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REGISTRAR

673358

F.H. PROPERTIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1999



REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1999

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The following pages do not form part of the statutory accounts:

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COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | F.T. Hockenhull Mrs. Dorothy Hockenhull - Appointed 01/06/1999 |
| Secretary | C.J. Pointon |
| Registered Office | 26 Princess Drive Wistaston Crewe, Cheshire CW2 8HP |
| Company Number | 00673358 |
| Accountants | Sheridan & Co. Cleveland House 28/32 Edleston Road Crewe, Cheshire CW2 7HD |
| Bankers | Lloyds Bank Plc 2 Market Street Crewe, Cheshire CW1 2EQ |

REPORT OF THE DIRECTORS

The Directors present their Report and Financial Statements for the year ended 31st December 1999.

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 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

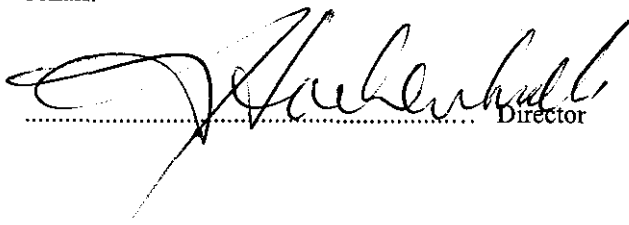
The principal activity of the Company continues to be that of property letting.

Directors

The Directors at 31st December 1999 and their interests in the shares of the Company were as follows:

| | <u>Ordinary Shares of £1 Each</u> | |
|--------------------|-----------------------------------|------------------------------|
| | <u>At 31st December 1999</u> | <u>At 31st December 1998</u> |
| F.T. Hockenhull | 14 | 16 |
| Mrs. D. Hockenhull | 2 | - |
| | <hr/> | <hr/> |

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 26th July 2000 and signed on its behalf.


..... Director

**ACCOUNTANTS' REPORT ON THE UNAUDITED ACCOUNTS TO THE DIRECTORS OF
F.H. PROPERTIES LIMITED**

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31st December 1999 set out on pages 3 to 11, and you consider that the company is exempt from an audit and a report under section 249A(2) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Cleveland House
28/32 Edleston Road
Crewe, Cheshire

Sheridan & Co.
Accountants

Certificate Date:

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1999

| | <u>Note</u> | <u>1999</u> | <u>1998</u> |
|---|-------------|----------------|----------------|
| | | £ | £ |
| Rents Received | | 38,739 | 33,597 |
| Management Charges | | 11,876 | 8,929 |
| | | <u>50,615</u> | <u>42,526</u> |
| Property Expenses | | 9,755 | 4,652 |
| Administration Expenses | | 26,614 | 22,820 |
| | | <u>36,369</u> | <u>27,472</u> |
| <u>OPERATING PROFIT</u> | 2 | 14,246 | 15,054 |
| Loss on Disposal of Tangible Fixed Assets | | -- | -1,178 |
| <u>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</u> | | 14,246 | 13,876 |
| Interest Receivable and Similar Income | 3 | -157 | -1,614 |
| Interest Payable | 4 | 8,917 | 8,637 |
| | | <u>8,760</u> | <u>7,023</u> |
| <u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u> | | 5,486 | 6,853 |
| Tax on Profit on Ordinary Activities | 5 | 5,636 | 3,165 |
| <u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u> | | -150 | 3,688 |
| Dividends: Equity Shares | 6 | 8,000 | -- |
| <u>(LOSS)/PROFIT FOR THE YEAR</u> | | -8,150 | 3,688 |
| Retained Profit Brought Forward | | 18,187 | 14,499 |
| <u>BALANCE CARRIED FORWARD</u> | | £10,037 | £18,187 |

Note: There were no recognised gains or losses other than those included in the profit and loss account.

