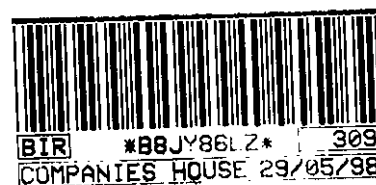


Vestcave Limited
Annual report
for the year ended 31 July 1997

Registered no: 2305399



Vestcave Limited

Annual report for the year ended 31 July 1997

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**Report of the directors
for the year ended 31 July 1997**

The directors present herewith the audited financial statements for the year ended 31 July 1997.

Principal activities

1 The principal activity of the company is the provision of furnished property for letting. The profit and loss account for the year is set out on page 4.

Review of business and future developments

2 The directors consider the level of business and the year end financial position to be satisfactory.

Dividends and reserves

3 The directors do not recommend the payment of a dividend. The retained profit of £2,108 has been transferred to reserves (1996 - £780).

Fixed assets

4 The movements in fixed assets during the year are set out in note 6 to the accounts on page 8.

Directors' interests in shares

5 The directors and their beneficial interests in the shares of the company at 31 July 1997 and 31 July 1996 were as follows:

		1997	1996
		Number	Number
		of	of
		shares	shares
J M Neill	Ordinary shares of £1 each	60,900	60,900
J A Neill	Ordinary shares of £1 each	100	100

Auditors

6 A resolution to reappoint Coopers & Lybrand as the company's auditors will be proposed at the annual general meeting.

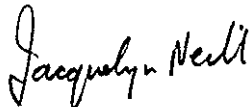
Directors' responsibilities

7 The directors are required by UK company law to prepare financial statements for each financial year 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 the profit or loss for that period.

8 The directors confirm that, in preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

9 The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



J A NEILL

Secretary

28th May 1998

Report of the auditors to the members of Vestcave Limited

We have audited the financial statements on pages 4 to 9.

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.

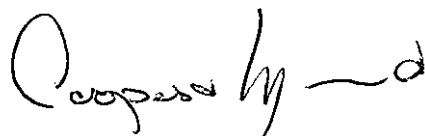
Basis of opinion

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 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 at 31 July 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Coopers & Lybrand**

Chartered Accountants and Registered Auditors
Birmingham

28 May 1998

**Profit and loss account
for the year ended 31 July 1997**

	Notes	1997 £	1996 £
Turnover - continuing operations	2	<u>10,200</u>	<u>9,825</u>
Profit on ordinary activities for the year	3	<u>2,108</u>	<u>780</u>

Statement of accumulated deficit

Accumulated deficit at 1 August 1996	(11,609)	(12,389)
Profit on ordinary activities	<u>2,108</u>	<u>780</u>
Accumulated deficit at 31 July 1997	<u>(9,501)</u>	<u>(11,609)</u>

The company has no recognised gains or losses other than the losses above and therefore no separate statement of total recognised gains or losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the historical cost equivalent.

Balance sheet
at 31 July 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	6	72,469	74,017
Current assets			
Cash at bank and in hand		955	952
Creditors : amounts falling due within one year	7	(21,925)	(25,578)
Net current liabilities		(19,825)	(24,626)
Total assets less current liabilities		<u>51,499</u>	<u>49,391</u>
Capital and reserves			
Called up share capital	9	61,000	61,000
Profit and loss account		(9,501)	(11,609)
Equity shareholders' funds		<u>51,499</u>	<u>49,391</u>

These financial statements were approved by the board on [28] May 1998.

J M NEILL }
 } Directors
J A NEILL }

W. Neill
Jacqueline Neill

Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Opening shareholders' funds	49,391	48,611
Profit for the financial year	2,108	780
Closing shareholders' funds	<u>51,499</u>	<u>49,391</u>

**Notes to the financial statements
for the year ended 31 July 1997****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies is set out below:

Accounting Convention

The accounts have been prepared under the historical cost convention.

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

Tangible fixed assets

Provision for depreciation is made so as to write off the cost or valuation of tangible fixed assets on a straight line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are:

	%
Leasehold property	2
Furniture and fittings	10-33

Deferred tax

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that in the opinion of the directors there is reasonable probability that the liability will not arise in the foreseeable future.

2 Turnover

Turnover is rent received from the company's United Kingdom property.

3 Profit on ordinary activities for the year (from continuing operations)

	1997 £	1996 £
Rent received (see note 2)	10,200	9,825
Administrative expenses	(5,291)	(6,455)
	<hr/>	<hr/>
Operating profit (see note 4)	4,909	3,370
Interest receivable and similar income	3	5
Interest payable and similar charges	(1,659)	(2,155)
	<hr/>	<hr/>
Profit on ordinary activities before tax	3,253	1,220
Tax on profit on ordinary activities: UK Corporation tax at 25%	(1,145)	(440)
	<hr/>	<hr/>
Profit on ordinary activities for the year	<u>2,108</u>	<u>780</u>

4 Operating profit

Operating profit is stated after charging:

	1997 £	1996 £
Directors' emoluments	-	-
Auditor's remunerations - for audit	646	646
Depreciation of tangible fixed assets	2,208	2,143
	<hr/>	<hr/>

5 Employee information

The company had no employees during the period with the exception of the executive directors.

6 Tangible fixed assets

	Leasehold property £	Furniture & fittings £	Total £
Cost			
At beginning of year	86,912	2,746	89,658
Additions	-	660	660
At end of year	86,912	3,406	90,318
Accumulated depreciation			
At beginning of year	13,904	1,737	15,641
Charge for year	1,738	470	2,208
At end of year	15,642	2,207	17,849
Net book value			
At 31 July 1997	71,270	1,199	72,469
At 31 July 1996	73,008	1,009	74,017

7 Creditors : amounts falling due within one year

	1997 £	1996 £
Bank overdraft	18,635	22,814
Other creditors	595	959
Accruals and deferred income	1,550	1,365
Corporation tax	1,145	440
	21,925	25,578

8 Provision for liabilities and charges

In the opinion of the directors, there was no potential liability to deferred taxation as at 31 July 1997.

9 Called up share capital

	1997 Number	1996 Number
Ordinary shares of £1 each	100,000	100,000
Issued and fully paid	61,000	61,000

10 Commitments and contingent liabilities**(a) Capital commitments**

At 31 July 1997 there was no capital expenditure contracted for nor any expenditure approved by the directors but not yet contracted for.

(b) Contingent liabilities

The company's overdraft is secured by a fixed charge on the leasehold property held by the Royal Bank of Scotland plc.