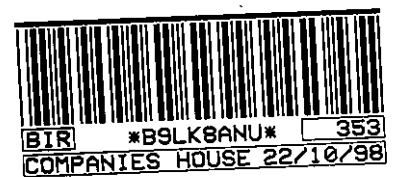


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HART SON PEARD AND COMPANY LIMITED
REPORT OF THE DIRECTORS
AND
FINANCIAL STATEMENTS
31ST DECEMBER 1997

Company No. 39742



HART SON PEARD AND COMPANY LIMITED

COMPANY INFORMATION

Directors	B. Wynyates Smith M. Weston Smith
Secretary	M. Weston Smith
Company Number	39742
Registered Office	Lapworth Park Bushwood Lane Lapworth Solihull West Midlands B94 5RJ
Auditors	Burman & Co Brunswick House Birmingham Road Redditch Worcestershire B97 6DY

HART SON PEARD AND COMPANY LIMITED

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

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HART SON PEARD AND COMPANY LIMITEDREPORT OF THE DIRECTORS

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

STATEMENT OF 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 affairs of the company and of the profit or loss of the company for that period. In preparing those 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.

PRINCIPAL ACTIVITY

The company's principal activity continues to be that of business consultants and investment advisers.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:

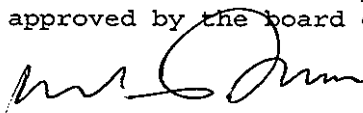
	Number of shares	
	1997	1996
B. Wynyates Smith	1,500	1,500
M. Weston Smith	1,500	1,500

Mr. B. Wynyates Smith retires by rotation and, being eligible, offers himself for re-election.

AUDITORS

Messrs. Burman & Co., will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report, which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, was approved by the board on 30th September 1998 and signed on their behalf.



M. WESTON SMITH
SECRETARY

HART SON PEARD AND COMPANY LIMITEDAUDITORS' REPORT TO THE SHAREHOLDERS OF HART SON PEARD AND COMPANY LIMITED

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

BURMAN & CO
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS

Burman & Co.

REDDITCH
30th September 1998

HART SON PEARD AND COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1997

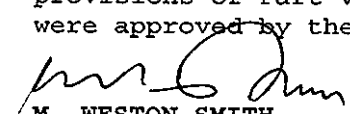
	Notes	1997 £	1996 £
OPERATING INCOME		76,641	6,420
Other Operating Charges		(19,007)	(2,787)
Investment Income Receivable		9,358	11,478
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	66,992	15,111
Taxation	3	15,054	1,870
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		51,938	13,241
Dividend Payable		-	12,000
RETAINED PROFIT FOR THE YEAR		51,938	1,241
RETAINED PROFITS BROUGHT FORWARD		123,996	122,755
RETAINED PROFITS CARRIED FORWARD		175,934	123,996

There were no recognised gains or losses for 1997 and 1996 other than those included in the profit and loss account.

HART SON PEARD AND COMPANY LIMITEDBALANCE SHEET
AS AT 31ST DECEMBER 1997

	Notes	1997		1996	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	4		30,603		38,287
Investments	5		46,469		46,469
			<u>77,072</u>		<u>84,756</u>
CURRENT ASSETS					
Debtors	6	1,666		1,766	
Investments	7	110,028		121,429	
Cash at Bank		88,816		12,439	
		<u>200,510</u>		<u>135,634</u>	
CREDITORS : amounts falling due within one year	8	86,648		81,394	
NET CURRENT ASSETS			<u>113,862</u>		<u>54,240</u>
			<u>190,934</u>		<u>138,996</u>
CAPITAL AND RESERVES					
Share Capital	9		15,000		15,000
Profit and Loss Account			175,934		123,996
SHAREHOLDERS' FUNDS	10		<u>190,934</u>		<u>138,996</u>

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on 30th September 1998 and signed on its behalf.


M. WESTON SMITH
Director

HART SON PEARD AND COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and include the results of the company's operations which are described in the directors' report and all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

b. Consolidation

The results of the company's subsidiaries have not been consolidated as the directors are of the opinion that the results are immaterial to these financial statements.

