

PRINCIPALITY HOLDINGS LIMITED
FINANCIAL STATEMENTS
31ST MARCH 1998

Company Registration Number 621339



MAXWELLS
Chartered Accountants & Registered Auditors
73 Queen Square
Bristol
BS1 4JP

PRINCIPALITY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 1998****23. REVALUATION RESERVE**

	1998 £	1997 £
Balance brought forward	2,144,036	2,163,587
Transfer to the profit and loss account on realisation	(316,929)	(19,551)
	<u>1,827,107</u>	<u>2,144,036</u>

24. PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
Balance brought forward	774,364	774,399
Retained profit/(loss) for the financial year	204,238	(19,586)
Transfer from revaluation reserve	316,929	19,551
Balance carried forward	<u>1,295,531</u>	<u>774,364</u>

25. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Hawksworth Securities plc, a company registered in England.

DELODE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 1998****5. INVESTMENTS (continued)****Subsidiary undertakings**

The following companies, which were subsidiaries at the beginning of the year, were struck off the register at Companies House during the year.

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Miriam Properties Limited	England	Ordinary shares	100%	Non trading
Property Services Limited	England	Ordinary shares	100%	Non trading
Renka Investment Company Limited	England	Ordinary shares	100%	Non trading

6. CREDITORS: Amounts falling due after more than one year

	1998 £	1997 £
Amounts owed to group undertakings	-	2,100

7. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 8, paragraph 3c not to disclose transactions with related parties within the group where over 90% of the voting rights are controlled by the group and where consolidated accounts are made publicly available.

8. SHARE CAPITAL

Authorised share capital:

	1998 £	1997 £
800 Ordinary shares of £0.25 each	200	200
Allotted, called up and fully paid:		
	1998 £	1997 £
Ordinary share capital	200	200

DELODE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Loss for the financial year	(1,113)	-
Opening shareholders' equity funds	1,113	1,113
Closing shareholders' equity funds	<u>-</u>	<u>1,113</u>

10. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Hawksworth Securities plc, a company registered in England.

PRINCIPALITY HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

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PRINCIPALITY HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

P.J.F. Breach
Mrs J. Breach
A.W. Sprackman

Company Secretary

Mrs J. Breach

Registered Office

7 Park Street
Bristol
BS1 5NF

Auditors

Maxwells
Chartered Accountants
& Registered Auditors
73 Queen Square
Bristol
BS1 4JP

Bankers

National Westminster Bank plc
32 Corn Street
Bristol

Barclays Bank plc
40 Corn Street
Bristol

Bank of Scotland
21 Prince Street
Bristol

PRINCIPALITY HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 1998

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company operates on its own behalf as a property investment company and it also acts as a holding company for other property investment and dealing companies.

The performance of the company during the year was satisfactory, considering the economic climate. The directors anticipate that the company will benefit from any future economic recovery.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

P.J.F. Breach
Mrs J. Breach
A.W. Sprackman

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the accounts of the parent company.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

PRINCIPALITY HOLDINGS LIMITED

THE DIRECTORS' REPORT (continued)

YEAR ENDED 31ST MARCH 1998

AUDITORS

A resolution to re-appoint Maxwells as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:

7 Park Street

Bristol

BS1 5NF

Signed by order of the directors

Joan Breach

Mrs J. Breach

Company Secretary

Approved by the directors on *14. October 98*.....19*98*

PRINCIPALITY HOLDINGS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST MARCH 1998

We have audited the financial statements on pages 5 to 18 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 8 to 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 2, the company's directors are responsible for the preparation of the 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

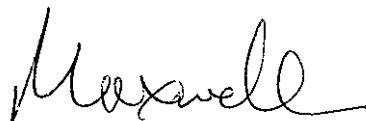
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

QUALIFIED OPINION

Included in the tangible fixed assets shown in the balance sheet is an amount of £7,037,660 relating to investment properties. As shown in note 12 to the financial statements, investment properties are stated at a valuation in 1995 plus additions to date at cost and have not been revalued since that date. Statement of Standard Accounting Practice 19 requires investment properties to be revalued annually and included in the balance sheet at their open market value.

