

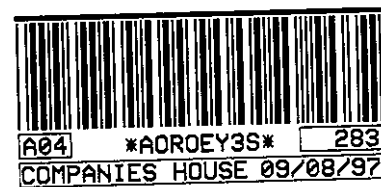


Registration Number 445626

BRIGHTSTONE ESTATES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 1996



BRIGHTSTONE ESTATES LIMITED

REPORT AND FINANCIAL STATEMENTS 1996

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BRIGHTSTONE ESTATES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	R J I Mais R J C Upton C L Walker-Robson
Secretary	C L Walker-Robson
Auditors	Deloitte & Touche Chartered Accountants
Bankers	The Royal Bank of Scotland plc
Solicitors	Lovell White Durrant
Registered Office	CNC House The Grand Union Office Park Packet Boat Lane Uxbridge UB8 2GH



BRIGHTSTONE ESTATES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

1. ACTIVITIES

The company's principal activity is property investment and development.

2. RESULTS AND DIVIDENDS AND TRANSFERS TO RESERVES

The profit after taxation was £4,109,000 (1995 - £241,000). The directors paid a final dividend of £8,520,000 (1995 proposed dividend of - £241,000) which makes a total dividend for the year of £8,520,000 (1995 - £241,000). The retained loss of £4,411,000 (1995 - £nil) has been transferred from reserves.

3. FUTURE DEVELOPMENTS

The company owns a piece of land which is held for development in the future.

4. DIRECTORS

The present membership of the Board is set out on page 1. On 12 June 1996 Messrs J Eker, M E W Jackson and B Pollard resigned and Messrs A J Nedham, R J I Mais, R J C Upton and C L Walker-Robson were appointed in their place. In addition Mr A J Nedham resigned on 20 September 1996.

Messrs R J I Mais, R J C Upton and C L Walker-Robson are directors of CNC Properties Plc of which this company is a wholly owned subsidiary and their interests in the share capital of the parent company are shown in the directors' report of that company.

5. INSURANCE

The company maintains insurance for the directors against liability attaching to any of them in respect of any negligence, default, breach of duty or breach of trust of which any might be guilty in relation to the company and its subsidiaries.

6. CHANGE IN OWNERSHIP

On 12 June 1996, CNC Properties Plc acquired all the ordinary share capital of Brightstone Properties Plc, the previous ultimate holding company of the company.

7. AUDITORS

KPMG resigned as auditors of the company on 12 June 1996 and Deloitte & Touche were appointed in their place and have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

C L WALKER-ROBSON
SECRETARY

10.3.97 1997

BRIGHTSTONE ESTATES LIMITED

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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a 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.



Chartered Accountants

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

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International + 44 171 936 3000
Telex: 884739 TRLNDN G
Fax (Gp. 3): 0171 583 8517
LDE: DX 599

BRIGHTSTONE ESTATES LIMITED

AUDITORS' REPORT TO THE MEMBERS OF BRIGHTSTONE ESTATES LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 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 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors

22 July 1997

Hill House
1 Little New Street
London EC4A 3TR



BRIGHTSTONE ESTATES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1996

	Note	1996 £'000	1995 £'000
Turnover	2	797	764
Cost of sales		(90)	(51)
		<hr/>	<hr/>
Gross profit		707	713
Net operating expenses		(54)	(292)
		<hr/>	<hr/>
Operating profit	3	653	421
Provision for permanent diminution in value of investment property		(6)	-
Loss on sale of investment property		(327)	-
Dividends receivable		4,344	231
		<hr/>	<hr/>
Profit on ordinary activities before interest		4,664	652
Net interest payable	4	(449)	(411)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		4,215	241
Tax on profit on ordinary activities	5	(106)	-
		<hr/>	<hr/>
Profit for the financial year		4,109	241
Equity dividends	6	(8,520)	(241)
		<hr/>	<hr/>
Loss for the financial year		(4,411)	-
		=====	=====

All activities derive from continuing operations.

