

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
11TH NOVEMBER 1997

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Company No. 112987 (Scotland)

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

COMPANY INFORMATION

DIRECTORS

JOHN BERESFORD
WILLIAM BERESFORD
OSCAR D BLACK

SECRETARY

WILLIAM BERESFORD

COMPANY NUMBER

112987 (SCOTLAND)

REGISTERED OFFICE

2 CARMENT DRIVE
SHAWLANDS
GLASGOW
G41 3DR

AUDITORS

J CRADOCK WALKER & McFADZEAN
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS
SECOND FLOOR
ASHFIELD HOUSE
402 SAUCHIEHALL STREET
GLASGOW
G2 3JL

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

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BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 11TH NOVEMBER 1997

The directors present their report and the financial statements for the year ended 11th November 1997.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

U.K. company law requires the directors to prepare financial statements 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 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 during the year was the letting of properties under various tenancies.

DIRECTORS

The directors at 11th November 1997 and their interests in the ordinary share capital of the company were:-

	<u>11.11.97</u>	<u>11.11.96</u>
John Beresford	5,000	5,000
William Beresford	20,001	20,001
Oscar D Black	20,001	20,001

In addition to the foregoing, Mrs M Beresford, the spouse of William Beresford, held 20,000 ordinary shares of £1 each at both dates.

AUDITORS

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 11TH NOVEMBER 1997 (CONT'D)

AUDITORS

The auditors J Cradock Walker & McFadzean, C.A., Glasgow will be proposed for re-appointment 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 2nd April 1998 and signed on it's behalf.



W. BERESFORD.
Director.

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

OF

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention modified by the revaluation of certain fixed assets and the accounting policies set out on pages 7 and 8.

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.

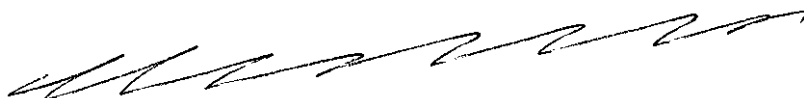
BASIS OF OPINION

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 11th November 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



J Cradock Walker & McFadzean
Chartered Accountants
Registered Auditors
Glasgow
G2 3JL

16th April 1998

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 11TH NOVEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
		£	£	£	£
TURNOVER	1, 2				
Continuing operations				48,673	25,353
Acquisitions				-	11,336
				<u>48,673</u>	<u>36,689</u>
Management expenses				14,569	9,359
				<u>14,569</u>	<u>9,359</u>
OPERATING PROFIT	3			34,104	27,330
Continuing operations		34,104	18,724		
Acquisitions		-	8,606		
		<u>34,104</u>	<u>27,330</u>		
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST				34,104	27,330
Interest receivable				1,450	699
Interest payable				(15,015)	(8,837)
				<u>1,450</u>	<u>699</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				20,539	19,192
Taxation on profit on ordinary activities	4			3,929	3,905
				<u>3,929</u>	<u>3,905</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR YEAR				16,610	15,287
RETAINED PROFIT BROUGHT FORWARD				58,867	43,580
				<u>58,867</u>	<u>43,580</u>
RETAINED PROFIT CARRIED FORWARD				75,477	58,867
				<u>75,477</u>	<u>58,867</u>

The notes on pages 7 to 11 form part of these financial statements

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 11TH NOVEMBER 1997

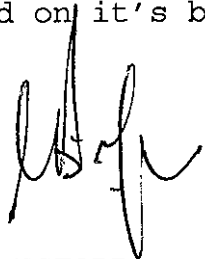
	<u>1997</u> £	<u>1996</u> £
Profit for the financial year	16,610	15,287
Unrealised surplus on revaluation of properties	2,330	9,826
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	18,940	25,113
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BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

BALANCE SHEET AS AT 11TH NOVEMBER 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £	<u>1997</u> £	<u>1996</u> £
FIXED ASSETS					
Tangible assets	1, 5			424,670	407,955
CURRENT ASSETS					
Debtors	6	908	1,616		
Cash at bank and in hand		28,370	32,000		
		<u>29,278</u>	<u>33,616</u>		
CREDITORS: amounts falling due within one year	7	<u>(238,445)</u>	<u>(245,008)</u>		
NET CURRENT (LIABILITIES)				(209,167)	(211,392)
NET ASSETS				<u>215,503</u>	<u>196,563</u>
CAPITAL AND RESERVES					
Called up share capital	8			90,002	90,002
Revaluation reserve	9			50,024	47,694
Profit and loss account	10			75,477	58,867
SHAREHOLDERS' FUNDS	11			<u>215,503</u>	<u>196,563</u>
Represented by:-					
Equity interests				<u>215,503</u>	<u>196,563</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 2nd April 1998 and signed on it's behalf.



W. BERESFORD
Director.

The notes on pages 7 to 11 form part of these financial statements.

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 11TH NOVEMBER 1997

1. PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets. They 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 producing a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts received by the company from rents of properties let on various tenancies.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation.

In accordance with SSAP19, (1) investment properties have been revalued and the surplus on revaluation transferred to a revaluation reserve, (2) no depreciation or amortisation is provided in respect of investment properties. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principles set out in SSAP19. The directors consider that to depreciate such properties would not give a true and fair view, but that a true and fair view is given by following SSAP19 as described above. If this departure had not been made the profit for the financial year would have been reduced by depreciation on the revalued properties of £7,296. The basis of valuation is explained in note 5.