Except for non-compliance with Statement of Accounting Practice 19, in our opinion the financial statements give a true and fair view of the company's state of affairs as at 31st March 1998 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



73 Queen Square
Bristol
BS1 4JP

MAXWELLS
Chartered Accountants
& Registered Auditors

20th October 1998

PRINCIPALITY HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST MARCH 1998**

	Note	1998 £	1997 £
TURNOVER	2	838,124	761,136
Property expenses		57,834	143,419
GROSS PROFIT		780,290	617,717
Administrative expenses		335,356	291,457
Other operating income		(28,695)	(52,879)
OPERATING PROFIT	3	473,629	379,139
(Loss)/Profit on disposal of fixed assets	6	(4,991)	55,678
		468,638	434,817
Income from shares in group undertakings		-	3,213
Income from participating interests	7	135,884	90,113
Income from other fixed asset investments		163	187
Interest receivable	8	37,286	47,669
Amounts written off investments		-	(2,100)
Interest payable and similar charges	9	(393,146)	(368,485)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		248,825	205,414
Tax on profit on ordinary activities	10	44,587	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		204,238	205,414
Dividends	11	-	225,000
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		204,238	(19,586)

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 8 to 18 form part of these financial statements.

PRINCIPALITY HOLDINGS LIMITED**YEAR ENDED 31ST MARCH 1998****NOTE OF HISTORICAL COST PROFITS**

	1998 £	1997 £
Reported profit on ordinary activities before taxation	248,825	205,414
Realisation of gains recognised in previous periods	316,929	19,551
Historical cost profit on ordinary activities before taxation	<u>565,754</u>	<u>224,965</u>
Historical cost profit/(loss) for the year retained after taxation and dividends	<u>521,167</u>	<u>(35)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	204,238	205,414
Dividends	-	(225,000)
	<u>204,238</u>	<u>(19,586)</u>
Opening shareholders' equity funds	3,098,400	3,117,986
Closing shareholders' equity funds	<u>3,302,638</u>	<u>3,098,400</u>

The notes on pages 8 to 18 form part of these financial statements.

PRINCIPALITY HOLDINGS LIMITED

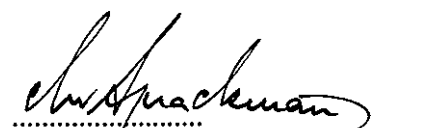
BALANCE SHEET

31ST MARCH 1998

	Note	1998	1997
		£	£
FIXED ASSETS			
Tangible assets	12	7,079,762	6,115,114
Investments	13	106,902	515,029
		<u>7,186,664</u>	<u>6,630,143</u>
CURRENT ASSETS			
Stocks	14	-	350,000
Debtors	15	1,651,826	1,751,546
Cash at bank and in hand		25,272	51,503
		<u>1,677,098</u>	<u>2,153,049</u>
CREDITORS: Amounts falling due within one year	16	<u>(3,656,169)</u>	<u>(3,484,271)</u>
NET CURRENT LIABILITIES		<u>(1,979,071)</u>	<u>(1,331,222)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,207,593</u>	<u>5,298,921</u>
CREDITORS: Amounts falling due after more than one year	17	<u>(1,904,955)</u>	<u>(2,200,521)</u>
		<u>3,302,638</u>	<u>3,098,400</u>
CAPITAL AND RESERVES			
Called-up equity share capital	22	180,000	180,000
Revaluation reserve	23	1,827,107	2,144,036
Profit and loss account	24	1,295,531	774,364
SHAREHOLDERS' FUNDS		<u>3,302,638</u>	<u>3,098,400</u>

These financial statements were approved by the directors on the 14. October 1998 and are signed on their behalf by:


P.J.F. BREACH


A.W. SPRACKMAN

The notes on pages 8 to 18 form part of these financial statements.

