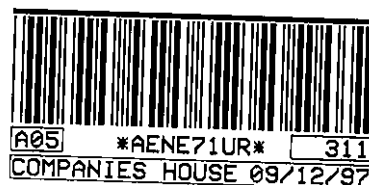


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# BRITISH ENSIGN ESTATES LIMITED

Company No. 1040501

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997



# British Ensign Estates Limited

## Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31st March 1997.

### Principal activities and business review

The principal activities of the group throughout the year were those of property development, trading and investment. The results for the year and the financial position at the year-end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### Results and dividend

The results of the group for the year are set out on page 4. The directors do not recommend the payment of a dividend as the funds of the company are fully employed.

### Fixed assets

Details of changes during the year in tangible fixed assets and in the valuation of land and buildings held by the company are set out in note 12 to the financial statements.

### Directors and their interests

The directors who served the company throughout the year together with their interest (including family interests) in the shares and debentures of the company, at the beginning and end of the year, were as follows:

	Ordinary shares of £1 each	
	31.3.1997	1.4.1996
P.G. Blacker	100	100
R.D. Wallace	-	-

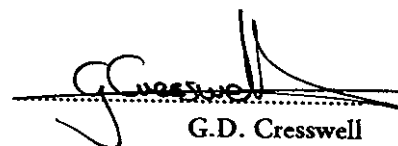
### Donations

The group made charitable contributions during the year amounting to £1,520 (1996: £4,035).

### Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

By Order of the Board

  
G.D. Cresswell  
Secretary

23 Cavaye Place  
London SW10 9PT

Date: 4th December 1997

# **British Ensign Estates Limited**

## **Directors' Responsibilities and Report of the Auditors**

### **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 the group and of the profit or loss 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 and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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.

### **Auditors' Report to the Members of British Ensign Estates Limited**

We have audited the financial statements on pages 3 to 18 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 9 and 10.

#### **Respective Responsibilities of Directors and Auditors**

As described above the company's directors are responsible for the preparation of the 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.

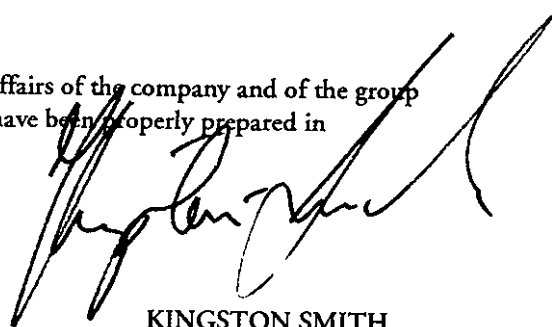
#### **Basis of Opinion**

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 affairs of the company and of the group at 31st March 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KINGSTON SMITH**  
Chartered Accountants  
and Registered Auditors

Devonshire House  
60 Goswell Road  
London EC1M 7AD

4th December 1997

**British Ensign Estates Limited**  
**Consolidated Profit and Loss Account**  
**For the year ended 31st March 1997**

	Note	1997 £	1996 £
Turnover - continuing operations	2	4,021,194	7,785,170
Cost of sales		<u>(2,046,981)</u>	<u>(5,990,749)</u>
Gross Profit		1,974,213	1,794,421
Net operating expenses	3	<u>(754,588)</u>	<u>(611,311)</u>
Operating Profit	4	1,219,625	1,183,110
Profit on sale of properties	5	24,362	21,573
Profit on sale of associated undertaking	6	<u>93,085</u>	<u>-</u>
Profit on Ordinary Activities before Interest and Investment Income		1,337,072	1,204,683
Share of profits from participating interests		51,017	41,155
Income from investments		-	15,672
Other interest receivable and similar income		15,146	62,009
Interest payable and similar charges	9	<u>(1,007,732)</u>	<u>(983,158)</u>
Profit on Ordinary Activities before Taxation		395,503	340,361
Taxation	10	<u>(194,544)</u>	<u>(131,949)</u>
Profit on Ordinary Activities after Taxation		200,959	208,412
Minority interests - equity interests		<u>(10,011)</u>	<u>4,241</u>
Retained Profit for the financial year	11	<u><u>190,948</u></u>	<u><u>212,653</u></u>

