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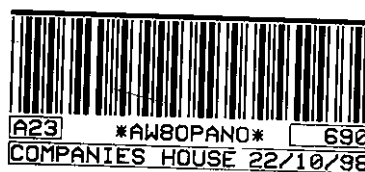
Company Registration No. 2569040

PARKINSON ESTATES PLC

Report and Financial Statements

31 March 1998

**Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN**





DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 1998.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

Parkinson Estates PLC is the parent company of a group of companies predominantly engaged in the investment in and development of commercial land and property.

The group has continued to improve its position during the financial year. Business activity so far in the current year has already been significant giving rise to a healthy optimistic forecast for future trading results, prospects for asset growth and increased profitability.

RESULTS AND DIVIDENDS

The group results for the year are set out on page 6. The directors do not recommend the payment of a dividend. Retained profits of £171,498 (1997 £109,673) have been transferred to reserves.

YEAR 2000

The "millennium bug" or "Year 2000 issue" refers to potential problems in the processing of date or operation of electronic equipment affected by the transition from 1999 to 2000.

The directors fully recognise the potential risks associated with this issue and are taking all reasonable steps to ensure that the company is prepared for this transition.

FIXED ASSETS

A summary of the group's tangible fixed assets is set out in note 9 to the financial statements.

The directors are of the opinion that the market value of the freehold investment property is in excess of its book value but in the absence of a professional valuation are unable to quantify such excess.

CREDITORS PAYMENT POLICY

The Group seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with suppliers when the details of each transaction are settled. The Group will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders.

Property acquisitions and similar transactions are such that any calculation of the number of creditor days would prove meaningless.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served throughout the year and their interests in the share capital of the company are as follows:

	Ordinary shares of £1 each			
	At 31 March 1998		At 31 March 1997	
	Fully Paid	25p Paid	Fully Paid	25p Paid
S Parkinson	1,000	49,949	1,000	49,949
M C Parkinson	2	49	2	49




DIRECTORS' REPORT

AUDITORS

A resolution for the-re-appointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors
and signed on behalf of the Board



P ALTON

Secretary

**STATEMENT OF 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 and the group as at the end of the financial year and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed;
- 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 the group and to enable them to ensure that the financial statements comply with the Companies Act. 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.



AUDITORS' REPORT TO THE MEMBERS OF PARKINSON ESTATES PLC

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 2 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 circumstances of the company and the group, 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.

**AUDITORS' REPORT TO THE MEMBERS OF PARKINSON ESTATES PLC
(continued)**Qualified opinion arising from disagreement about accounting treatment

The group follows the policy of including investment properties in the balance sheet at cost. This is not in accordance with Statement of Standard Accounting Practice 19 'Accounting for investment properties' which requires that such properties be included at open market value. Any surplus or deficit arising from a valuation would increase or decrease the amount shown in the balance sheet for investment properties. In the absence of a valuation being made of the group's investment properties it is not practicable to quantify the effects of the departure.

Except for the failure to account for investment properties in the manner described above, in our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

21 October 1998



CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 March 1998

	Note	1998 £	1997 £
TURNOVER	2	370,740	488,694
Cost of sales		(13,661)	(233,440)
Gross profit		357,079	255,254
Administrative expenses		(101,590)	(104,810)
OPERATING PROFIT		255,489	150,444
Income from interests in associated company	4	101,010	50,585
Interest receivable - bank interest		65,388	31,872
Interest payable	5	(198,341)	(105,295)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	223,546	127,606
Tax on profit on ordinary activities	7	(52,048)	(17,933)
PROFIT FOR THE YEAR	17	171,498	109,673

All activities derive from continuing operations.

There are no recognised gains and losses or movements in shareholders' funds other than the profit for the financial year. Accordingly, no statement of total recognised gains and losses or reconciliation of movements in shareholders' funds is given.