Local Authority grants received on refurbishment of a property during the year have been deducted from the cost of that property. This is not in accordance with SSAP12 or the requirements of the Companies Act 1985, which requires fixed assets to be shown at their purchase price and hence grants received would be presented as deferred income. This departure from the requirements of the Act is, in the opinion of the directors, necessary for the Accounts to give a true and fair view as no provision is made, as stated above, for depreciation or amortisation and any grants relating to such assets would not be taken to the profit and loss account.

The cost of other

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 11TH NOVEMBER 1997 (CONT'D)

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

The cost of other tangible fixed assets is their purchase cost together with any incidental costs of purchase.

Depreciation is provided at rates calculated to write off the cost of fixed assets (excluding investment properties) less their estimated residual value over their expected useful economic lives on the following bases:-

Freehold land and buildings	- 2% per annum on a straight line basis
Fixtures, fittings, tools and equipment	- 20% per annum on a reducing line basis

1.4 Deferred taxation

Provision is 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, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

2. TURNOVER

Turnover represents amounts receivable in respect of rents from properties let on various tenancies in Scotland:-

3. OPERATING PROFIT

	<u>1997</u>	<u>1996</u>
	£	£
This is stated after charging:-		
Auditors' remuneration (including Value Added Tax)	982	951
Depreciation on fixtures, fittings, tools and equipment	1,130	208

4. TAXATION

Taxation has been provided at a rate of 24%/23% (1996 25%/24%) on the profits for the year as adjusted for tax purposes	<u>3,929</u>	<u>3,905</u>
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5. TANGIBLE FIXED ASSETS

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 11TH NOVEMBER 1997 (CONT'D)

5. TANGIBLE FIXED ASSETS

	<u>Freehold investment property</u>	<u>Fixtures, fittings, tools and equipment</u>	<u>Total</u>	<u>1996</u>
	£	£	£	£
Cost or valuation:				
At 12.11.96	407,125	6,457	413,582	225,198
Additions	10,699	4,816	15,515	178,558
Surplus on revaluation	2,330	-	2,330	9,826
	<u>420,154</u>	<u>11,273</u>	<u>431,427</u>	<u>413,582</u>
At 11.11.97				
Depreciation:				
At 12.11.96	-	5,627	5,627	5,419
Provided	-	1,130	1,130	208
	<u>-</u>	<u>6,757</u>	<u>6,757</u>	<u>5,627</u>
At 11.11.97				
Net Book Value:				
At 12.11.96	<u>407,125</u>	<u>830</u>	<u>407,955</u>	<u>219,779</u>
At 11.11.97	<u>420,154</u>	<u>4,516</u>	<u>424,670</u>	<u>407,955</u>

Freehold investment properties were valued for the purpose of these financial statements at open market valuation for existing use. These valuations were made in the United Kingdom by William Beresford, a director of the company and considered the local market in such properties.

If investment properties had not been revalued they would have been included at the following:-

	<u>1997</u>	<u>1996</u>
	£	£
Cost	<u>370,130</u>	<u>359,431</u>

6. DEBTORS

Prepayments and accrued income	<u>908</u>	<u>1,616</u>
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7. CREDITORS: amounts falling due within one year

BIRCHGROVE PROPERTIES (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 11TH NOVEMBER 1997 (CONT'D)

7. CREDITORS: amounts falling due within one year

	<u>1997</u>	<u>1996</u>
	£	£
Deposits received	3,190	2,650
<u>Less</u> Held in trust accounts	<u>3,190</u>	<u>2,650</u>
	-	-
Loans	231,000	231,000
Corporation Tax	3,929	3,919
Other taxation	1,480	-
Creditors	301	8,676
Accruals	1,735	1,413
	<u>238,445</u>	<u>245,008</u>

Loans outstanding at the end of the year amounted to £231,000, repayable on demand. Interest is payable half yearly on these loans.

8. SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
Authorised: Ordinary Shares of £1	1,000,000	1,000,000
Allotted, called up and fully paid: Ordinary Shares of £1	90,002	90,002

9. REVALUATION RESERVE

Balance at 12.11.96		
Surplus arising on revaluation of investment properties	47,694	37,868
Arising on revaluation at 11.11.97	<u>2,330</u>	<u>9,826</u>
Balance at 11.11.97	<u>50,024</u>	<u>47,694</u>

10. PROFIT AND LOSS ACCOUNT

Balance at 12.11.96	58,867	43,580
Profit retained for year	<u>16,610</u>	<u>15,287</u>
Balance at 11.11.97	<u>75,477</u>	<u>58,867</u>

11. RECONCILIATION OF SHAREHOLDERS' FUNDS

Profit for the year	16,610	15,287
Unrealised surplus on revaluation of investment properties	<u>2,330</u>	<u>9,826</u>
Net additions to shareholders' funds	18,940	25,113
Opening shareholders' funds	<u>196,563</u>	<u>171,450</u>
Closing shareholders' funds	<u>215,503</u>	<u>196,563</u>

12. RELATED PARTIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 11TH NOVEMBER 1997 (CONT'D)

12. RELATED PARTIES

For the entire year, Mr William Beresford, Mr John Beresford and Mr O D Black, all directors of the company controlled slightly in excess of fifty percent of the issued share capital of the company.

For the entire year the company owed £115,500 to each of the aforementioned Mr O D Black and to Mrs M Beresford (the wife of the aforementioned Mr William Beresford. Mrs Beresford also held 20,000 ordinary shares of £1 each in the company, that shareholding representing approximately 22.2% of the issued share capital of the company.