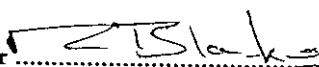
**British Ensign Estates Limited**  
**Consolidated Statement of Total Recognised Gains and Losses**  
**For the year ended 31st March 1997**


	1997 £	1996 £
Profit for the financial year	190,948	212,653
Unrealised surplus on revaluation of properties less deferred tax	<u>1,377,400</u>	<u>-</u>
Total recognised gains and losses relating to the year	<u>1,568,348</u>	<u>212,653</u>
Total gains and losses recognised since last Annual Report	<u>1,568,348</u>	<u>212,653</u>
 <b>Reconciliation of Movements in Shareholders' Funds</b>		
Profit for the financial year	190,948	212,653
Other recognised gains relating to the year	<u>1,377,400</u>	<u>-</u>
Increase in shareholders' funds	1,568,348	212,653
Opening shareholders' funds	<u>3,838,966</u>	<u>3,626,313</u>
Closing shareholders' funds	<u>5,407,314</u>	<u>3,838,966</u>

**British Ensign Estates Limited**  
**Consolidated Balance Sheet as at 31st March 1997**

	Note	£	1997 £	£	1996 £
<b>Fixed Assets</b>					
Tangible assets	12		13,993,765		11,933,358
Investments	13		<u>173,808</u>		<u>135,090</u>
			14,167,573		12,068,448
<b>Current Assets</b>					
Stock	14	6,305,120		6,072,600	
Debtors	15	2,041,123		1,818,302	
Cash at bank and in hand		<u>367,420</u>		<u>867,600</u>	
		8,713,663		8,758,502	
Creditors: Amounts falling due within one year	16	<u>(7,422,590)</u>		<u>(2,386,088)</u>	
Net Current Assets			<u>1,291,073</u>		<u>6,372,414</u>
Total Assets Less Current Liabilities			15,458,646		18,440,862
Creditors: Amounts falling due after more than one year	17		(10,045,541)		(14,606,117)
<b>Client Accounts</b>					
Monies held on behalf of tenants		43,389		99,260	
Monies due to tenants		<u>(43,389)</u>		<u>(99,260)</u>	
			<u>-</u>		<u>-</u>
Net Assets			<u>5,413,105</u>		<u>3,834,745</u>
<b>Capital and Reserves</b>					
Called up share capital - equity interests	11		100		100
Revaluation reserve	11		2,265,350		887,950
Profit and loss account	11		<u>3,141,864</u>		<u>2,950,916</u>
Shareholders' Funds			5,407,314		3,838,966
Minority interests - equity interests			<u>5,791</u>		<u>(4,221)</u>
			<u>5,413,105</u>		<u>3,834,745</u>

Approved by the board on 4th December 1997

P.G. Blacker  Director

R.D. Wallace  Director

**British Ensign Estates Limited**  
**Balance Sheet as at 31st March 1997**

	Note	1997	1996
		£	£
<b>Fixed Assets</b>			
Tangible assets	12	3,964,964	2,878,559
Investments	13	<u>597,337</u>	<u>452,390</u>
		4,562,301	3,330,949
<b>Current Assets</b>			
Stock	14	6,077,620	5,531,100
Debtors	15	1,408,756	1,615,344
Cash at bank and in hand		<u>246,485</u>	<u>719,127</u>
		7,732,861	7,865,571
<b>Creditors: Amounts falling due within one year</b>	16	<u>(5,329,057)</u>	<u>(782,672)</u>
<b>Net Current Assets</b>		<u>2,403,804</u>	<u>7,082,899</u>
<b>Net Assets Less Current Liabilities</b>		6,966,105	10,413,848
<b>Creditors: Amounts falling due after more than one year</b>	17	(4,511,816)	(9,387,336)
<b>Client Accounts</b>			
Monies held on behalf of tenants		43,389	99,260
Monies due to tenants		<u>(43,389)</u>	<u>(99,260)</u>
		-	-
<b>Net Assets</b>		<u><u>2,454,289</u></u>	<u><u>1,026,512</u></u>
<b>Capital and Reserves</b>			
Called up share capital - equity interests	11	100	100
Revaluation reserve	11	1,890,332	603,537
Profit and loss account	11	<u>563,857</u>	<u>422,875</u>
<b>Shareholders' Funds</b>		<u><u>2,454,289</u></u>	<u><u>1,026,512</u></u>

