

15

Company Registration No: 854154

BDS INVESTMENTS LIMITED

Report and Financial Statements

31 December 1997



REPORT AND FINANCIAL STATEMENTS 1997

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M H Marx
R H Pearse

SECRETARY

S A Lanes

REGISTERED OFFICE

Portland House
Stag Place
London SW1E 5DS

DIRECTORS' REPORT

The directors present their annual report and financial statement for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company at present and for the foreseeable future is that of property investment. The company has not traded throughout the period since its incorporation.

DIVIDENDS

The directors do not recommend the payment of a dividend (1996: £nil).

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:

M H Marx
A E Bodie (resigned 21 May 1997)
R H Pearse

None of the directors had any interests in the shares of the company nor any other Group company except as noted below.

The interests of M H Marx in the 50p ordinary shares of Development Securities PLC, the ultimate parent company, and the options granted to him under that company's share option scheme are disclosed in the 1997 Report and Financial Statements of that Company.

R H Pearse is entitled to the following options granted by Development Securities PLC:

<i>Date of Grant</i>	<i>Number</i>	<i>Exercise Dates</i>	<i>Price</i>
27 June 1995	100,000 (1)	27 June 1998 to 26 June 2005	168p
6 May 1997	7,040 (2)	1 June 2002 to 30 November 2002	196p
21 May 1998	20,000 (1)	21 May 2001 to 20 May 2008	328.5p

(1) Granted under the Executive Share Option Scheme 1995, with a performance condition that the net assets per ordinary share of the Group are equal to or in excess of the average growth in the All Properties Capital Growth Index during the same period over three consecutive financial years.

(2) Granted under the Savings Related Option Scheme 1995.

PAYMENT POLICY

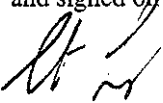
Amounts due to suppliers are settled promptly within their terms of payment, except in cases of dispute.

DIRECTORS' REPORT (continued)

AUDITORS

The company has been dormant throughout the financial year and has passed a resolution under S250 Companies Act 1985 not to appoint auditors.

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



S A Lanes
Secretary

27th July 1998

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 its profit or loss for that year. 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.

BDS INVESTMENTS LIMITED**BALANCE SHEET****31 December 1997**

	Note	1997 £	1996 £
CURRENT ASSETS			
Amount due from group undertaking:			
Unpaid share capital		<u>£2</u>	<u>£2</u>
 CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	3	<u>2</u>	<u>2</u>
EQUITY SHAREHOLDERS' FUNDS		<u>£2</u>	<u>£2</u>

The company has been dormant throughout the period since its incorporation.

The financial statements were approved by the Board of Directors on 27th July 1998

Signed on behalf of the Board of Directors



M H Marx
Director

NOTES TO THE ACCOUNTS

Year ended 31 December 1997

1 ACCOUNTING POLICY

The financial statement has been prepared in accordance with applicable accounting standards and the historic cost basis of accounting.

2 PROFIT AND LOSS ACCOUNT

The company has not traded during the current and preceding financial year and accordingly no profit and loss account is presented.

There were no recognised gains or losses or movements in shareholders' funds during the current and preceding financial year.

None of the directors received any emoluments from the company during the year (1996: £nil).

The company does not have any employees (1996: nil).

The company has been dormant throughout the financial period and has passed a resolution under S250 Companies Act 1985 not to appoint auditors.

3 CALLED UP SHARE CAPITAL

	1997	1996
Authorised:		
1,000 Ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Called up, allotted and nil paid:		
2 Ordinary shares of £1 each	<u>£2</u>	<u>£2</u>

4 CONSOLIDATED FINANCIAL STATEMENTS

The financial statements present information about the company as an individual undertaking and consolidated financial statements are not prepared as the company is itself a wholly owned subsidiary of a company registered in England and Wales.

5 CASH FLOW STATEMENT

The ultimate parent company, Development Securities PLC, has prepared a consolidated cash flow statement in accordance with Financial Reporting Standard No. 1, thus exempting the company from the requirement to prepare a cash flow statement.

6 ULTIMATE PARENT COMPANY

The ultimate parent and controlling company is Development Securities PLC, a company registered in England and Wales. Copies of the Report and Financial Statements of Development Securities PLC can be obtained from Portland House, Stag Place, London SW1E 5DS.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 1997

7 RELATED PARTY DISCLOSURE

The company is a wholly owned subsidiary undertaking and, in accordance with the exemption provided by Financial Reporting Standard No. 8, "Related Party Disclosures," transactions with other undertakings within the Development Securities PLC Group have not been disclosed within these financial statements.