



COURTENAY INVESTMENTS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 1998

853823



GERALD EDELMAN

CHARTERED ACCOUNTANTS

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COURTENAY INVESTMENTS LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1998

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COURTENAY INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the company for the year ended 31st January 1998.

ACTIVITY

The principal activity of the company during the year continued to be ownership of property for rental income.

RESULTS AND STATE OF AFFAIRS

The financial statements on pages 4 to 11 set out the results for the year ended 31st January 1998 and reflect the state of the company's affairs at that date.

DIVIDEND

A dividend of £0.591 per share, absorbing the sum of £425,000 (1997 - £100,000), was paid during the year.

DONATIONS

During the year the company made the following donations:

Political purposes	-	Conservative Party	£ 25,000
Charitable purposes	-		£ 31,000

DIRECTORS AND THEIR INTERESTS

The members of the board during the year were as follows:-

E. Osband
M. Osband
L.J. Osband
R.A.S. Osband
R.J. Presley
M.J. Main

The company is a wholly-owned subsidiary of Courtenay Trust Limited. The directors' beneficial interests in the shares of Courtenay Trust Limited are shown in the financial statements of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the results for that year.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements and that, except for Statement of Standard Accounting Practice No.19, applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis.

The directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 preventing and detecting fraud and other irregularities.

COURTENAY INVESTMENTS LIMITED

REPORT OF THE DIRECTORS
(CONTINUED)

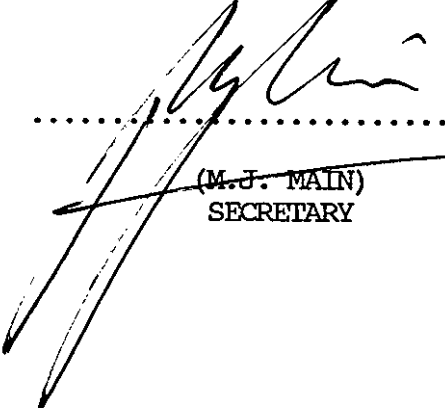
AUDITORS

In accordance with Section 386, Companies Act 1985, Gerald Edelman will continue in office as auditors for the ensuing year.

21st April 1998

DATED.....

BY ORDER OF THE BOARD


.....
(M.J. MAIN)
SECRETARY

COURTENAY INVESTMENTS LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF COURTENAY INVESTMENTS LIMITED

We have audited the financial statements on pages 4 to 11 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 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 having regard to the matter set out in the opinion paragraph below. 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 mis-statement, whether caused by fraud other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

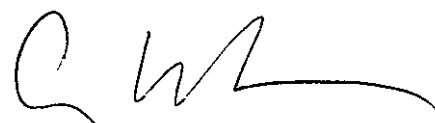
QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE

The company's investment properties have not been revalued at the year end date as required by Statement of Standard Accounting Practice No.19. We have been unable to obtain any independent information to enable us to quantify the effects of this non-compliance on the financial statements.

Except for the effects of any adjustments that would be necessary in stating the investment properties at open market value, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st January 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the subject matter of the foregoing qualification is not material for determining whether the dividend of £425,000 paid by the company is permitted under Section 270 of the Companies Act 1985.

25 Harley Street
London W1N 2BR


GERALD EDELMAN
REGISTERED AUDITOR AND
CHARTERED ACCOUNTANTS

21st April 1998

COURTENAY INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 1998

	<u>Note</u>	<u>1998</u> £	<u>1997</u> £
Rents receivable	2	2,812,166	2,769,930
Property expenses		(114,791)	(120,585)
<u>Gross profit</u>		2,697,375	2,649,345
Administrative expenses		(1,734,012)	(1,390,810)
Other operating income		135,064	133,835
<u>Operating profit</u>	3	1,098,427	1,392,370
Profit on sale of investment		-	3,559
Interest receivable and similar income	5	22,345	28,224
Interest payable and similar charges	6	-	(46,216)
<u>Profit on ordinary activities before taxation</u>		1,120,772	1,377,937
Tax on profit on ordinary activities	7	(335,666)	(458,402)
<u>Profit on ordinary activities after taxation</u>		785,106	919,535
Dividends	8	(425,000)	(100,000)
<u>Retained profit for the year</u>	13	£ 360,106	£ 819,535


There have been no acquisitions or discontinued operations during the year. The results shown above for this year and the previous year therefore relate to continuing operations.