CONSOLIDATED BALANCE SHEET
31 March 1998

	Note	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets					
Investment properties	9	2,131,765		2,131,765	
Other	9	3,952		4,200	
		2,135,717		2,135,965	
Investments	10	110,736		121,183	
			2,246,453		2,257,148
CURRENT ASSETS					
Stocks	11	469,348		105,900	
Debtors	12	52,913		126,306	
Cash at bank and in hand		992,291		927,298	
		1,514,552		1,159,504	
CREDITORS: amounts falling due within one year	13	(535,370)		(1,186,750)	
NET CURRENT ASSETS/(LIABILITIES)			979,182		(27,246)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,225,635		2,229,902
CREDITORS: amounts falling due after more than one year	14		(1,974,361)		(1,150,126)
			1,251,274		1,079,776
CAPITAL AND RESERVES					
Called up share capital	16		51,000		51,000
Capital reserve	17		223,611		223,611
Profit and loss account	17		976,663		805,165
TOTAL EQUITY SHAREHOLDERS' FUNDS			1,251,274		1,079,776

These financial statements were approved by the Board of Directors on 20 October 1998

Signed on behalf of the Board of Directors

S PARKINSON

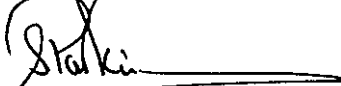
Director

**BALANCE SHEET
31 March 1998**

	Note	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets					
Investment properties	9	1,889,035		1,889,035	
Other	9	3,600		3,265	
		<u>1,892,635</u>		<u>1,892,300</u>	
Investments	10	1,002		1,002	
			1,893,637		1,893,302
CURRENT ASSETS					
Stocks	11	469,348		105,900	
Debtors	12	51,296		112,816	
Cash at bank		720,476		718,076	
		<u>1,241,120</u>		<u>936,792</u>	
CREDITORS: amounts falling due within one year	13	<u>(1,082,240)</u>		<u>(1,683,615)</u>	
NET CURRENT ASSETS/(LIABILITIES)			158,880		(746,823)
TOTAL ASSETS LESS CURRENT LIABILITIES			2,052,517		1,146,479
CREDITORS: amounts falling due after more than one year	14		<u>(1,829,222)</u>		<u>(1,002,091)</u>
			<u>223,295</u>		<u>144,388</u>
CAPITAL AND RESERVES					
Called up share capital	16		51,000		51,000
Profit and loss account	17		172,295		93,388
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u>223,295</u>		<u>144,388</u>

These financial statements were approved by the Board of Directors on 20 October 1998

Signed on behalf of the Board of Directors



S PARKINSON

Director



CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 1998

		1998 £	1997 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		255,489	150,444
Depreciation charges		1,706	3,571
(Profit) on sale of fixed assets		-	(3,580)
(Increase) in stock		(363,448)	-
Decrease/(increase) in debtors		73,393	(61,584)
(Decrease)/increase in creditors		(176,352)	142,191
Net cash (outflow)/inflow from operating activities		<u>(209,212)</u>	<u>231,042</u>
Cash flow statement			
Net cash (outflow)/inflow from operating activities		(209,212)	231,042
Returns from investments and servicing of finance	(i)	(42,953)	(63,423)
Taxation paid		(2,529)	(56,051)
Capital expenditure	(i)	(1,458)	(879,891)
		<u>(256,152)</u>	<u>(768,323)</u>
Financing			
Cash inflow from debt financing	(i)	936,845	1,126,741
Increase in cash		<u>680,693</u>	<u>358,418</u>
Reconciliation of net cash flow to movement in net debt			
	(ii)		
Increase in cash in the period		680,693	358,418
Cash (inflow) from (increase) in debt financing		(936,845)	(1,126,741)
Change in net debt		<u>(256,152)</u>	<u>(768,323)</u>
Net debt at 1 April 1997	(ii)	<u>(1,009,857)</u>	<u>(241,534)</u>
Net debt at 31 March 1998	(ii)	<u>(1,266,009)</u>	<u>(1,009,857)</u>



