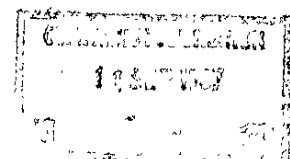


BFI INVESTMENTS LIMITED

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 1986**

928440



BFI INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The directors present, their annual report and the audited accounts of the company for the year ended 31st December, 1986.

PRINCIPAL ACTIVITY

The company acts as an investment company. There has been no significant change in the nature of this activity during the year.

RESULT AND DIVIDEND

The profit after taxation amounted to £4,117 (1985: loss £2,505). The directors recommend that £4,117 (1985: (£2,505)) should be carried to reserves.

No dividends were declared or paid during the year. The directors do not recommend payment of any dividends in respect of 1986 (1985: £nil).

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year were:

| | |
|--------------------|----------------------------------|
| David J. Causer | (appointed 23rd May, 1986) |
| Michael G. Rose | (appointed 30th September, 1986) |
| Brian R. Cook | (resigned 6th January, 1986) |
| Raymond H. Russell | (resigned 23rd May, 1986) |
| James Curren | (resigned 30th September, 1986) |

None of the directors has at any time during the year held any beneficial interest in the shares of the company or any other group company.

AUDITORS

In accordance with section 384 of the Companies Act 1985, a resolution to appoint Arthur Young as auditors of the company will be proposed at the forthcoming annual general meeting.

By order of the Board



Michael G. Rose
Company Secretary

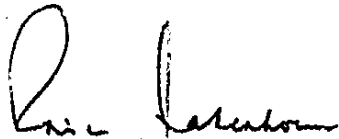
25th August, 1987

BTI INVESTMENTS LIMITED

REPORT OF THE AUDITORS

We have audited the financial statements on pages 4 to 7 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31st December, 1986 and of its result and source and application of funds for the year then ended, and comply with the Companies Act 1985.



PRICE WATERHOUSE
Chartered Accountants

London
25th August, 1987

MIT INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1986

| | <u>1986</u> £ | <u>1985</u> £ |
|--|------------------|------------------|
| Administrative expenses | (2,000) | (2,000) |
| Income from fixed asset investments | 14,035 | 3,871 |
| Other interest receivable and similar income | 3,436 | 798 |
| Interest payable and similar charges | (11,354) | (5,174) |
| | <hr/> | <hr/> |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | 4,117 | (2,505) |
| Taxation | - | - |
| | <hr/> | <hr/> |
| PROFIT/(LOSS) TRANSFERRED TO RESERVES | 4,117 | (2,505) |
| Retained profit brought forward | 51,595 | 54,100 |
| | <hr/> | <hr/> |
| | 55,712 | 51,595 |
| | <hr/> | <hr/> |

BIT INVESTMENTS LIMITED


BALANCE SHEET AT 31ST DECEMBER, 1986

| | <u>Note</u> | <u>1986</u> £ | <u>1985</u> £ |
|---|-------------|------------------|------------------|
| FIXED ASSETS | | | |
| Investments | 4 | 46,852 | 112,911 |
| CURRENT ASSETS | | | |
| Debtors | 5 | 127,390 | 7,860 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 6 | (118,528) | (69,174) |
| NET CURRENT LIABILITIES | | 8,862 | (61,314) |
| NET ASSETS | | 55,714 | 51,597 |
| CAPITAL AND RESERVES | | | |
| Called up share capital: | | | |
| Authorised: | | | |
| 100 ordinary shares of £1 each | | | |
| Issued: | | | |
| 2 ordinary shares of £1 each | | 2 | 2 |
| Profit and loss account | | 55,712 | 51,595 |
| | | 55,714 | 51,597 |

Approved by the board of directors on 25th August, 1987

Directors:


David J. Causer


Michael G. Rose

BPI INVESTMENTS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 1986**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Valuation of securities

Quoted and unquoted securities are recorded in the balance sheet at cost.

2. DIRECTORS' EMOLUMENTS

The directors received no emoluments (1985: nil) for their services to the company. All directors are employed by related companies and, where applicable, their salaries are disclosed in those companies' accounts.

3. AUDITORS' REMUNERATION

The remuneration of the auditors is borne by a related company.

4. INVESTMENTS

| | <u>1986</u> £ | <u>1985</u> £ |
|---|------------------|------------------|
| Quoted securities at cost (Market value: £46,386) (1985: £52,460) | 46,852 | 52,911 |
| Unquoted securities at cost (Directors' valuation: nil) (1985: £60,000) | - | 60,000 |
| | <hr/> | <hr/> |
| | 46,852 | 112,911 |
| | <hr/> | <hr/> |

5. DEBITORS

| | <u>1986</u> £ | <u>1985</u> £ |
|----------------------------------|------------------|------------------|
| Accrued interest | 756 | 756 |
| Tax recoverable | 5,406 | 3,124 |
| Amount owed by related companies | 121,228 | 3,980 |
| | <hr/> | <hr/> |
| | 127,390 | 7,860 |
| | <hr/> | <hr/> |

BIL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 1986 (continued)

| | | | |
|----|---|------------------|------------------|
| 6. | CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | <u>1986</u> £ | <u>1985</u> £ |
| | Amounts owed to related companies | 118,528 | 69,174 |
| | | <hr/> | <hr/> |

7. ULTIMATE HOLDING COMPANY

The ultimate holding company is Bankers Trust New York Corporation, which is incorporated in the USA.