COURTENAY INVESTMENTS LIMITED

BALANCE SHEET AS AT 31ST JANUARY 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	9	6,033,278	5,018,719
<u>CURRENT ASSETS</u>			
Debtors	10	1,426,431	2,083,182
Cash at bank and in hand		514,227	453,649
		<u>1,940,658</u>	<u>2,536,831</u>
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	11	(1,004,134)	(945,854)
<u>NET CURRENT ASSETS</u>		<u>936,524</u>	<u>1,590,977</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>£6,969,802</u>	<u>£6,609,696</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	12	719,250	719,250
Other reserves	13	2,022,968	2,022,968
Profit and loss account	13	4,227,584	3,867,478
		<u>£6,969,802</u>	<u>£6,609,696</u>

The financial statements on pages 4 to 11 were approved by the board of directors on 21st April 1998 and were signed on its behalf by:


DIRECTOR
 (E. OSBAND)

COURTENAY INVESTMENTS LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1998

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains and losses other than those included in the results shown on page 4 and therefore no separate statement of total recognised gains and losses has been presented.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated on page 4 and their historical cost equivalents.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1998</u> £	<u>1997</u> £
Total recognised gains and losses for the year	785,106	919,535
Dividends	(425,000)	(100,000)
	<hr/>	<hr/>
Net additions to shareholders' funds	360,106	819,535
Shareholders' funds at 31st January 1997	6,609,696	5,790,161
	<hr/>	<hr/>
Shareholders' funds at 31st January 1998	<u>£6,969,802</u>	<u>£6,609,696</u>

COURTENAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1998

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards, except in respect of Statement of Standard Accounting Practice No.19 as explained below. The particular accounting policies adopted are described below.

a) Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain freehold properties.

b) Tangible fixed assets

Freehold and long leasehold investment properties are stated at cost or valuation. Investment properties are not revalued to open market value each year as the directors are of the opinion that the information would be of no significant value to members.

Depreciation is not provided on freehold or long leasehold investment properties. The directors consider that this accounting policy (which represents a departure from statutory accounting rules) is necessary to provide a true and fair view.

Depreciation on other assets is provided in equal annual instalments over the estimated useful life of the assets concerned and is calculated using the following rates:

Fixtures and fittings	- 25% per annum on cost
Computer equipment	- 33.33% per annum on cost

c) Pension costs

Retirement benefits to employees of the company are provided by a defined contribution scheme. Payments are made to companies which are financially separate from the Courtenay Trust Limited group. Pension costs are recognised in the period to which the payment relates.

2. RENTS RECEIVABLE

	<u>1998</u>	<u>1997</u>
Rents receivable from third parties	£2,812,166	£2,769,930
	<u> </u>	<u> </u>

All rents receivable arise from the principal activity, which is carried out in the United Kingdom.

3. OPERATING PROFIT

	<u>1998</u>	<u>1997</u>
	£	£
Operating profit is after charging:		
Staff costs (see note 4)	1,485,397	1,176,228
Auditors' remuneration	28,525	26,025
Depreciation	2,051	1,555
Operating leases - land and buildings	34,652	25,700
	<u> </u>	<u> </u>

COURTENAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1998
(CONTINUED)

4.	<u>STAFF COSTS</u>	<u>1998</u>	<u>1997</u>		
		£	£		
a)	<u>Staff costs, including directors' remuneration, comprise:</u>				
	Wages and salaries	1,345,161	1,061,668		
	Social security costs	131,361	106,872		
	Pensions	8,875	7,688		
		<hr/>	<hr/>		
		£1,485,397	£1,176,228		
		<hr/>	<hr/>		
b)	<u>Employees</u>				
	The average number of employees during the year, including directors, was 15 (1997 - 14).				
c)	<u>Directors' remuneration</u>	<u>1998</u>	<u>1997</u>		
	Aggregate emoluments	£1,012,970	£ 916,717		
		<hr/>	<hr/>		
	Emoluments of highest paid director	£ 497,106	£ 509,542		
		<hr/>	<hr/>		
5.	<u>INTEREST RECEIVABLE AND SIMILAR INCOME</u>	£	£		
	Income from short-term investments	22,345	27,787		
	Other interest	-	437		
		<hr/>	<hr/>		
		£ 22,345	£ 28,224		
		<hr/>	<hr/>		
6.	<u>INTEREST PAYABLE AND SIMILAR CHARGES</u>				
	Interest on mortgage repayable within five years	£ -	£ 46,216		
		<hr/>	<hr/>		
7.	<u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u>	£	£		
	UK Corporation tax at 31% (1997 - 33%) on profit for the year	335,666	456,658		
	Adjustments in respect of prior years	-	801		
	Tax on UK dividends	-	943		
		<hr/>	<hr/>		
		£335,666	£458,402		
		<hr/>	<hr/>		
8.	<u>DIVIDENDS</u>	<u>Per share</u>	<u>1998</u>	<u>Per share</u>	<u>1997</u>
	Paid	£ 0.591	£425,000	£ 0.139	£100,000

COURTENAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1998
(CONTINUED)

