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WILLOWCOMBE LIMITED

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AMENDED  
FINANCIAL ACCOUNTS FOR THE  
YEAR ENDED 31ST DECEMBER 1997

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GRAHAM COHEN & CO. LTD.  
ACCOUNTANTS

WILLOWCOMBE LIMITED

DIRECTORS: R A Austin  
H M Austin  
C H Bowden (Appointed on 10.01.97)  
S M Lupton (Appointed on 10.01.97)

SECRETARY: R A Austin

REGISTERED OFFICE: 16 South End  
Croydon  
Surrey  
CR0 1DN

REGISTERED NUMBER: 1215712

BANKERS: National Westminster Bank Plc  
6 High Street  
Teddington  
Middlesex  
TW11 8EP

ACCOUNTANTS: Graham Cohen & Co. Ltd.  
Accountants  
16 South End  
Croydon  
Surrey  
CR0 1DN

WILLOWCOMBE LIMITED  
FINANCIAL ACCOUNTS  
FOR THE YEAR ENDED 31ST DECEMBER 1997

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- 3. Report of the Accountants
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The following page does not form part of the Statutory Accounts

Appendix

- 1. Trading and Profit and Loss Account

WILLOWCOMBE LIMITED  
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 1997

The directors present their annual report with the accounts of the company for the year ended 31st December 1997.

**RESULTS**

The results of the year are set out in the profit and loss account on page 4.

A dividend of £1800 was paid in respect of the period.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the acquisition and rental of premises.

**DIRECTORS**

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	Ordinary Shares of £1 each	
	<u>1997</u>	<u>1996</u>
R A Austin	5,900	5,900
H M Austin	2,900	2,900
C H Bowden (Appointed on 10.01.97)	600	600
S M Lupton (Appointed on 10.01.97)	600	600

**DIRECTORS' RESPONSIBILITIES**

We are required under company law to prepare financial accounts for each financial year 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 accounts we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial accounts 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 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.

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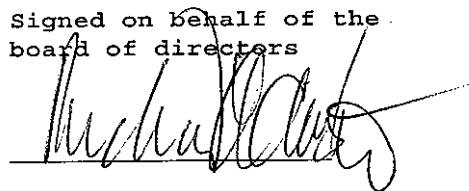
WILLOWCOMBE LIMITED  
REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1997

SMALL COMPANY EXEMPTIONS

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the  
board of directors

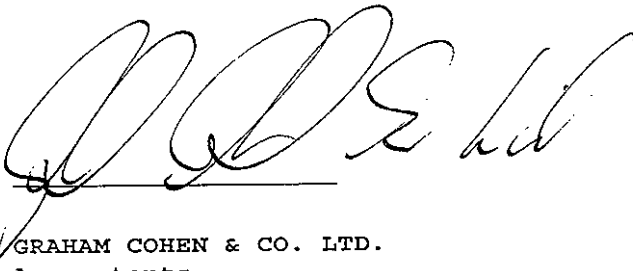
A handwritten signature in dark ink, appearing to read 'R A Austin', is written over a horizontal line.

R A Austin  
Secretary

26th October 1998

ACCOUNTANTS' REPORT  
ON THE UNAUDITED FINANCIAL STATEMENTS TO THE DIRECTORS OF  
WILLOWCOMBE LIMITED

As described on the balance sheet you are responsible for the preparation of the financial accounts for the year ended 31st December 1997, set out on pages 4 to 12, and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited financial accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

A large, stylized handwritten signature in dark ink, appearing to read 'Graham Cohen & Co. Ltd.', is written over a horizontal line.

GRAHAM COHEN & CO. LTD.  
Accountants

16 South End  
Croydon  
Surrey  
CR0 1DN

8.2.1998

WILLOWCOMBE LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
TURNOVER	2	92,953	96,892
Net Operating Expenses			
Administrative Expenses		35,165	(38,367)
<u>OPERATING PROFIT</u>	3	57,788	135,259
Exceptional Gains	4	79,225	-
Income from Investments	5	137,013 13,937	135,259 8,176
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		150,950	143,435
Tax on Ordinary Activities	6	14,958	44,397
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		135,992	99,038
Dividends	14	1,800	7,500
<u>RETAINED PROFIT FOR THE YEAR</u>		<u>£ 134,192</u>	<u>£ 91,538</u>

See Note 12 for Movement on Reserves.

The notes on pages 8 to 12 form part of these accounts.