Approved by the board on 4th December 1997

P.G. Blacker  Director

R.D. Wallace  Director

**British Ensign Estates Limited**  
**Cash Flow Statement**  
**For the year ended 31st March 1997**

	1997		1996
	£	£	£
Net Cash Inflow from Operating Activities (Note 1)		1,328,539	1,262,428
Returns on Investments and Servicing of Finance			
Dividends received	-		15,672
Interest received	15,146		62,009
Interest paid	<u>(1,007,732)</u>		<u>(983,158)</u>
Net Cash Outflow from Returns on Investments and Servicing of Finance		(992,586)	(905,477)
Taxation			
Corporation tax paid		(108,880)	(12,998)
Capital Expenditure and Financial Investment			
Purchase of tangible fixed assets	(816,820)		(4,540,404)
Sale of tangible fixed assets	<u>40,000</u>		<u>351,675</u>
Net Cash Flow for Capital Expenditure and Financial Investment		(776,820)	(4,188,729)
Acquisition and Disposals			
Purchase of investments	(47)		-
Sale of investment in associated undertaking	<u>93,086</u>		<u>-</u>
Net Cash Flow for Acquisitions and Disposals		93,039	-
Financing			
Debt due within a year - increase in short term borrowings	4,240,000		-
Debt due beyond a year:			
Repayment of secured loans	(4,560,576)		-
New secured loans	<u>-</u>		<u>3,691,532</u>
Net Cash Outflow from Financing		<u>(320,576)</u>	<u>3,691,532</u>
Decrease in Cash (Note 2)		<u><u>(777,284)</u></u>	<u><u>(153,244)</u></u>



**British Ensign Estates Limited**  
**Notes to the Cash Flow Statement**  
**For the year ended 31st March 1997**

<b>1 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b>	<b>1997</b>	<b>1996</b>
	£	£
Operating profit	1,219,625	1,183,110
Depreciation	118,175	52,512
Loss on sale of investments	102	-
Profit on sale of tangible fixed assets	-	(22,056)
(Increase)/decrease in stock	(232,520)	284,453
(Increase) in debtors	(222,821)	(1,236,925)
Increase in creditors	445,978	1,001,334
<b>Net Cash Inflow from Operating Activities</b>	<b><u>1,328,539</u></b>	<b><u>1,262,428</u></b>
<b>2 Reconciliation of Net Cash Flow to Movements in Net Debt (Note 3)</b>		
Decrease in cash in the period	(777,284)	(153,244)
Cash outflow/(inflow) from decrease/(increase) in debt	<u>320,576</u>	<u>(3,691,532)</u>
Change in net debt resulting from cash flows	(456,708)	(3,844,776)
Net debt at 1st April 1996	<u>(13,743,936)</u>	<u>(9,899,160)</u>
Net Debt at 31st March 1997	<u><u>(14,200,644)</u></u>	<u><u>(13,743,936)</u></u>

**3 Analysis of Net Debt**

	At 1st April 1996 £	Cash Flow £	At 31st March 1997 £
Cash in hand, at bank	867,600	(500,180)	367,420
Overdrafts	(5,419)	<u>(277,104)</u>	(282,523)
		<u>(777,284)</u>	
Debt due after one year	(14,606,117)	4,560,576	(10,045,541)
Debt due within one year	-	<u>(4,240,000)</u>	(4,240,000)
		<u>320,576</u>	
	<u>(13,743,936)</u>	<u>(456,708)</u>	<u>(14,200,644)</u>
	At 1st April 1995 £	Cash Flow £	At 31st March 1997 £
Cash in hand, at bank	1,137,403	(269,803)	867,600
Overdrafts	(121,978)	<u>116,559</u>	(5,419)
		<u>(153,244)</u>	
Debt due after one year	<u>(10,914,585)</u>	<u>(3,691,532)</u>	<u>(14,606,117)</u>
	<u>(9,899,160)</u>	<u>(3,844,776)</u>	<u>(13,743,936)</u>

# British Ensigns Estates Limited

## Notes to the Financial Statements

### For the year ended 31st March 1997

#### 1 Accounting Policies

##### Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold property, and in accordance with applicable accounting standards.