NOTE OF HISTORICAL COST PROFITS AND LOSSES:

	1996 £'000	1995 £'000
Profit on ordinary activities before taxation	4,215	241
Realisation of property revaluation gains of previous years	3,149	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	7,364	241
	=====	=====
Historical cost loss for year after taxation and dividends	(1,262)	-
	=====	=====



BRIGHTSTONE ESTATES LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS
 AND LOSSES**

For the year ended 31 December 1996

	1996 £'000	1995 £'000
Profit for the financial year	4,109	241
Unrealised deficit arising on revaluation of fixed assets	-	(643)
	<hr/>	<hr/>
Total recognised gains and losses for the year	4,109 =====	(402) =====

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 December 1996

	1996 £'000	1995 £'000
Profit for the financial year	4,109	241
Dividends	(8,520)	(241)
	<hr/>	<hr/>
Other recognised losses as above	(4,411) -	- (643)
	<hr/>	<hr/>
Net reduction in shareholders' funds	(4,411)	(643)
Opening shareholders' funds	5,911	6,554
	<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS	1,500 =====	5,911 =====





BRIGHTSTONE ESTATES LIMITED

BALANCE SHEET 31 DECEMBER 1996

	Note	1996 £'000	1995 £'000
FIXED ASSETS			
Investment properties	7	-	9,586
Other tangible assets	8	-	35
Other investments	9	60	60
		<hr/>	<hr/>
		60	9,681
		<hr/>	<hr/>
CURRENT ASSETS			
Properties held for resale		-	5
Debtors	10	1,697	91
Cash at bank and in hand		-	1,792
		<hr/>	<hr/>
		1,697	1,888
		<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(257)	(1,408)
		<hr/>	<hr/>
NET CURRENT ASSETS		1,440	480
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,500	10,161
		<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	-	(4,250)
		<hr/>	<hr/>
NET ASSETS		1,500	5,911
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	13	1,500	1,500
Revaluation reserve	14	-	3,149
Profit and loss account	14	-	1,262
		<hr/>	<hr/>
TOTAL EQUITY SHAREHOLDERS' FUNDS		1,500	5,911
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 11 June 1997.


 C L WALKER-ROBSON
 R J I MAIS  DIRECTORS

**BRIGHTSTONE ESTATES LIMITED****NOTES TO THE ACCOUNTS**For the year ended 31 December 1996**I. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below:

(a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

(b) Consolidation

No consolidated accounts have been prepared as the company is a wholly owned subsidiary of CNC Properties Plc. These financial statements present information about the individual undertaking only.

(c) Investment properties

Investment properties are re-valued annually at open market value, and the aggregate surplus or deficit to the extent that any deficit is considered temporary, is transferred to the revaluation reserve. Permanent deficits are written off to the profit and loss account. A property is regarded as complete at such time as the building is fully let or the rental income exceeds interest and other outgoings.

(d) Properties held for resale

Properties held for resale are valued at the lower of cost and net realisable value.

(e) Turnover

Turnover comprises the sales value of rents receivable and trading properties realised.

(f) Depreciation

No depreciation is provided on investment properties. The Companies Act 1985 requires all properties to be depreciated. However, the directors consider that these properties should be included in the financial statements at their open market values in order to give a true and fair view and therefore consider it necessary to adopt Statement of Standard Accounting Practice No. 19. If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

(g) Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.



BRIGHTSTONE ESTATES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

2. TURNOVER

	Turnover	
	1996	1995
	£'000	£'000
Sale of property	5	-
Gross rental income	792	764
	<hr/>	<hr/>
	797	764
	=====	=====

All turnover is in the United Kingdom.

3. OPERATING PROFIT

(a) Operating profit is stated after charging:

	1996	1995
	£'000	£'000
Depreciation	2	13
Auditors remuneration - audit fees	20	12
Loss on sale of fixed assets	3	-
Directors' remuneration	-	38
	=====	=====

(b) Staff costs in 1996 have been borne by the company's ultimate parent company.

4. NET INTEREST PAYABLE

	1996	1995
	£'000	£'000
Interest on debenture repayable in more than 5 years	498	498
Bank interest receivable	(49)	(87)
	<hr/>	<hr/>
	449	411
	=====	=====



BRIGHTSTONE ESTATES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £'000	1995 £'000
Corporation tax at 33%	92	-
Prior year adjustment	14	-
	<hr/>	<hr/>
	106	-
	=====	=====

The taxation charge for the year ended 31 December 1996 is disproportionately low due to non-taxable inter group income.