NOTES TO THE CASH FLOW STATEMENT
Year ended 31 March 1998

(i) GROSS CASH FLOWS

	1998 £	1997 £
Returns on investments and servicing of finance		
Interest received	65,388	31,872
Interest paid	(198,341)	(105,295)
Dividends received	90,000	10,000
	<u>(42,953)</u>	<u>(63,423)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(1,458)	(883,471)
Receipts from sales of tangible fixed assets	-	3,580
	<u>(1,458)</u>	<u>(879,891)</u>
Financing		
Bank loan received	1,000,000	1,150,000
Loan repayments	(63,155)	(23,259)
	<u>936,845</u>	<u>1,126,741</u>

(ii) ANALYSIS OF CHANGES IN NET DEBT

	1997 £	Cash flows £	1998 £
Cash in hand and at bank	927,298	64,993	992,291
Overdraft	(651,218)	615,700	(35,518)
	<u>276,080</u>	<u>680,693</u>	<u>956,773</u>
Bank loan	(1,129,652)	(939,741)	(2,069,393)
Mortgage loan	(156,285)	2,896	(153,389)
	<u>(1,285,937)</u>	<u>(936,845)</u>	<u>(2,222,782)</u>
	<u>(1,009,857)</u>	<u>(256,152)</u>	<u>(1,266,009)</u>

**NOTES TO THE ACCOUNTS**
Year ended 31 March 1998**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards except for Statement of Standard Accounting Practice 19. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all subsidiaries for the financial year ended 31 March 1998.

Turnover

Turnover represents the amount receivable in respect of property sales, rental income on property held and property valuation fees.

Tangible fixed assets

Investment property is included at cost and no depreciation is provided. The directors consider that their policy, in this respect, results in the financial statements giving a true and fair view.

The cost of investment property includes the associated professional costs incurred in obtaining title to each property.

Depreciation is provided at rates whereby fixed assets will be fully written down in equal annual instalments over their estimated working lives as follows:

Motor vehicles	25% on cost
Fixtures and fittings	15% on cost

Investments

Except as stated below, investments held as fixed assets are stated at cost less provision for permanent diminution in value.

In the consolidated accounts, shares in associated undertakings are accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the pre-tax profits and attributable taxation of the associates based on audited financial statements for the year ended 31 March 1998. In the consolidated balance sheet, the shares in associates are shown at the group's share of the net assets, excluding goodwill, of the associates.

Stocks

Land and buildings for resale are stated at cost, being actual purchase price less amounts transferred to cost of sales when properties are sold. Costs includes site development expenditure and directly related professional charges.



NOTES TO THE ACCOUNTS
Year ended 31 March 1998

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

2. ANALYSIS OF TURNOVER

Analysis by class of business of turnover, all of which arises in the United Kingdom, are stated below:

	1998 £	1997 £
Property sales	-	300,000
Rental income	340,330	173,765
Valuation fees, management fees and consultancy	30,410	14,929
	<u>370,740</u>	<u>488,694</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1998 £	1997 £
Directors' emoluments, including benefits in kind	<u>20,590</u>	<u>20,556</u>
Employee costs during the year: Wages and salaries	<u>16,084</u>	<u>15,264</u>
	No	No
Average number of persons employed Directors	<u>2</u>	<u>2</u>

During the year the group has been supplied with professional services amounting to £52,000 by a business in which Mr S Parkinson and Mrs M C Parkinson are partners.

At 31 March 1998 Mr S Parkinson held 50% of the ordinary share capital of Maypole Estates Limited (see note 4).

4. ASSOCIATED UNDERTAKINGS

The group holds 50% of the ordinary share capital in both Stanley N Evans (Properties) Limited and Maypole Estates Limited (formerly Pargas (Maypole) Limited), companies trading and dealing in land and buildings. The most recent audited financial statements were made up to 31 March 1998. Both companies are registered in England.



