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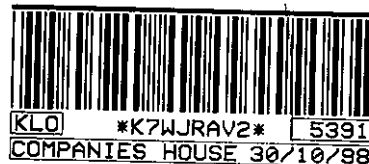
HARGREAVES PROPERTY MANAGEMENT LIMITED

REGISTERED NUMBER: 1109277

ANNUAL ACCOUNTS

24 DECEMBER 1997

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Moeres
Rowland

DIRECTORS REPORT

The directors submit their report and the accounts for the year ended 24 December 1997.

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare accounts on the going concern basis unless it is inappropriate to presume 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 the accounts 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 AND BUSINESS REVIEW

The principal activity of the company during the year was the management of properties on behalf of other companies in the Hargreaves Group and associated companies.

In future, the company will assume the role of manager of the other companies in the Group and also of associated companies (which will include managing the properties owned by those companies).

There has been no significant change in the company's activities during the year, and the directors are satisfied with the company's trading during the year.

DIVIDENDS AND APPROPRIATIONS

The directors do not recommend the payment of a dividend, leaving £18,046 to be added to reserves.

DIRECTORS

The directors of the company throughout the year were:

N.H. Andrew
Mrs. R. Andrew
J. Hazelwood
R.R. Andrew (appointed 10/06/97)

No director had an interest in the shares of the company.

All the directors were also directors of the ultimate parent company, Hargreaves Property Holdings Limited, and their interests in the shares of that company are disclosed in its own annual accounts.

DIRECTORS REPORT

AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Moores Rowland as auditors.

On behalf of the board


N.H. Andrew
Director

Date: 28th October 1998

Moores
Rowland

AUDITORS REPORT TO THE MEMBERS OF
HARGREAVES PROPERTY MANAGEMENT LIMITED

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We have audited the accounts on pages 4 to 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

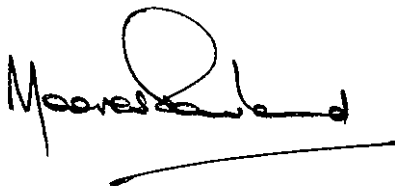
BASIS OF OPINION

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs at 24 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND
Chartered Accountants
Registered Auditors
Brighton

Date: 29 October 1998

Moores
Rowland

HARGREAVES PROPERTY MANAGEMENT LIMITED

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PROFIT AND LOSS ACCOUNT
Year ended 24 December 1997

	Note	1997 £	1996 £
TURNOVER		809,404	630,710
Other operating charges	2	<u>(473,428)</u>	<u>(478,208)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	335,976	152,502
Tax on profit on ordinary activities	3	<u>(317,930)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		18,046	152,502
Retained profits at 24 December 1996		<u>111,624</u>	<u>(40,878)</u>
RETAINED PROFITS AT 24 DECEMBER 1997		<u>129,670</u>	<u>111,624</u>

All disclosures relate only to continuing operations.

There are no recognised gains or losses other than the results for the year.

Moore
Rowland

HARGREAVES PROPERTY MANAGEMENT LIMITED

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BALANCE SHEET
24 December 1997

	Note	1997 £	1996 £
CURRENT ASSETS			
Debtors	4	217,598	194,522
CREDITORS - amounts falling due within one year	5	(87,828)	(82,798)
NET CURRENT ASSETS		<u>129,770</u>	<u>111,724</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account		129,670	111,624
Shareholders Funds	8	<u>129,770</u>	<u>111,724</u>

Approved by the Board on 28th October 1998
and signed on its behalf by:


N.H. ANDREW
Director

Moore
Rowland

NOTES TO THE ACCOUNTS
Year ended 24 December 1997

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

TURNOVER

Turnover represents the amount receivable by the company exclusive of value added tax.

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities are attributable to the principal activity of the company.

Profit on ordinary activities is stated after charging:

	1997 £	1996 £
Auditors remuneration	<u>1,000</u>	<u>750</u>

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Corporation tax at 21.75%	5,030	-
Group relief	<u>312,900</u>	<u>-</u>
	<u>317,930</u>	<u>-</u>

The above is stated after allowing for the surrender of losses which should be available from the group companies under the group relief provisions.

4 DEBTORS

	1997 £	1996 £
Amounts owed by group undertakings	<u>217,598</u>	<u>194,522</u>

5 CREDITORS - Amounts falling due within one year

	1997 £	1996 £
Amounts owed to group undertakings	87,413	82,798
Corporation tax	<u>415</u>	<u>-</u>
	<u>87,828</u>	<u>82,798</u>

NOTES TO THE ACCOUNTS
Year ended 24 December 1997

6 OTHER FINANCIAL COMMITMENTS

The company has entered into a guarantee in respect of any borrowings with Barclays Bank Plc, of ten fellow group companies. The total of these borrowings with the bank of these ten fellow group companies amounted to £8,219,858 at the balance sheet date.

7 SHARE CAPITAL

	1997 £	1996 £
Authorised, allotted and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1997 £	1996 £
Profit on ordinary activities after taxation	18,046	152,502
Opening shareholders funds	<u>111,724</u>	<u>(40,778)</u>
Closing shareholders funds	<u>129,770</u>	<u>111,724</u>

9 ULTIMATE PARENT COMPANY

The directors consider that the ultimate parent company is Hargreaves Property Holdings Limited which is registered in England and Wales.