CURRENT LIABILITIES</u>		(11,983)	(11,439)
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		129,641	120,792
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	10	63,424	67,063
<u>ACCRUALS AND DEFERRED INCOME</u>	11	1,336	6,771
		-----	-----
		£64,881	£46,958
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	12	999	999
Profit and Loss Account	13	63,882	45,959
		-----	-----
<u>SHAREHOLDERS' FUNDS</u>	13	£64,881	£46,958
		=====	=====

SHIRES ESTATE AGENTS LIMITED

BALANCE SHEET (Continued)

As at 30 June 1998

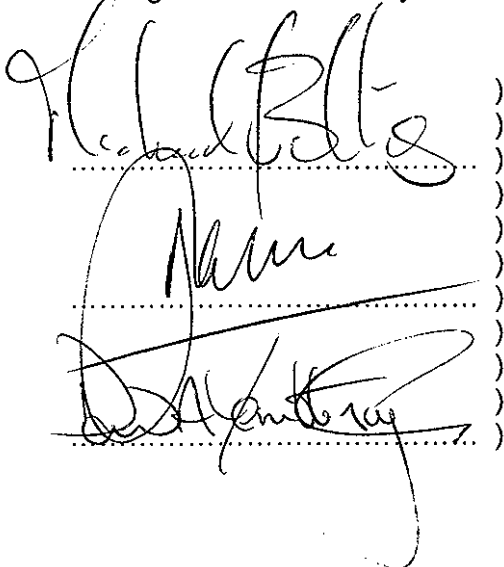
Shareholders' funds are fully attributable to equity interests.

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 30 June 1998. 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 23/3/ 1999,
and signed on its behalf by



Directors

The Notes on pages 5 to 10 form part of these Financial Statements.

SHIRES ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1998

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1998

ACCOUNTING POLICIES (Continued)

g) Taxation

The charge for taxation is based on the profit for the year, and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

h) Operating Leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

2. SEGMENTAL INFORMATION

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

3. 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 30 June 1998. These Accounts therefore represent a view of the individual Company only and not that of the Group.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Profit on Ordinary Activities before Taxation is stated after charging:-	<u>1998</u>	<u>1997</u>
	£	£
Depreciation of Owned Tangible Fixed Assets	3,152	1,985
Depreciation of Assets held under Finance Lease and Hire Purchase Contracts	1,125	4,284
Operating Lease Rentals - Land and Buildings	5,500	5,500
- Plant and Machinery	1,995	-
Hire Purchase Interest and Finance Lease Charges	245	1,063
	=====	=====

5. DIRECTORS

	<u>1998</u>	<u>1997</u>
Total Emoluments	£72,833	£77,117
	=====	=====

SHIRES ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1998

6. <u>TANGIBLE FIXED ASSETS</u>	<u>Leasehold Property</u>	<u>Motor Vehicles</u>	<u>Fixtures and Fittings</u>	<u>Total</u>
<u>Cost</u>				
At 1 July 1997	100,969	29,250	22,516	152,735
Additions	16,709	-	1,310	18,019
Disposals	-	(11,600)	-	(11,600)
	-----	-----	-----	-----
At 30 June 1998	117,678	17,650	23,826	159,154
	-----	-----	-----	-----
<u>Depreciation</u>				
At 1 July 1997	6,598	16,398	15,008	38,004
Charge for the year	827	2,126	1,324	4,277
On Disposals	-	(7,250)	-	(7,250)
	-----	-----	-----	-----
At 30 June 1998	7,425	11,274	16,332	35,031
	-----	-----	-----	-----
<u>Net Book Value</u>				
At 30 June 1998	£110,253	£6,376	£7,494	£124,123
	=====	=====	=====	=====
At 30 June 1997	£94,371	£12,852	£7,508	£114,731
	=====	=====	=====	=====

The net book value of motor vehicles includes £3,375 (1997: £8,250) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged in the year on those assets amounted to £1,125 (1997: £4,284).

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

7. FIXED ASSET INVESTMENTS GROUP UNDERTAKINGS

Shares in Group Undertaking:

<u>Cost</u>	
At 1 July 1997 and 30 June 1998	27,500
Provision for permanent diminution in value at 1 July 1997 and 30 June 1998	10,000

<u>Net Book Value</u>	
At 1 July 1997 and 30 June 1998	£17,500
	=====

The above investment is unlisted.

SHIRES ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1998

FIXED ASSET INVESTMENTS GROUP UNDERTAKINGS (Continued)

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 30 June 1998. The aggregate capital and reserves of this Company at 30 June 1998 amounted to £28,493 (1997: £19,930), and the profit after taxation for the year ended 30 June 1998 amounted to £8,563 (1997: £11,192).

8. <u>DEBTORS: DUE WITHIN ONE YEAR</u>	<u>1998</u>	<u>1997</u>
Trade Debtors	3,246	9,859
Amounts owed by Group Undertakings	6,515	2,718
Others	1,903	2,094
	-----	-----
	£11,664	£14,671
	=====	=====

9. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>1998</u>	<u>1997</u>
Bank Loans and Overdrafts	5,138	21,985
Trade Creditors	8,009	5,601
Amounts owed to Group Undertakings	1,018	1,504
Taxes and Social Security Costs	12,540	14,867
Other Creditors	89,080	95,425
	-----	-----
	£115,785	£139,382
	=====	=====

The bank borrowings are secured.

SHIRES ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1998

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1998</u>	<u>1997</u>
Bank Loan	63,424	65,794
Other Creditors	-	1,269
	-----	-----
	£63,424	£67,063
	=====	=====

The bank loan is secured.

Included in Other Creditors:

Obligations under hire purchase contracts:-

Amounts payable within one year	£1,269	£4,445
Amounts payable within two to five years	-	£1,269
	=====	=====

Analysis of Debt Maturity:

Amounts Payable:-

In one year or on demand	5,138	4,921
Between one and two years	5,138	4,921
Between two and five years	15,413	14,762
In five years or more	42,873	46,111
	-----	-----
	£68,562	£70,715
	=====	=====

11. ACCRUALS AND DEFERRED INCOME

	<u>1998</u>	<u>1997</u>
Unearned Indemnity Commission	£1,336	£6,771
	=====	=====

Full provision is made for unearned indemnity commission.

Movement for the year

Unearned Indemnity
Commission

Balance at 1 July 1997	6,771
Commission Earned	(5,435)

Balance at 30 June 1998	£1,336
	=====

SHIRES ESTATE AGENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1998

12.	<u>CALLED UP SHARE CAPITAL</u>	<u>1998</u>	<u>1997</u>
	<u>Authorised</u>		
	10,000 Ordinary Shares of £1 each	10,000	10,000
		=====	=====
	<u>Allotted, Called Up, and Fully Paid</u>		
	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 1 July 1996	999	27,968	28,967
Profit for the year	-	20,781	20,781
Dividend Paid	-	(2,790)	(2,790)
	-----	-----	-----
Balance at 30 June 1997	999	45,959	46,958
Profit for the year	-	26,923	26,923
Dividend Paid	-	(9,000)	(9,000)
	-----	-----	-----
Balance at 30 June 1998	£999	£63,882	£64,881
	=====	=====	=====

14. FINANCIAL COMMITMENTS

Operating Lease Commitments

At 30 June 1998 the Company was committed to making the following payments in the year ending 30 June 1999 under operating leases analysed according to the period in which each lease expires as follows:

	<u>Other</u>	<u>Land and Buildings</u>
Within two to five years	£4,790	-
After five years	-	£5,500
	=====	=====

The property lease is subject to three yearly rent reviews.