A Summary of the subsidiaries' affairs is provided in Note 5 to the financial statements.

c. Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax.

d. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor Vehicles	33% straight line
Freehold Land	NIL

e. Deferred taxation

Provision is only made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, where, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging/(crediting) the following:

	1997 £	1996 £
Auditors' Remuneration	500	450
Rent Received	(6,315)	(6,315)
Loss/(Profit) on Sale of Investments	1,087	(1,156)
Depreciation	7,684	-
	<u> </u>	<u> </u>

HART SON PEARD AND COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

3. TAXATION

The tax charge on the profit on ordinary activities was as follows:

	1997 £	1996 £
Corporation Tax at 21% (1996 24%) based on the profit for the year	13,400	-
Advance Corporation Tax on Investment Income	1,654	1,870
	<u>15,054</u>	<u>1,870</u>

4. FIXED ASSETS

	Freehold Land £	Motor Vehicles £	TOTAL £
COST			
At 1st January 1997	15,000	23,287	38,287
Additions in year	-	-	-
As at 31st December 1997	<u>15,000</u>	<u>23,287</u>	<u>38,287</u>
DEPRECIATION			
At 1st January 1997	-	-	-
Charge for year	-	7,684	7,684
As at 31st December 1997	<u>-</u>	<u>7,684</u>	<u>7,684</u>
NET BOOK VALUE			
At 31st December 1997	<u>15,000</u>	<u>15,603</u>	<u>30,603</u>
At 31st December 1996	<u>15,000</u>	<u>23,287</u>	<u>38,287</u>

HART SON PEARD AND COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

5. INVESTMENTS

Investments in subsidiary companies at cost:

	1997 £	1996 £
Midlands Air Training School Limited		
100 Ordinary Shares of £1 each representing a 100% interest in the company.	6,269	6,269
Haven Homes Limited		
100 Ordinary Shares of £1 each representing a 100% interest in the company.	40,200	40,200
	<u>46,469</u>	<u>46,469</u>

The financial statements of Midlands Air Training School Limited and Haven Homes Limited have not been consolidated with these financial statements in accordance with Accounting Policy 1b.

The following are extracts from the subsidiary companies financial statements which are relevant for the understanding of these financial statements:-

	Midlands Air Training School Limited 31.12.97 £	Haven Homes Limited 31.12.97 £
Operating Income	-	875
Profit on Ordinary Activities before Taxation	-	808
Taxation	-	150
Profit on Ordinary Activities after Taxation	-	658
Net Assets	11,990	50,136

The companies are incorporated in England.

6. DEBTORS

	1997 £	1996 £
Trade Debtors	-	100
Advance Corporation Tax Recoverable	1,666	1,666
	<u>1,666</u>	<u>1,766</u>

HART SON PEARD AND COMPANY LIMITEDNOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

7. INVESTMENTS

Quoted Investments:-

	1997 £	1996 £
Cost brought forward	121,429	122,847
Additions	-	-
Disposals	(11,401)	(1,418)
Cost carried forward	<u>110,028</u>	<u>121,429</u>

The market value of these investments amounted to £177,446 (1996: £167,872).

8. CREDITORS: amounts falling due
within one year

	1997 £	1996 £
Accruals and Deferred Income	5,624	4,074
Corporation Tax	12,600	-
Advance Corporation Tax Payable	-	798
Other Taxes	3,202	-
Amount due to Subsidiary Companies	65,222	64,522
Dividend Payable	-	12,000
	<u>86,648</u>	<u>81,394</u>

9. SHARE CAPITAL

	1997 £	1996 £
Ordinary Shares of £5 each		
Authorised	<u>17,500</u>	<u>17,500</u>
Allotted, Called Up and Fully Paid	<u>15,000</u>	<u>15,000</u>

10. MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the year	51,938	13,241
Less: Dividends	-	(12,000)
Opening shareholders' funds	<u>138,996</u>	<u>137,755</u>
Closing shareholders' funds	<u>190,934</u>	<u>138,996</u>

11. FUTURE CAPITAL COMMITMENTS

There are no commitments for capital expenditure not provided in these financial statements and no expenditure has been authorised for which contracts have not been placed (1996: NIL).