

604053.

MERITYRE PROPERTIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1997



MERITYRE PROPERTIES LIMITED

COMPANY INFORMATION

Directors:	N C Pope
	J J Pope
	J R W Pope
Secretary:	G D Allen
Company Number	604053
Registered Office:	West Way Walworth Industrial Estate Andover, Hants SP10 5JG
Auditor:	David Holton
	Registered Auditor and Chartered Accountant
	33 Blandy Road Henley-on-Thames Oxon
Accountant and Tax consultant	R. J. Roper & Co 8 Dark Lane Tilehurst Reading RG3 6RA

MERITYRE PROPERTIES LIMITED**REPORT OF THE DIRECTORS**

The Directors submit their Annual Report to the members for the year ended 31st March, 1997.

Principal Activity

The principal activities maintained by the Company throughout the year were those of property dealers and were confined to the United Kingdom.

Review of the Business

The results for the year are shown in the attached financial statements and are considered satisfactory.

Dividend

The Directors recommend the payment of a dividend of £100 per share (1996 £ 100).

Exports

No goods were exported from the United Kingdom during the year.

Future Developments

Adequate finance is available to take advantage of business opportunities and future developments. The Directors consider the state of affairs to be satisfactory.

Directors

The Directors during the year and their shareholdings were:-

	<u>Ordinary Shares of £1 each</u>	
	<u>31.3.97</u>	<u>31.3.96</u>
J J Pope	32	32
Minor children	16	4
N C Pope	22	22
Minor children	26	14
N C & J J Pope (Jointly)	4	1
J R W Pope	-	-

Fixed Assets

Property consists of a warehouse unit with offices on the Walworth Industrial Estate, Andover. Acquisitions and disposals of fixed assets during the year are shown in the notes to the financial statements. The directors are of the opinion that the market value of these properties is in excess of the Balance Sheet figure.

Continued...

MERITYRE PROPERTIES LIMITED**REPORT OF THE DIRECTORS (Continued)**Going Concern

The board considers that the Company has adequate resources to continue in operational existence for the foreseeable future.. For this reason, the directors continue to adopt the going concern basis in preparing the accounts

Directors' Responsibilities

The directors are required by 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 and loss for that period. In preparing theses financial statements the directors are required to:

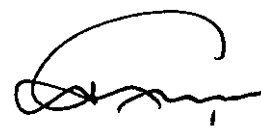
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis.

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.

Auditor

The Auditor, David Holton, will be proposed for re-appointment in accordance with Section 384 (1) of the Companies Act 1985.

By order of the Board
G D Allen



Secretary

25 July 1997

REPORT OF THE AUDITOR TO THE MEMBERS OF MERITYRE PROPERTIES LIMITED

I have audited the financial statements on pages 4 - 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the Directors and Auditors

As described on pages 1 and 2, the Company's directors are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of Opinion

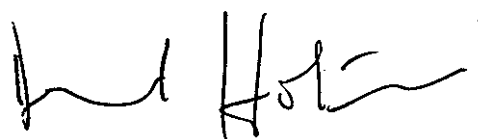
I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements on pages 4 to 9 give a true and fair view of the state of the company at 31st March 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

David Holton, Chartered Accountant,
Registered Auditor,
33 Blandy Road
Henley-On-Thames, Oxon



25 July 1997.

MERITYRE PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1997

	<u>Notes</u>	<u>31.3.97</u>	<u>31.3.96</u>
<u>Turnover</u> - continuing operations	2	133,817	137,081
Other operating costs		51,832	53,581
Administrative expenses		18,777	19,208
		<u>70,609</u>	<u>72,789</u>
<u>OPERATING PROFIT</u> - continuing operations	3	63,208	64,292
Interest payable	4	(38,834)	(41,729)
Interest receivable	5	8,951	8,441
PROFIT on Ordinary activities before taxation		<u>33,325</u>	<u>31,004</u>
TAXATION	6	(11,248)	(11,243)
<u>PROFIT</u> for the financial year after taxation		<u>22,077</u>	<u>19,761</u>
DIVIDENDS	7	(10,000)	(10,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>12,077</u>	<u>9,761</u>
RETAINED PROFIT at 1st April 1996		<u>334,432</u>	<u>324,671</u>
<u>RETAINED PROFIT at 31st March 1997</u>		<u>£346,509</u>	<u>£334,432</u>

There are no recognised gains or losses in 1997 or 1996 other than the profit and loss for the year.

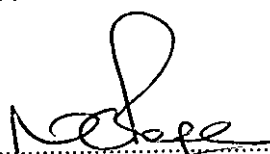
The Notes on pages 6 to 9 form an integral part of these financial statements.

MERITYRE PROPERTIES LIMITED**BALANCE SHEET****AS AT 31ST MARCH 1997**

	<u>Notes</u>	<u>31.3.97</u>	<u>31.3.96</u>
<u>FIXED ASSETS</u>			
Tangible fixed assets	8	559,084	618,246
<u>CURRENT ASSETS</u>			
Debtors	9	8,979	6,699
Cash at bank & in hand		203,411	168,480
		212,390	175,179
<u>CREDITORS</u>: Amounts falling due within one year	10	93,579	89,608
Net current assets		118,811	85,571
TOTAL ASSETS LESS CURRENT LIABILITIES		677,895	703,817
<u>CREDITORS</u>: Amounts falling due after one year	11	331,286	369,285
NET ASSETS		£346,609	£334,532
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	12	100	100
Profit and Loss Account		346,509	334,432
EQUITY SHAREHOLDERS FUNDS	14	£346,609	£334,532

The Notes on pages 6 to 9 form an integral part of these financial statements

Approved by the Board of Directors on 25 July 1997, and signed on its behalf by:

 N C Pope

Directors

 J J Pope

MERITYRE PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 1997**

1. **ACCOUNTING POLICIES** - the financial statements have been prepared in accordance with the Companies Act 1985 as amended, and with the applicable accounting standards.