6. DIVIDENDS

	1996 £'000	1995 £'000
Dividends paid (1995 proposed)	8,520	241
	=====	=====

7. INVESTMENT PROPERTIES

	£'000
Valuation:	
At 1 January 1996	9,586
Additions	62
Disposals	(232)
Charged to profit and loss account	(6)
Transfer to group companies	(9,410)
	<hr/>
At 31 December 1996	-
	=====



BRIGHTSTONE ESTATES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

8. OTHER TANGIBLE ASSETS

**Fixtures, fittings,
& equipment
£'000**

Cost at 1 January 1996	67
Disposals	(43)
Transfers to group companies	(24)
	<hr/>
At 31 December 1996	-
	=====
Depreciation	
At 1 January 1996	32
Charge for year	2
Disposals	(13)
Transfer to group companies	(21)
	<hr/>
At 31 December 1996	-
	=====
Net Book Value	
At 31 December 1996	-
	=====
At 31 December 1995	35
	=====

9. OTHER INVESTMENTS

Investments in subsidiary companies

£'000

Cost at 1 January 1996 and 31 December 1996	60
	=====

The subsidiary companies which are dormant, wholly owned and incorporated in Great Britain are as follows:-

COMPANY

ISSUED SHARE CAPITAL

Brightstone (Midlands) Investments Limited	1,200 Ordinary £1 shares
Brightstone (Southern) Investments Limited	5,000 Ordinary £1 shares
Brightstone (Hampshire) Properties Limited	10,000 Ordinary £1 shares
Southern Trading Estate (Staines) Limited	10,000 Ordinary £1 shares



BRIGHTSTONE ESTATES LIMITED

NOTES TO THE ACCOUNTS
For the year ended 31 December 1996

10. DEBTORS

	1996 £'000	1995 £'000
Trade debtors	-	42
Amounts owed by ultimate parent company	1,697	-
Prepayments	-	29
Other debtors	-	20
	<hr/>	<hr/>
	1,697	91
	=====	=====

**11. CREDITORS: AMOUNTS FALLING DUE
 WITHIN ONE YEAR**

	1996 £'000	1995 £'000
Trade creditors	-	33
Amounts owed to subsidiary undertaking	-	490
Amounts owed to parent undertaking	-	84
Other creditors	206	233
Accruals	-	70
Deferred income	-	194
Proposed dividend	-	241
Taxation	51	63
	<hr/>	<hr/>
	257	1,408
	=====	=====

**12. CREDITORS: AMOUNTS FALLING DUE
 AFTER MORE THAN ONE YEAR**

	1996 £'000	1995 £'000
Debenture loans	-	4,250
	=====	=====

The debenture loans comprised:

- (a) 11.41% £2,250,000 First Mortgage Debenture Stock repayable 2012, and
- (b) 12.01% £2,000,000 First Mortgage Debenture Stock repayable 2013.

The debenture loans were secured by a fixed charge on certain of the investment properties owned by the company and by a floating charge on the total assets of the company.

The debenture loans and security have been transferred to the ultimate parent company.



BRIGHTSTONE ESTATES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

13. CALLED UP SHARE CAPITAL

	1996 £'000	1995 £'000
Authorised:		
1,500,000 ordinary shares of £1 each	1,500	1,500
	=====	=====
Called up allotted and fully paid:		
1,500,000 ordinary shares of £1 each	1,500	1,500
	=====	=====

14. STATEMENT OF MOVEMENTS ON RESERVES:

	Profit and loss account £'000	Revaluation reserves £'000	Total £'000
Balance at 1 January	1,262	3,149	4,411
Loss retained for the year	(4,411)	-	(4,411)
Transfer of realised profits	3,149	(3,149)	-
	-----	-----	-----
Balance at 31 December	-	-	-
	=====	=====	=====

15. CONTINGENT LIABILITIES

The company does not have any contingent liabilities.

16. ULTIMATE PARENT COMPANY

The company's ultimate parent and controlling company is CNC Properties Plc, a company incorporated in Great Britain. Copies of the group financial statements of CNC Properties Plc are available from the Secretary, CNC House, The Grand Union Office Park, Packet Boat Lane, Uxbridge UB8 2GH.

The company's parent company is Brightstone Properties Plc, incorporated in Great Britain.

17. RELATED PARTY TRANSACTIONS

As permitted by Section 3(c) of Financial Reporting Standard 8, the company has not presented details of inter-group related party transactions.