PRINCIPALITY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the United Kingdom. As a result, the company, in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

Turnover

Turnover consists of rental income.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor vehicles, fixtures, fittings and equipment - 20 to 25% straight line basis.

Short leasehold investment properties have been amortised over the period of the lease.

Investment properties

Investment properties are revalued periodically and the aggregate surplus or deficit is transferred to a revaluation reserve unless the diminution in value is believed to be permanent, in which case the deficit is taken to profit and loss account. No depreciation or amortisation is provided in respect of freehold investment properties or in respect of leasehold investment properties with over twenty years to run.

The directors consider that this policy is necessary for the financial statements to give a true and fair view. This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors also consider that it is impractical to quantify the amount of depreciation that would otherwise have been provided. Upon disposal of a revalued property, the net gain or loss is recognised by reference to the original cost and is taken to profit and loss.

Stocks

Stocks represent properties held for disposal and are stated at the lower of cost or net realisable value.

PRINCIPALITY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

1. ACCOUNTING POLICIES (continued)

Pension costs

The company contributes to defined contribution pension schemes for the benefit of certain directors and employees. The assets of each scheme are held separately from those of the company. The pension cost charge represents the contributions payable by the company to schemes in respect of the accounting period under the rules of those schemes.

Deferred taxation

Deferred tax is provided for, under the liability method, on timing differences other than those which are not expected to reverse in the foreseeable future.

Provision is not made for the contingent liability to taxation on the capital gain which would arise if freehold properties were sold at the values incorporated in the financial statements.

Grant aided refurbishment

Qualifying investment properties enhanced with the benefit of Local Government Grant Aid are stated at cost less grants receivable upon confirmation of successful application. The company fully intends to comply with the conditions of each grant for the five year term thus negating any requirement to provide for potential repayment of the grant or interest.

Furnishings

Furniture is included in current assets and written off over two to four years, depending on the circumstances prevailing.

2. TURNOVER

Turnover and profits are all attributable to the principal activity of the company and all rental income arises from properties in the UK.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1998 £	1997 £
Amortisation	776	-
Depreciation	10,860	11,365
Profit on disposal of fixed assets	(3,646)	-
Auditors' remuneration		
- as auditors	<u>8,494</u>	<u>5,269</u>

PRINCIPALITY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 1998****4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	1998 No.	1997 No.
Administrative & management (including directors)	<u>5</u>	<u>4</u>

The aggregate payroll costs of the above were:

	1998 £	1997 £
Wages and salaries	213,889	182,753
Social security costs	22,850	21,138
Other pension costs	26,008	6,235
	<u>262,747</u>	<u>210,126</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	1998 £	1997 £
Emoluments receivable	169,080	161,280
Value of company pension contributions to money purchase schemes	25,408	5,635
	<u>194,488</u>	<u>166,915</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	1998 No.	1997 No.
Money purchase schemes	<u>2</u>	<u>1</u>

PRINCIPALITY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 1998****6. (LOSS)/PROFIT ON DISPOSAL OF FIXED ASSETS**

	1998 £	1997 £
Profit on disposal of investment properties	-	55,678
Loss on sale of investments	(2,631)	-
Loss on sale of properties held for disposal	(2,360)	-
	<u>(4,991)</u>	<u>55,678</u>

7. INCOME FROM PARTICIPATING INTERESTS

	1998 £	1997 £
Share of profit from Principality Properties Group	<u>135,884</u>	<u>90,113</u>

8. INTEREST RECEIVABLE

	1998 £	1997 £
Bank interest receivable	4,741	15,164
Interest from group undertakings	32,545	32,505
	<u>37,286</u>	<u>47,669</u>

9. INTEREST PAYABLE

	1998 £	1997 £
Interest payable on bank borrowing	234,112	190,256
Interest on medium-term bank loans	155,602	178,229
Other similar charges payable	3,432	-
	<u>393,146</u>	<u>368,485</u>

PRINCIPALITY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
In respect of the year:		
Corporation tax based on the results for the year at 31% (1997 - 33%)	44,500	-
Adjustment in respect of previous years:		
Corporation tax	87	-
	<u>44,587</u>	<u>-</u>

The tax charge for 1997 was eliminated by unrelieved management expenses brought forward from earlier periods. The liability would otherwise have amounted to approximately £70,000. The unrelieved management expenses were fully utilised and none are available for the current year.