9. <u>TANGIBLE FIXED ASSETS</u>	<u>Total</u> £	<u>Freehold investment properties</u> £	<u>Long leasehold investment properties</u> £	<u>Fixtures fittings and computer equipment</u> £
<u>Cost/valuation</u>				
At 1st February 1997:				
At valuation 1960	453,250	453,250	-	-
At valuation 1969	380,000	380,000	-	-
At cost	4,216,770	4,055,851	127,035	33,884
	<hr/>	<hr/>	<hr/>	<hr/>
	5,050,020	4,889,101	127,035	33,884
Reclassification	-	46,218	(46,218)	-
Additions at cost	1,016,610	1,015,124	-	1,486
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st January 1998	6,066,630	5,950,443	80,817	35,370
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>				
At 1st February 1997	31,301	-	-	31,301
Charge for the year	2,051	-	-	2,051
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st January 1998	33,352	-	-	33,352
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net book value:</u>				
At 31st January 1998	£6,033,278	5,950,443	80,817	2,018
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st January 1997	£5,018,719	4,889,101	127,035	2,583
	<hr/>	<hr/>	<hr/>	<hr/>

It is not feasible to state the historical cost comparative figures for properties stated at valuation.

During the year the company acquired the freehold interest of properties in Batley that were previously held as long leasehold investments.

10. <u>DEBTORS</u>	<u>1998</u> £	<u>1997</u> £
Trade debtors	128,888	125,250
Amount owed by parent company	1,271,295	1,920,549
Other debtors	3,241	2,626
Prepayments and accrued income	23,007	34,757
	<hr/>	<hr/>
	£1,426,431	£2,083,182
	<hr/>	<hr/>

COURTENAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1998
(CONTINUED)

11. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>1998</u> £	<u>1997</u> £
Current corporation tax	233,748	394,359
Other taxation and social security	81,394	52,818
Other creditors	958	892
Accruals and deferred income	688,034	497,785
	<hr/>	<hr/>
	£1,004,134	£ 945,854
	<hr/>	<hr/>

12. CALLED UP SHARE CAPITAL

Authorised

1,000,000 Ordinary shares of £1 each	£1,000,000	£1,000,000
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Allotted and fully paid

719,250 Ordinary shares of £1 each	£ 719,250	£ 719,250
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13. <u>RESERVES</u>	<u>Total</u> £	<u>Profit and loss account</u> £	<u>Other reserves</u> £
Balance at 1st February 1997	5,890,446	3,867,478	2,022,968
Retained profit for the year	360,106	360,106	-
	<hr/>	<hr/>	<hr/>
Balance at 31st January 1998	£6,250,552	4,227,584	2,022,968
	<hr/>	<hr/>	<hr/>

Other reserves represent accumulated surpluses realised on sales of properties which, in accordance with the Articles of Association, are credited to a non-distributable reserve.

14. FUTURE COMMITMENTS

Operating lease commitments

At the year end the company was committed to making the following payments during the next year in respect of operating leases which expire in the following periods:-

	<u>1998</u>	<u>1997</u>
<u>Land and buildings</u>		
Due within 1 year	£ 32,402	£ 25,700
	<hr/>	<hr/>

COURTENAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1998
(CONTINUED)

15. RELATED PARTY TRANSACTIONS

Included within other income are management fees of £5,000 receivable from either a related company or from companies under common control.

The company has taken advantage of the exemption available whereby no disclosure is required for related party transactions with companies within the Courtenay Trust Limited group.

16. ULTIMATE HOLDING COMPANY

The ultimate holding company is Courtenay Trust Limited.

COURTENAY INVESTMENTS LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1998

<u>PROPERTY EXPENSES</u>	<u>1998</u> £	<u>1997</u> £
Insurance	6,199	5,326
Rates	14,623	5,425
Refurbishment and repairs	(2,079)	91,169
Rent	8,780	11,877
Service charges - not recovered from tenants	5,282	4,608
Sundry expenses	71,540	2,180
Bad debts	10,446	-
	<hr/>	<hr/>
	£114,791	£120,585
	<hr/>	<hr/>

ADMINISTRATIVE EXPENSES

Audit fee	28,525	26,025
Bank charges	759	857
Computer expenses	4,888	3,248
Gross payroll	1,310,487	1,030,532
Pension costs	8,875	7,688
Private health plan	34,244	30,706
Employer's NIC	131,361	106,872
Pensions paid to former employees	430	430
Donations	56,000	42,379
Entertaining	4,244	4,983
Legal and professional	96,697	56,668
Cleaning	1,907	1,781
Office expenses	3,448	4,918
Rent and rates	32,786	34,206
Staff refreshments	1,786	1,127
Printing, postage, stationery and travel	9,533	12,477
Telephone and fax	4,654	6,082
Depreciation	2,051	1,555
Ex-gratia payment	-	15,000
Investment management charges	-	1,603
Subscriptions	1,337	1,014
Staff training	-	659
	<hr/>	<hr/>
	£1,734,012	£1,390,810
	<hr/>	<hr/>