##### Basis of Consolidation

The group profit and loss account and balance sheet consist of the financial statements of the parent company and its subsidiary undertakings. The group's share of associated undertakings' profits or losses is included in the group profit and loss account and added to the cost of investments in the balance sheet.

##### Investment Properties

Investment properties are included in the financial statements at open market values based on the latest professional valuation carried out by the directors who are both qualified surveyors.

##### Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:

Freehold buildings	nil
Short leasehold property	over period of the lease
Plant and machinery and fixtures and fittings	10% - 20% reducing balance
Motor vehicles	25% reducing balance

In accordance with SSAP 19, no depreciation or amortisation is provided in respect of freehold or long leasehold investment properties. This may be a departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated. In the opinion of the directors this departure is necessary for the financial statements to give a true and fair view in accordance with the applicable accounting standards, as properties are included in the financial statements at their open market value.

It is the group's practice to maintain its freehold buildings in a continual state of sound repair and to make improvements thereto from time to time. Accordingly the directors' assessment of the lives of these assets and their residual values is such that any depreciation relating thereto would be immaterial. Consequently no charge for depreciation is made.

##### Stocks

Properties held for resale are valued at the lower of cost and net realisable value which is based on the estimated selling price less costs expected to be incurred prior to completion and disposal.

##### Turnover

Turnover represents the sale proceeds of trading properties, rent receivable during the year, and joint venture profits.

##### Deferred Taxation

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. In the case of investment properties, deferred taxation is provided on the revaluation surpluses only when it is anticipated that an asset will be sold.

**British Ensigns Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1997 (Continued)**

**1 Accounting Policies (Continued)**

**Leasing and Hire Purchase Commitments**

Rentals under operating and finance leases have been charged to profit and loss account on a straight line basis.

**Pension Scheme Arrangements**

The group contributes to a defined contribution scheme. Such contributions are held in trustee administered funds completely independently of the group's finances. The contributions made by the group are charged against profits on an accruals basis.

<b>2 Turnover</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Principal activities:		
Rents receivable	2,352,614	2,443,551
Sale of trading properties	1,444,618	5,337,320
Joint venture profits	223,113	-
Sundry income	849	4,299
	<u>4,021,194</u>	<u>7,785,170</u>

All of the above activities arose wholly in the United Kingdom.

<b>3 Net Operating Expenses and Comparative Details</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Turnover - continuing operations	4,021,194	7,785,170
Cost of Sales	<u>(2,046,981)</u>	<u>(5,990,749)</u>
Net Operating Expenses		
Administrative expenses	(867,747)	(729,840)
Other operating income	113,159	118,529
	<u>(754,588)</u>	<u>(611,311)</u>
Operating Profit	<u>1,219,625</u>	<u>1,183,110</u>

**British Ensigns Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1997 (Continued)**

4	Operating Profit	1997 £	1996 £
	The operating profit is stated after charging:		
	Auditors' remuneration - company	5,500	5,000
	- group	15,316	14,500
	Depreciation:		
	Owned tangible fixed assets	118,175	52,512
	Operating lease rentals:		
	Other assets	<u>181,504</u>	<u>180,153</u>

5	Profit on Sale of Property	1997 £	1996 £
	Profits on sale of investment properties	<u>24,362</u>	<u>21,573</u>

6 Profit on Sale of Associated Undertaking

In October 1996 the company sold its 50% interest in Warren Court Limited for a net profit of £93,085.

7 Employee Information

The average number of employees during the year was 8. Due to the size of the group there is no formal classification of duties.