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

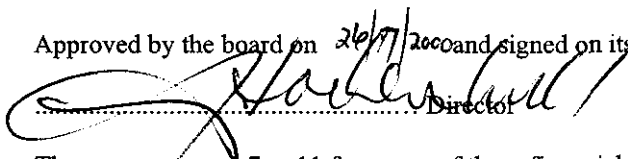
BALANCE SHEET AS AT 31st DECEMBER 1999

| | <u>Note</u> | <u>1999</u> | <u>1998</u> |
|---|-------------|-------------|-------------|
| | | £ | £ |
| <u>FIXED ASSETS</u> | | | |
| Tangible Assets | 7 | 167,524 | 176,032 |
| <u>CURRENT ASSETS</u> | | | |
| Debtors | 8 | 19,649 | 22,194 |
| Cash at Bank and in Hand | | 33,642 | 7,901 |
| | | 53,291 | 30,095 |
| <u>CREDITORS: Amounts Falling Due Within One Year</u> | 9 | 22,931 | 25,093 |
| <u>NET CURRENT ASSETS</u> | | 30,360 | 5,002 |
| <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u> | | 197,884 | 181,034 |
| <u>CREDITORS: Amounts Falling Due After More Than One Year</u> | 10 | 110,000 | 85,000 |
| <u>NET ASSETS</u> | | £87,884 | £96,034 |
| <u>CAPITAL AND RESERVES</u> | | | |
| Called Up Share Capital | 12 | 200 | 200 |
| Revaluation Reserve | | 77,647 | 77,647 |
| Profit and Loss Account | | 10,037 | 18,187 |
| <u>SHAREHOLDERS FUNDS</u> | 13 | £87,884 | £96,034 |
| <u>Represented By:-</u> | | | |
| Equity Interests | | £87,884 | £96,034 |

For the financial year ended 31st December 1999 the company was entitled to exemption from audit under section 249(1) Companies Act 1985; and no notice has been deposited under section 249B(2). The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Act and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the 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 Companies Act 1985, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions of Part VII of Companies Act 1985 relating to small companies.

Approved by the board on 26/7/2000 and signed on its behalf.


Director

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1999**1. ACCOUNTING POLICIES****a. Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention and 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 the requirement to produce a cash flow statement on the grounds that it is a small company.

b. Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

c. Tangible Fixed Assets and Depreciation

Tangible Fixed Assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------|--------|------------------------------------|
| Motor Vehicles | 20.00% | per annum, on the reducing balance |
| Office Equipment | 20.00% | per annum, on the reducing balance |

d. Leasing and Hire Purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

e. Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

f. Stocks and Work in Progress

Stocks and Work in Progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

g. Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1999 (CONTD)**1. ACCOUNTING POLICIES (CONTD)****h. 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 accounting 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.

i. Freehold Property

No Depreciation has been provided in respect of the Freehold Property owned by the Company, as in the opinion of the Director, the market value is in excess of their cost. No quantification of the excess has been made in the accounts, as none was available.

2. OPERATING PROFIT

The operating profit is stated after charging:

| | 1999 | 1998 |
|--|---------------|---------------|
| | £ | £ |
| Depreciation of Tangible Fixed Assets | | |
| owned by the company | 8,508 | 10,377 |
| held under finance leases | -- | -- |
| Operating Lease Rentals | | |
| hire of plant and machinery | -- | -- |
| other | -- | -- |
| Directors' emoluments | -- | -- |
| Pension Costs | -- | -- |
| | <hr/> | <hr/> |
| 3. INTEREST RECEIVABLE AND SIMILAR INCOME | | |
| Bank Deposit Interest | £157 | £1,614 |
| | <hr/> | <hr/> |
| 4. INTEREST PAYABLE | | |
| Bank Interest | -- | 137 |
| Loan Interest | 8,917 | 8,500 |
| | <hr/> | <hr/> |
| | £8,917 | £8,637 |
| | <hr/> | <hr/> |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1999 (CONTD)5. TAXATION

| | <u>1999</u> | <u>1998</u> |
|---|-------------|-------------|
| | <u>£</u> | <u>£</u> |
| <u>UK current year taxation</u> | | |
| UK Corporation Tax at 20.25% (1998: 23.25%) | 2,161 | 3,165 |
| Transfer to deferred taxation | -- | -- |
| | <hr/> | <hr/> |
| | -- | 3,165 |
| <u>Prior Years</u> | | |
| UK Corporation Tax | 3,475 | -- |
| | <hr/> | <hr/> |
| | £5,636 | £3,165 |
| | <hr/> | <hr/> |

If provision were made for deferred taxation on the basis of the full potential liability, the tax charge would increase by £NIL (1998 : £NIL) due to accelerated capital allowances.