11. DIVIDENDS

No dividend has been recommended for the year ended 31st March 1998.

	1998 £	1997 £
Dividends paid on equity shares	<u>-</u>	<u>225,000</u>

PRINCIPALITY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

12. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Long leasehold property £	Short leasehold property £	Motor vehicles £	Furniture, fittings and equipment £	Total £
COST OR VALUATION						
At 1 April 97	5,429,241	660,000	-	19,805	45,041	6,154,087
Additions	413,842	-	535,353	20,520	9,423	979,138
Disposals	-	-	-	(19,805)	(1,098)	(20,903)
At 31 March 98	<u>5,843,083</u>	<u>660,000</u>	<u>535,353</u>	<u>20,520</u>	<u>53,366</u>	<u>7,112,322</u>
DEPRECIATION						
At 1 April 97	-	-	-	16,951	22,022	38,973
Charge for the year	-	-	776	3,420	7,440	11,636
On disposals	-	-	-	(16,951)	(1,098)	(18,049)
At 31 March 98	<u>-</u>	<u>-</u>	<u>776</u>	<u>3,420</u>	<u>28,364</u>	<u>32,560</u>
NET BOOK VALUE						
At 31 March 98	<u>5,843,083</u>	<u>660,000</u>	<u>534,577</u>	<u>17,100</u>	<u>25,002</u>	<u>7,079,762</u>
At 31 March 97	<u>5,429,241</u>	<u>660,000</u>	<u>-</u>	<u>2,854</u>	<u>23,019</u>	<u>6,115,114</u>

Revaluation of fixed assets

Freehold and long leasehold properties were revalued on the basis of an open market value for existing use at 30 September 1995 by Grimley, Chartered Surveyors, and were incorporated into the balance sheet at 31 March 1996, taking subsequent enhancement costs into consideration.

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	1998 £	1997 £
NBV of revalued tangible fixed assets:		
Net book value at end of year	<u>6,503,083</u>	<u>6,089,241</u>
Historical cost	<u>4,966,872</u>	<u>4,553,029</u>

PRINCIPALITY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

13. INVESTMENTS

	Shares in group undertakings	Interest in Principality Properties Group	Other investments	Total
	£	£	£	£
COST				
At 1st April 1997	95,095	479,540	35,389	610,024
Additions	-	135,884	-	135,884
Withdrawals/Disposals	-	(531,011)	(13,000)	(544,011)
At 31st March 1998	<u>95,095</u>	<u>84,413</u>	<u>22,389</u>	<u>201,897</u>
AMOUNTS WRITTEN OFF				
At 1st April 1997 and 31st March 1998	94,995	-	-	94,995
NET BOOK VALUE				
At 31st March 1998	<u>100</u>	<u>84,413</u>	<u>22,389</u>	<u>106,902</u>
At 31st March 1997	<u>100</u>	<u>479,540</u>	<u>35,389</u>	<u>515,029</u>

Listed investments

Listed investments having a net book value of £Nil (1997 - £13,000) are held by the company and had a market value of £Nil at the end of the year (1997 - £10,920).

Subsidiary undertakings

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Cornish Place Property Co. Limited	England	Ordinary shares	100%	Property trading
Delode Limited	England	Ordinary shares	100%	Non trading
Pathred Limited	England	Ordinary shares	100%	Property trading
West Dock Estate Co. Limited	England	Ordinary shares	100%	Non trading

The company directly owns 57.53% and indirectly a further 13.70% of a limited partnership, Principality Properties Group, whose main activity is that of property investment. This investment is stated at cost plus share of profits and gains, less losses and remittances made between the parties.