	1997	1996
Their total remuneration was:	£	£
Wages and salaries	161,353	152,706
Social security costs	19,813	15,231
Other pension costs	<u>30,601</u>	<u>30,601</u>
	<u>211,767</u>	<u>198,538</u>

8	Directors' Emoluments	1997 £	1996 £
	Emoluments	50,000	50,000
	Pension contributions	<u>30,000</u>	<u>30,000</u>
		<u>80,000</u>	<u>80,000</u>

**British Ensigns Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1997 (Continued)**

9 Interest Payable and Similar Charges	1997	1996
	£	£
Bank loans and overdrafts	1,004,333	862,250
Other loans	3,399	120,908
	<u>1,007,732</u>	<u>983,158</u>

10 Taxation	1997	1996
	£	£
Corporation tax at the rate of 30% (1996 - 29%)	182,300	121,660
Share of associated company's taxation	12,244	10,289
	<u>194,544</u>	<u>131,949</u>

11 Shareholders' Funds	1997	1996
	£	£
The authorised share capital comprises:		
Authorised:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**Movements on Capital and Reserves - Company**

	Called Up Share Capital £	Revaluation Reserve £	Profit and Loss Account £	Total £
Balance at 1st April 1996	100	603,537	422,875	1,026,512
Transfer from profit and loss account	-	-	140,982	140,982
Surplus on property revaluations	-	1,141,795	-	1,141,795
Revaluation of investments	-	145,000	-	145,000
Balance at 31st March 1997	<u>100</u>	<u>1,890,332</u>	<u>563,857</u>	<u>2,454,289</u>

The revaluation reserve relates to a surplus on revaluation of freehold land and buildings.

**Movements on Reserves - Group**

	Revaluation Reserve £	Profit and Loss Account £	Total £
Balance at 1st April 1996	887,950	2,950,916	3,838,866
Transfer from profit and loss account	-	190,948	190,948
Surplus on property revaluations	1,377,400	-	1,377,400
Balance at 31st March 1997	<u>2,265,350</u>	<u>3,141,864</u>	<u>5,407,214</u>

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements. The group profit for the financial year of £190,948 (1996 - £212,653) includes a Profit of £140,982 (1996 - £441,662) which is dealt with in the financial statements of the company.

**British Ensigns Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1997 (Continued)**

**12 Tangible Assets - Group**

	Freehold Property £	Freehold Investment Property £	Long Leasehold Investment Property £	Short Leasehold Investment Property £	Plant and Machinery, Fixtures and Fittings £	Motor Vehicles £	Total £
<b>Cost or Valuation</b>							
At 1st April 1996	350,000	6,228,344	4,876,113	312,979	46,016	208,600	12,022,052
Additions	-	738,000	-	75,000	3,820	-	816,820
Surplus on revaluation	150,000	286,864	413,936	526,600	-	-	1,377,400
Disposals	-	(15,638)	-	-	-	-	(15,638)
At 31st March 1997	500,000	7,237,570	5,290,049	914,579	49,836	208,600	14,200,634
<b>Depreciation</b>							
At 1st April 1996	-	-	-	18,805	31,019	38,870	88,694
Charge for the year	-	-	-	71,941	4,072	42,162	118,175
At 31st March 1997	-	-	-	90,746	35,091	81,032	206,869
<b>Net Book Value</b>							
At 31st March 1997	500,000	7,237,570	5,290,049	823,833	14,745	127,568	13,993,765
At 31st March 1996	350,000	6,228,344	4,876,113	294,174	14,997	169,730	11,933,358