6. DIVIDENDS

No dividends were paid during the year.

7. TANGIBLE FIXED ASSETS

| | Freehold Property | Motor Vehicles | Office Equipment | Total |
|---------------------------|----------------------|-------------------|---------------------|----------------|
| | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> |
| <u>COST</u> | | | | |
| At 31st December 1998 | 133,412 | 50,770 | 3,850 | 188,032 |
| Additions | -- | -- | -- | -- |
| Disposals | -- | -- | -- | -- |
| At 31st December 1999 | <hr/> £133,412 | <hr/> £50,770 | <hr/> £3,850 | <hr/> £188,032 |
| <u>DEPRECIATION</u> | | | | |
| At 31st December 1998 | -- | 10,154 | 1,846 | 12,000 |
| Charge for the Year | -- | 8,123 | 385 | 8,508 |
| On Disposals | -- | -- | -- | -- |
| At 31st December 1999 | <hr/> £-- | <hr/> £18,277 | <hr/> £2,231 | <hr/> £20,508 |
| <u>NET BOOK VALUE</u> | | | | |
| At 31st December 1998 | <hr/> £133,412 | <hr/> £40,616 | <hr/> £2,004 | <hr/> £176,032 |
| At 31st December 1999 | <hr/> £133,412 | <hr/> £32,493 | <hr/> £1,619 | <hr/> £167,524 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1999 (CONTD)

| | <u>1999</u> | <u>1998</u> |
|---|-----------------|----------------|
| | <u>£</u> | <u>£</u> |
| 8. DEBTORS | | |
| <u>Due Within One Year</u> | | |
| Trade Debtors | 19,649 | 17,318 |
| Other Debtors | -- | 4,461 |
| Prepayments and Accrued Income | -- | 415 |
| | <u>£19,649</u> | <u>£22,194</u> |
| 9. CREDITORS: Amounts Falling Due Within One Year | | |
| Corporation Tax | 8,975 | 8,665 |
| Other Creditors | 13,956 | 16,428 |
| | <u>£22,931</u> | <u>£25,093</u> |
| 10. CREDITORS: Amounts Falling Due After More Than One Year | | |
| Faslane Limited | -- | 85,000 |
| Hockenhull Estates Ltd | 110,000 | -- |
| | <u>£110,000</u> | <u>£85,000</u> |
| 11. DEFERRED TAXATION | | |
| The additional potential liability for deferred taxation not provided was as follows: | | |
| Accelerated capital allowances | <u>£NIL</u> | <u>£NIL</u> |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1999 (CONTD)

| | <u>1999</u> £ | <u>1998</u> £ |
|--|------------------|------------------|
| 12. <u>SHARE CAPITAL</u> | | |
| Authorised: 1,000 Ordinary Shares of £1 Each | £1,000 | £1,000 |
| Allotted, Called Up and Fully Paid 200 Ordinary Shares of £1 Each | £200 | £200 |
| 13. <u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS</u> | | |
| (Loss)/Profit for the Financial Year | -150 | 3,688 |
| Dividend | 8,000 | -- |
| Net (Deduction)/Addition to Shareholders Funds | -8,150 | 3,688 |
| Opening Shareholders Funds | 96,034 | 92,346 |
| | £87,884 | £96,034 |

14. CONTINGENT LIABILITIES

There were none.

15. CAPITAL COMMITMENTS

There were none.

16. OTHER COMMITMENTS

There were none.

17. TRANSACTIONS WITH DIRECTORS

There were transactions with the directors during the year which affected the directors loan account balances. The balance at 31st December 1999 was £321 (1998 : £4,461). The balance is included in Other Creditors.

18. POST BALANCE SHEET EVENTS

There were no material events up to the date of approval of the Financial Statements by the Board.

19. RELATED PARTIES

There were no related party transactions during the year.