PRINCIPALITY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 1998****14. STOCKS**

	1998 £	1997 £
Properties held for disposal	-	350,000

Two investment properties were reclassified as current assets at 31st March 1997 in view of their intended disposal during the following year. The net book value at that date amounted to £350,000 and their historical cost was £33,071.

15. DEBTORS

	1998 £	1997 £
Amounts owed by group undertakings	1,357,638	1,232,196
ACT recoverable	20,269	50,324
Amounts due in respect of property disposals	-	283,000
Other debtors	236,597	159,096
Prepayments and accrued income	37,322	26,930
	<u>1,651,826</u>	<u>1,751,546</u>

The debtors above include the following amounts falling due after more than one year:

	1998 £	1997 £
Amounts owed by group undertakings	400,000	400,000
Advance Corporation Tax recoverable	20,269	50,269
	<u>420,269</u>	<u>450,269</u>

PRINCIPALITY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

16. CREDITORS: Amounts falling due within one year

	1998		1997	
	£	£	£	£
Bank loans and overdrafts		2,493,638		2,212,177
Amounts owed to group undertakings		849,100		1,074,100
Other creditors including taxation and social security:				
Corporation tax	14,500		-	
PAYE and social security	6,329		12,454	
Other creditors	100,000		-	
		<u>120,829</u>		<u>12,454</u>
Accruals and deferred income		192,602		185,540
		<u>3,656,169</u>		<u>3,484,271</u>

The bank overdrafts and loans are secured by charges over a number of freehold properties. The overdrafts are repayable on demand.

17. CREDITORS: Amounts falling due after more than one year

	1998	1997
	£	£
Bank loans and overdrafts	<u>1,904,955</u>	<u>2,200,521</u>

The medium term bank loans, which are secured by charges over a number of freehold properties, are repayable over periods to October 2000, February 2002 and May 2007 in varying instalments.

18. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	1998	1997
	£	£
In one year or less, or on demand	2,493,638	2,212,177
Between one and two years	226,791	154,000
Between two and five years	656,387	598,000
In five years or more	1,021,777	1,448,521
	<u>4,398,593</u>	<u>4,412,698</u>

The above liabilities comprise bank loans.

PRINCIPALITY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

19. PENSIONS

As set out in the accounting policies, the company contributes to defined contribution schemes. The total charge for the year was £26,008 (1997 - £ 6,235). No contributions were outstanding at the year-end (1997 - Nil).

20. CONTINGENCIES

The company has guaranteed bank facilities of £80,000 (1997 - £80,000) in respect of the limited partnership of which it is a member. No notice has been received of any claim in this respect, nor is any anticipated.

21. RELATED PARTY TRANSACTIONS

The company was under the control of Mr P.J.F. Breach throughout the current and previous year. Mr Breach is the managing director and a shareholder in the ultimate parent company, Hawksworth Securities plc.

Transactions have taken place with companies under common control, namely Stockmead Limited and Farthingford Properties Limited. Included under other operating income are management fees totalling £18,695 (1997 - £17,975) from the latter of the above companies. Included in debtors is an amount owed to the company by Stockmead Limited of £113,730 (1997 - £95,705). The sum of £100,000 has been advanced to the company by Farthingford Properties Limited and is repayable within 12 months. Interest amounting to £3,432 has been paid in respect of the loan during the year.

Rent arrears amounting to £45,639 in respect of a company property, let on an arms length basis, is owed by a relative of Mr Breach.

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 8, paragraph 3c not to disclose transactions with related parties within the group where over 90% of the voting rights are controlled by the group and where consolidated accounts are made publicly available.

22. SHARE CAPITAL

Authorised share capital:

	1998 £	1997 £
180,000 Ordinary shares of £1 each	<u>180,000</u>	<u>180,000</u>

Allotted, called up and fully paid:

	1998 £	1997 £
Ordinary share capital	<u>180,000</u>	<u>180,000</u>