NOTES TO THE ACCOUNTS
Year ended 31 March 1998

5. INTEREST PAYABLE

	1998	1997
	£	£
On bank loans and overdrafts	183,913	91,106
On mortgage loan	14,428	14,189
	<u>198,341</u>	<u>105,295</u>

Included above is interest of £5,374 (1997: £47,672) in respect of borrowings repayable within five years.

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998	1997
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets:	1,706	3,571
Auditors' remuneration	3,000	2,900
	<u>4,706</u>	<u>6,471</u>

7. TAXATION

	1998	1997
	£	£
Corporation tax payable based on the profit for the year at 31% less marginal relief (1997: 24%)	32,462	4,400
Adjustment to prior years' provision	(1,871)	1,051
Associated company	21,457	12,482
	<u>52,048</u>	<u>17,933</u>

8. RESULTS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £78,907 (1997 £10,557).


NOTES TO THE ACCOUNTS
Year ended 31 March 1998
9. TANGIBLE FIXED ASSETS

(a) The Group	Investment	Equipment	Motor	Total
	properties	and	vehicles	
	£	fittings	£	£
Cost				
At 1 April 1997	2,131,765	21,494	5,500	2,158,759
Additions	-	1,458	-	1,458
At 31 March 1998	2,131,765	22,952	5,500	2,160,217
Accumulated depreciation				
At 1 April 1997	-	17,294	5,500	22,794
Charge for the year	-	1,706	-	1,706
At 31 March 1998	-	19,000	5,500	24,500
Net book value				
At 31 March 1998	2,131,765	3,952	-	2,135,717
At 31 March 1997	2,131,765	4,200	-	2,135,965
(b) The Company	Investment	Motor	Office	Total
	properties	vehicles	equipment	
	£	£	£	£
Cost				
At 1 April 1997	1,889,035	5,500	7,229	1,901,764
Additions	-	-	1,458	1,458
At 31 March 1998	1,889,035	5,500	8,687	1,903,222
Accumulated depreciation				
At 1 April 1997	-	5,500	3,964	9,464
Charge for the year	-	-	1,123	1,123
At 31 March 1998	-	5,500	5,087	10,587
Net book value				
At 31 March 1998	1,889,035	-	3,600	1,892,635
At 31 March 1997	1,889,035	-	3,265	1,892,300


NOTES TO THE ACCOUNTS
Year ended 31 March 1998
10. INVESTMENTS HELD AS FIXED ASSETS

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Shares in group companies - subsidiaries	-	-	1,000	1,000
Interest in associated undertakings:				
Cost of shares	1,002	1,002	2	2
Share of profit brought forward	120,181	92,078	-	-
Share of profit for the year less dividends received	(10,447)	28,103	-	-
	<u>110,736</u>	<u>121,183</u>	<u>1,002</u>	<u>1,002</u>

Details of the subsidiary companies, all of which are registered in England are as follows:

Name	Activity	Portion of ordinary shares held
Homedea Limited	Trading and dealing in land and buildings	100%
Upperlead Limited	Trading and dealing in land and buildings	100% (50% held by Homedea Limited)
Realty Limited	Dormant	99% (held by Homedea Limited)

Details of associated undertakings are shown in note 4

11. STOCKS

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Land and buildings for resale	<u>469,348</u>	<u>105,900</u>	<u>469,348</u>	<u>105,900</u>

12. DEBTORS

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	12,025	74,232	8,812	71,947
Amounts due from group undertakings	-	-	1,818	1,018
Amounts due from associated undertakings	1,748	9,713	1,748	1,748
Other debtors	19	18	-	-
Called up share capital not paid	37,499	37,499	37,499	37,499
Prepayments and accrued income	1,622	4,844	1,419	604
	<u>52,913</u>	<u>126,306</u>	<u>51,296</u>	<u>112,816</u>

All amounts included above are due within one year.