- a. **Basis of accounting.** The financial statements are prepared under the historical cost convention.
- b. **Turnover** from continuing operations comprises sales of property, rents and consultancy fees received.
- c. **Tangible Fixed Assets** are depreciated on a straight line basis over the following estimated useful lives:-

	<u>Life in years</u>
Buildings, Warehouse and Offices	50

- d. **Deferred taxation** Provision is made at current rates for taxation deferred by material timing differences to the extent that there is a reasonable probability that the liability will arise in the foreseeable future.

2. **TURNOVER AND PROFIT**

The turnover and profit before taxation are attributable to the one principal activity of the Company and relate wholly to trade in the United Kingdom.

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	<u>31.3.97</u>	<u>31.3.96</u>
Continuing operations	£	£
Depreciation of fixed assets	13,312	14,220
Directors' Remuneration	14,419	14,376
Auditors remuneration	1,000	1,000
	<u> </u>	<u> </u>

4. **INTEREST PAYABLE**

Bank loan	<u>£38,834</u>	<u>£41,729</u>
-----------	----------------	----------------

5. **INTEREST RECEIVABLE**

Bank deposit interest	<u>£8,951</u>	<u>£8,441</u>
-----------------------	---------------	---------------

Continued...

MERITYRE PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 1997 (continued)****6. TAXATION**

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

	<u>31.3.97</u>	<u>31.3.96</u>
Corporation tax on profits at 24% (1996 - 25%)	11,248	11,276
Adjustment for previous year	-	(33)
	<u>£11,248</u>	<u>£11,243</u>

There is no need to provide a provision for Deferred Taxation as there is no liability arising from timing differences.

7. DIVIDENDS

	<u>31.3.97</u>	<u>31.3.96</u>
Proposed dividend of £100 per Ordinary share (1996: £100)	<u>£10,000</u>	<u>£10,000</u>

8. FIXED ASSETS

	<u>Freehold Property</u>	<u>Long Leasehold Warehouse and Offices</u>	<u>TOTAL</u>
<u>Cost</u>			
As at 1.4.96	50,390	665,580	715,970
Disposals	(50,390)	-	(50,390)
As at 31.3.97	<u>-</u>	<u>665,580</u>	<u>665,580</u>
<u>Depreciation</u>			
As at 1.4.96	4,540	93,184	97,724
On disposals	(4,540)	-	(4,540)
Charge for year	-	13,312	13,312
As at 31.3.97	<u>-</u>	<u>106,496</u>	<u>106,496</u>
<u>Net Book Values</u>			
As at 31.3.97	<u>£-</u>	<u>£559,084</u>	<u>£559,084</u>
As at 31.3.96	<u>£45,850</u>	<u>£572,396</u>	<u>£618,246</u>

Continued...

MERITYRE PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 1997 (continued)****9. DEBTORS**

	<u>31.3.97</u>	<u>31.3.96</u>
Other debtors	7,574	5,000
Prepayments	1,405	1,699
	<u>£8,979</u>	<u>£6,699</u>

Other debtors includes ACT of £7,500 (1996: £5,000).

10. CREDITORS

Amounts falling due within one year :

	<u>31.3.97</u>	<u>31.3.96</u>
Social Security & other taxes	715	745
Accruals	5,024	3,965
Corporation tax	11,248	11,276
Directors' loan	-	293
Dividend	10,000	10,000
Bank loan	34,700	31,400
Rent received in advance	31,892	31,929
	<u>£93,579</u>	<u>£89,608</u>

11. CREDITORS

Amounts falling due after more than one year :

	<u>31.3.97</u>	<u>31.3.96</u>
Bank loan	<u>£331,286</u>	<u>£369,295</u>

The bank loan is secured by Mortgage over Leasehold property situated on the Walworth Industrial Estate, Andover, and is repayable in monthly instalments over fifteen years commencing 13th August 1990. Interest on £350,000 is fixed at a rate of 9.95% per annum, the balance at floating rate.

12. CALLED UP SHARE CAPITAL

	<u>31.3.97</u>	<u>31.3.96</u>
Authorised		
100 Ordinary shares of £1	<u>£100</u>	<u>£100</u>
Allotted, issued and fully paid		
100 Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>

Continued...

MERITYRE PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 1997 (continued)****13. COMMITMENTS**

The Company has the following annual commitments in respect of leasehold property:

	<u>31.3.97</u>	<u>31.3.96</u>
Expiring 10.11.97	250	250
Subject to review 8.5.98	<u>34,000</u>	<u>34,000</u>

14. EQUITY SHAREHOLDERS FUNDS

	<u>31.3.97</u>	<u>31.3.96</u>
Opening Shareholders funds	334,532	324,771
Profit for the financial year	22,077	19,761
Dividend	<u>(10,000)</u>	<u>(10,000)</u>
Closing Shareholders funds	<u>£336,609</u>	<u>£334,532</u>