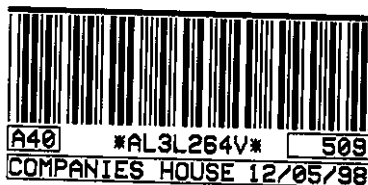


**FARTHINGFORD PROPERTIES LIMITED**  
**ABBREVIATED FINANCIAL STATEMENTS**  
**31ST DECEMBER 1997**

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



**FARTHINGFORD PROPERTIES LIMITED**

**AUDITORS' REPORT TO THE COMPANY**

**PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the year ended 31st December 1997 prepared under Section 226 of the Companies Act 1985.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

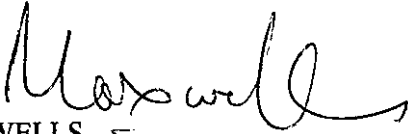
**BASIS OF OPINION**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

73 Queen Square  
Bristol  
BS1 4JP

  
MAXWELLS  
Chartered Accountants  
& Registered Auditors

30th April 1998

## FARTHINGFORD PROPERTIES LIMITED

## ABBREVIATED BALANCE SHEET

31ST DECEMBER 1997

|  |      | 1997           |                  | 1996          |                  |
|--|------|----------------|------------------|---------------|------------------|
|  | Note | £              | £                | £             | £                |
| <b>FIXED ASSETS</b>  | 2.   |                |                  |               |                  |
| Tangible assets  |      |                | 2,011,981        |               | 1,684,937        |
| Investments  |      |                | 2,295            |               | 14,795           |
|  |      |                | <u>2,014,276</u> |               | <u>1,699,732</u> |
| <b>CURRENT ASSETS</b>  |      |                |                  |               |                  |
| Debtors  |      | 101,397        |                  | 13,843        |                  |
| Cash at bank and in hand                                       |      | 29,410         |                  | 10,448        |                  |
|  |      | <u>130,807</u> |                  | <u>24,291</u> |                  |
| <b>CREDITORS: Amounts falling due within one year</b>          | 3.   | (103,706)      |                  | (117,608)     |                  |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>                        |      |                | 27,101           |               | (93,317)         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                | <u>2,041,377</u> |               | <u>1,606,415</u> |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 4.   |                | (1,012,898)      |               | (1,064,226)      |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                  |      |                | -                |               | (36,000)         |
|  |      |                | <u>1,028,479</u> |               | <u>506,189</u>   |
| <b>CAPITAL AND RESERVES</b>                                    |      |                |                  |               |                  |
| Called-up equity share capital                                 | 5.   |                | 70               |               | 70               |
| Revaluation reserve  |      |                | 587,850          |               | 162,666          |
| Profit and loss account  |      |                | 440,559          |               | 343,453          |
| <b>SHAREHOLDERS' FUNDS</b>                                     |      |                | <u>1,028,479</u> |               | <u>506,189</u>   |

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 20 April 1998 and are signed on their behalf by:

  
P J F BREACH

  
MRS J BREACH

**FARTHINGFORD PROPERTIES LIMITED****NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1997****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.

**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 small.

**Turnover**

The company's turnover is derived wholly from its property investments and consists of rents and lease premiums.

**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:

|                        |                   |
|------------------------|-------------------|
| Furniture and fittings | 25% straight line |
|------------------------|-------------------|

**Investment properties**

Investment properties have been revalued during the year and it is intended to revalue the annually in future in accordance with the provisions of Statement of Standard Accounting Practice No. 19. The aggregate surplus has been transferred to the revaluation reserve. No depreciation is provided on freehold investment properties.

**Deferred taxation**

Provision is no longer made for the contingent liability on the capital gain that would arise if the freehold properties were sold at the values incorporated in the financial statements.

Provisions made in the past totalling £36,000 have been written back to revaluation reserve in the year as disposal of the properties is not envisaged in the foreseeable future.

**FARTHINGFORD PROPERTIES LIMITED****NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1997****2. FIXED ASSETS**

|   | Tangible<br>Fixed<br>Assets<br>£ | Investments<br>£ | Total<br>£       |
|---|----------------------------------|------------------|------------------|
| <b>COST OR VALUATION</b>                |                                  |                  |                  |
| At 1st January 1997                     | 1,687,497                        | 27,295           | 1,714,792        |
| Additions                               | 3,579                            | -                | 3,579            |
| Disposals                               | (67,134)                         | (25,000)         | (92,134)         |
| Revaluation                             | 392,746                          | -                | 392,746          |
| At 31st December 1997                   | <u>2,016,688</u>                 | <u>2,295</u>     | <u>2,018,983</u> |
| <b>DEPRECIATION</b>                     |                                  |                  |                  |
| At 1st January 1997                     | 2,560                            | 12,500           | 15,060           |
| Charge for year                         | 2,147                            | -                | 2,147            |
| Written off in prior years written back | -                                | (12,500)         | (12,500)         |
| At 31st December 1997                   | <u>4,707</u>                     | <u>-</u>         | <u>4,707</u>     |
| <b>NET BOOK VALUE</b>                   |                                  |                  |                  |
| At 31st December 1997                   | <u>2,011,981</u>                 | <u>2,295</u>     | <u>2,014,276</u> |
| At 31st December 1996                   | <u>1,684,937</u>                 | <u>14,795</u>    | <u>1,699,732</u> |

Freehold investment properties are stated at the directors' valuation as set out in the accounting policies. (1996 - professional valuation in 1987 on certain properties, the balance stated at cost)  
The comparable historical cost and net depreciated value are as follows:

|                 | 1997<br>£        | 1996<br>£      |
|-----------------|------------------|----------------|
| Net book value  | <u>2,008,100</u> | <u>624,889</u> |
| Historical cost | <u>1,420,250</u> | <u>426,223</u> |

**3. CREDITORS: Amounts falling due within one year**

The following liabilities disclosed under creditors falling due within one year are secured by the company:

|                           | 1997<br>£     | 1996<br>£     |
|---------------------------|---------------|---------------|
| Bank loans and overdrafts | 9,058         | 11,227        |
| Loans                     | <u>41,300</u> | <u>37,997</u> |
|                           | <u>50,358</u> | <u>49,224</u> |

**FARTHINGFORD PROPERTIES LIMITED****NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1997****4. CREDITORS: Amounts falling due after more than one year**

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

|                           | 1997<br>£        | 1996<br>£        |
|---------------------------|------------------|------------------|
| Bank loans and overdrafts | 234,640          | 243,438          |
| Loans                     | 778,258          | 820,788          |
|                           | <u>1,012,898</u> | <u>1,064,226</u> |

Included within creditors falling due after more than one year is an amount of £729,394 (1996 - £806,957) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

**5. SHARE CAPITAL****Authorised share capital:**

|                                | 1997<br>£  | 1996<br>£  |
|--------------------------------|------------|------------|
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

**Allotted, called up and fully paid:**

|                        | 1997<br>£ | 1996<br>£ |
|------------------------|-----------|-----------|
| Ordinary share capital | <u>70</u> | <u>70</u> |

**6. TRANSACTIONS WITH DIRECTORS**

One of the properties of the company is occupied by one of the directors, Mr P Breach, at a rent of £7,000 per annum. This rent is considered by the directors to be at a commercial rate.

A loan of £100,000 has been advanced to Principality Holdings Limited at a commercial rate of interest. Principality Holdings Limited is a member of the Hawksworth Securities plc group in which Mr Breach has an interest.

Management charges have been made by Principality Holdings Limited amounting to £18,695 (1996 - £17,975).