WILLOWCOMBE LIMITEDSTATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>1997</u>	<u>1996</u>
	£	£
Profit for the financial year	135,992	99,038
Unrealised surplus on revaluation of Fixed Assets	43,622	186,355
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	<u>179,614</u>	<u>285,393</u>



WILLOWCOMBE LIMITED  
BALANCE SHEET  
AS AT 31ST DECEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible Assets	8	804,235	1,150,052
<b>CURRENT ASSETS</b>			
Debtors	9	196,142	60,000
Cash at Bank and in Hand		405,204	257,296
		601,346	317,296
CREDITORS : Amounts Falling Due within One Year	10	(126,490)	(379,925)
NET CURRENT ASSETS/(LIABILITIES)		474,856	(62,629)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,279,091	1,087,423
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
	13	(22,500)	(8,645)
		<u>£1,256,591</u>	<u>£1,078,778</u>
<b>CAPITAL AND RESERVES</b>			
Share Capital	11	10,000	10,000
Revaluation Reserve	12	84,661	32,061
Profit and Loss Account	12	1,161,930	1,036,717
<u>TOTAL SHAREHOLDERS' FUNDS</u>		<u>£1,256,591</u>	<u>£1,078,778</u>

continued .....

WILLOWCOMBE LIMITEDBALANCE SHEET

(continued)

AS AT 31ST DECEMBER 1997

The directors consider that for the year ended 31st December 1997 the company was entitled to exemption under subsection 2 of section 249A of the Companies Act 1985. No member or members have deposited a notice requesting an audit for the current financial year under subsection 2 of section 249B of the Act.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985 and preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

Signed on behalf of the  
board of directors



R A Austin  
Director

Approved by the board: 26th October 1998

The notes on pages 8 to 12 form part of these accounts.

WILLOWCOMBE LIMITED

NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST 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 as modified to incorporate the revaluation of certain fixed assets.

**Turnover**

Turnover represents rents receivable.

**Tangible Fixed Assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold Property	Nil % on cost or revalued amount
Plant and Equipment	15% on cost

**Deferred Taxation**

Deferred Taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Cash Flow Statement**

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

**2. TURNOVER**

The Turnover and Profit (1996 - Profit) before taxation for the year is attributable to the principal activity of the Company which is that of the acquisition and rental of premises.

In the opinion of the Directors, all of the company's turnover took place within the UK. (1996-100%)

**3. OPERATING PROFIT**

The Operating Profit (1996 - Profit) is stated after charging:

	<u>1997</u>	<u>1996</u>
	£	£
Depreciation of Tangible Fixed Assets	44	52

**4. EXCEPTIONAL GAINS**

	<u>1997</u>	<u>1996</u>
	£	£
Profit on disposal of fixed assets	79,225	71,782

These relate to the disposals of five properties to Cherryoak Limited, a related party. Gains in 1996 were from sales to unrelated parties.

**5. INCOME FROM INVESTMENTS**

	<u>1997</u>	<u>1996</u>
	£	£
Bank Interest Received	13,937	8,176

WILLOWCOMBE LIMITEDNOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST DECEMBER 1997**6. TAXATION**

The tax charge on the profit on ordinary activities was as follows:

	<u>1997</u>	<u>1996</u>
	£	£
Corporation Tax	15,605	44,396
Prior Year Adjustment	(647)	1
	<u>          </u>	<u>          </u>

Corporation tax has been charged on the profit at 21.75% (1996 28.15%)

The charge for the year has been increased by expenditure not allowable for taxation.

**7. DIRECTORS' REMUNERATION**

	<u>1997</u>	<u>1996</u>
	£	£
Directors' Emoluments	2,850	-
	<u>          </u>	<u>          </u>

**8. TANGIBLE FIXED ASSETS**

	Land & Buildings	Plant & Machinery etc	TOTAL
	£	£	£
<b>COST OR VALUATION</b>			
At 1st January 1997	1,149,758	1,171	1,150,929
Additions in year	96,115	-	96,115
Revaluation surplus	57,477	-	57,477
Disposals in year	(499,364)	-	(499,364)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31st December 1997	803,986	1,171	805,157
	<u>          </u>	<u>          </u>	<u>          </u>
<b>DEPRECIATION</b>			
At 1st January 1997	-	877	877
Charge for the year	-	44	44
	<u>          </u>	<u>          </u>	<u>          </u>
At 31st December 1997	-	921	921
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET BOOK VALUE</b>			
At 31st December 1997	803,985	250	804,235
	<u>          </u>	<u>          </u>	<u>          </u>
At 31st December 1996	1,149,758	294	1,150,052
	<u>          </u>	<u>          </u>	<u>          </u>

The historical cost of Freehold Land and Buildings included above at a valuation of £803,986 was £696,822 (1996- £1,113,737) and the aggregate depreciation thereon would have been £Nil (1996- £Nil).