NOTES TO THE ACCOUNTS
Year ended 31 March 1998
13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank overdrafts	35,518	651,218	35,518	651,218
Bank loan	240,171	127,561	240,171	127,561
Mortgage loan	8,250	8,250	-	-
Trade creditors	24,250	24,774	23,754	20,575
Amounts due to group undertakings	-	-	608,409	604,409
Amounts due to associated undertaking	39,658	35,000	-	-
Corporation tax	32,462	4,400	29,000	4,100
Other taxation and social security	12,776	75,579	11,295	23,969
Director's current account	5,178	219	5,180	221
Accruals and deferred income	137,107	259,749	128,913	251,562
	<u>535,370</u>	<u>1,186,750</u>	<u>1,082,240</u>	<u>1,683,615</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank loans	1,829,222	1,002,091	1,829,222	1,002,091
Mortgage loan	145,139	148,035	-	-
	<u>1,974,361</u>	<u>1,150,126</u>	<u>1,829,222</u>	<u>1,002,091</u>

15. BORROWINGS

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Mortgage loan	153,389	156,285	-	-
Bank loan	2,069,393	1,129,652	2,069,393	1,129,652
Bank overdrafts	35,518	651,218	35,518	651,218
	<u>2,258,300</u>	<u>1,937,155</u>	<u>2,104,911</u>	<u>1,780,870</u>
Due within one year	283,939	787,029	275,689	778,779
Due after more than one year	<u>1,974,361</u>	<u>1,150,126</u>	<u>1,829,222</u>	<u>1,002,091</u>
	<u>2,258,300</u>	<u>1,937,155</u>	<u>2,104,911</u>	<u>1,780,870</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

15 BORROWINGS (continued)

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Analysis of loan repayments				
Bank loans and overdrafts				
Within one year or on demand	275,689	778,779	275,689	778,779
Between one and two years	240,171	127,561	240,171	127,561
Between two and five years	720,512	382,680	720,512	382,680
After five years	868,539	491,850	868,539	491,850
Mortgage loan				
Within one year	8,250	8,250	-	-
Between one and two years	8,250	8,250	-	-
Between two and five years	24,750	24,750	-	-
After five years	112,139	115,035	-	-
	<u>2,258,300</u>	<u>1,937,155</u>	<u>2,104,911</u>	<u>1,780,870</u>

Bank borrowings are secured by charges over the assets of the group.

The bank loans are repayable by monthly instalments and bear interest at 1.75% above the bank's base rate with a minimum rate of 5.75% per annum.

A mortgage advance of £206,500 was obtained in March 1990 and is repayable in monthly instalments for 25 years. The rate of interest on the loan is 1.5% above normal building society base rate. The loan is secured on certain of the group's freehold investment property.

16. CALLED UP SHARE CAPITAL

	1998	1997
	£	£
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted and fully paid:		
1,002 Ordinary shares of £1 each	1,002	1,002
Allotted and partly paid		
49,998 Ordinary shares of £1 each - 25p paid	<u>49,998</u>	<u>49,998</u>
	<u>51,000</u>	<u>51,000</u>



NOTES TO THE ACCOUNTS
Year ended 31 March 1998

17. RESERVES

	Group		Company
	Profit and loss account £	Capital reserve arising on consolidation £	Profit and loss account £
At 1 April 1997	805,165	223,611	93,388
Profit for the year	171,498	-	78,907
At 31 March 1998	<u>976,663</u>	<u>223,611</u>	<u>172,295</u>

18. FINANCIAL COMMITMENTS

	Group		Company	
	1998 £	1997 £	1998 £	1997 £
Capital commitments				
Contracted for but not provided	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

19. DEFERRED TAXATION

No provision for deferred tax is required and none is unprovided.

20. CONTINGENT LIABILITY

There is an unlimited cross guarantee between the company and its subsidiaries in respect of bank borrowings. Bank borrowings of subsidiaries amounted to £Nil at 31 March 1998.