WILLOWCOMBE LIMITED

NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST DECEMBER 1997

9. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Amounts due within one year:		
Related Party- Cherryoak Limited	136,142	-
Related Party- Thurland Limited	60,000	60,000
	<u>196,142</u>	<u>60,000</u>

10. CREDITORS: Amounts falling  
Due within One Year

	<u>1997</u>	<u>1996</u>
	£	£
Related Party- Cherryoak Limited	-	163,472
Other Creditors:		
Taxation	12,355	44,396
Director's Loan Account- R Austin	18,293	144,815
Director's Loan Account- H M Austin	4,892	10,479
Proposed Dividend	2,000	15,000
Accruals and Other Creditors	89,013	1,763
	<u>126,490</u>	<u>379,925</u>

11. SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
Authorised £1 Ordinary Shares	<u>£10,000</u>	<u>£10,000</u>
Allotted, Called Up and Fully Paid	<u>10,000</u>	<u>10,000</u>

All of the above shares are equity shares.

WILLOWCOMBE LIMITED

NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST DECEMBER 1997

12. RESERVES

	<u>Share Premium Account</u> £	<u>Revaluation Reserve</u> £	<u>Profit &amp; Loss A/c</u> £
At 1st January 1997	-	32,061	1,036,716
Surplus on revaluation of Land & Buildings	-	43,622	-
Transfers to/from Profit & Loss	-	8,978	(8,978)
Retained Profit for the year	-	-	134,192
At 31st December 1997	-	84,661	1,161,930

In accordance with SSAP 19 properties owned by the company for investment purposes are shown at open market valuation. The valuation was carried out by R Austin, a director of the company. Any surplus or deficit is taken to the Investment Revaluation Reserve.

13. PROVISION FOR LIABILITIES AND CHARGES

Provisions:	<u>At Start of Year</u> £	<u>Movement</u> £	<u>At End of Year</u> £
Deferred Taxation (see below)	(8,645)	(13,855)	(22,500)
	(8,645)	(13,855)	(22,500)

Deferred taxation is attributable to:	<u>Provided</u>	<u>Unprovided</u>
	<u>1997</u> £	<u>1996</u> £
Capital gains	22,500	8,645

14. DIVIDENDS

	<u>1997</u> £	<u>1996</u> £
Dividends - Final Proposed	-	7,500
Dividends - Final Paid	1,800	-
	1,800	7,500

WILLOWCOMBE LIMITEDNOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST DECEMBER 1997**15. RELATED PARTIES**

The directors of the company are also directors of Cherryoak Limited and Thurland Limited.

- i) Management fees of £13,800 (1996 £15800), were charged by Cherryoak Limited as a contribution towards central overheads.
- ii) During the year five properties were sold to Cherryoak Limited, resulting in a net gain of £79,225.

Three of the properties were fully paid for in the year. Payments due for the other two properties have been debited to Cherryoak Limited's loan account.

- iv) Loan account balances with these two companies are disclosed in note 9.

Ultimate control of the company is in the hands of Mr R Austin and Mrs H M Austin.

WILLOWCOMBE LIMITEDTRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>1997</u>		<u>1996</u>	
	£	£	£	£
Rent Received		92,953		96,892
Bank Interest Received		13,937		8,176
		<u>106,890</u>		<u>105,068</u>
<b>LESS OVERHEADS</b>				
Management Charges	14,472		15,800	
Repairs and Renewals	7,436		3,035	
Telephone Charges	453		924	
Printing Postage and Stationery	43		305	
Heating and Lighting	2,042		2,023	
Insurances	2,582		3,509	
Rent and Rates	2,496		4,103	
Bank Interest and Charges	306		452	
Legal and Professional Fees	-		1,449	
Sundry Expenses	591		-	
Directors' Emoluments	2,850		-	
Accountants' Fees	1,850		1,763	
Depreciation Plant & Equipment	44		52	
		<u>35,165</u>		<u>33,415</u>
<b>NET PROFIT BEFORE EXCEPTIONAL ITEMS</b>		71,725		71,653
<b>EXCEPTIONAL ITEMS</b>				
Profit on Disposal of Fixed Assets		79,225		71,782
<b><u>NET PROFIT FOR THE YEAR</u></b>		<u>150,950</u>		<u>143,435</u>

This page does not form part of the statutory accounts.