**British Ensigns Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1997 (Continued)**

**12 Tangible Assets - Company**

	Freehold Investment Property £	Long Leasehold Investment Property £	Short Leasehold Investment Property £	Plant and Machinery, Fixtures and Fittings £	Motor Vehicles £	Total £
<b>Cost or Valuation</b>						
At 1st April 1996	1,725,776	684,667	312,979	30,709	208,600	2,962,731
Additions	-	-	75,000	-	-	75,000
Surplus on revaluation	489,862	125,333	526,600	-	-	1,141,795
Disposals	(15,638)	-	-	-	-	(15,638)
<b>At 31st March 1997</b>	<b>2,200,000</b>	<b>810,000</b>	<b>914,579</b>	<b>30,709</b>	<b>208,600</b>	<b>4,163,888</b>
<b>Depreciation</b>						
At 1st April 1996	-	-	18,805	26,498	38,870	84,173
Charge for the year	-	-	71,941	648	42,162	114,751
<b>At 31st March 1997</b>	<b>-</b>	<b>-</b>	<b>90,746</b>	<b>27,146</b>	<b>81,032</b>	<b>198,924</b>
<b>Net Book Value</b>						
<b>At 31st March 1997</b>	<b>2,200,000</b>	<b>810,000</b>	<b>823,833</b>	<b>3,563</b>	<b>127,568</b>	<b>3,964,964</b>
<b>At 31st March 1996</b>	<b>1,725,776</b>	<b>684,667</b>	<b>294,174</b>	<b>4,211</b>	<b>169,730</b>	<b>2,878,558</b>

Comparable historical cost for the freehold land and buildings included in valuation:

	Group £	Company £
<b>Cost</b>		
At 1st April 1996 and 31st March 1997	13,856,452	2,529,247
<b>Depreciation</b>		
At 1st April 1996 and 31st March 1997	-	-
<b>Net Book Value</b>		
At 31st March 1997	13,856,452	2,529,247
At 31st March 1996	11,748,631	2,469,886

Freehold land and buildings were revalued as at 31st March 1997 by the directors, both Chartered Surveyors, on an open market basis.

**British Ensigns Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1997 (Continued)**

13 Investments	Group		Company	
	1997 £	1996 £	1997 £	1996 £
(a) Shares in group undertakings				
At cost	-	-	102,290	102,390
Shares in undertakings in which the company has a participating interest	<u>173,808</u>	<u>135,090</u>	<u>495,047</u>	<u>350,000</u>
	<u>173,808</u>	<u>135,090</u>	<u>597,337</u>	<u>452,390</u>
			Other Participating Interests £	Total £
(b) Movement in group investments				
Shares of net assets:				
Cost at 1st April 1996			135,090	135,090
Shares of retained profits for year			38,773	38,773
Additions			47	47
Disposals			<u>(102)</u>	<u>(102)</u>
Shares of net assets at 31st March 1997			<u>173,808</u>	<u>173,808</u>
Net book value at 31st March 1997			<u>173,808</u>	<u>173,808</u>
			Shares	
			Subsidiary Undertakings £	Associated Undertakings £
(c) Movements in company investments				Total £
Cost or valuation at 1st April 1996		102,390	350,000	452,390
Additions		2	47	49
Disposals		(102)	-	(102)
Revaluation		<u>-</u>	<u>145,000</u>	<u>145,000</u>
Cost or valuation at 31st March 1997		<u>102,290</u>	<u>495,047</u>	<u>597,337</u>
Net book value at 31st March 1997		<u>102,290</u>	<u>495,047</u>	<u>597,337</u>



**British Ensigns Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1997 (Continued)**

**13 Investments (Continued)**

**(d) Details of group undertakings**

The following details relate to the company's principal subsidiary undertakings:

Name	Location	Identity Shares Held	Percentage Shares Held	Activity
British Ensign Investments Limited	England	Ordinary	100%	Property Investment
Vemore Limited	England	Ordinary	80%	Property Investment
Tongdean Court Limited	England	Ordinary	100%	Property Investment
Sandhaven Property Trading Limited	England	Ordinary	100%	Property Development

All subsidiary undertakings prepare accounts to 31st March 1997.

**(e) Details of undertakings in which the company has a participating interest**

Representing:	Country of Incorporation	Class of Share Held	Proportion of voting rights held	Activity
Zeeta House Limited	England	Ordinary	41.25%	Property Trading
Cartlane Limited	England	Ordinary	47%	Dormant

**14 Stocks**

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Properties held for resale	<u>6,305,120</u>	<u>6,072,600</u>	<u>6,077,620</u>	<u>5,531,100</u>

**15 Debtors**

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Trade debtors	224,037	219,864	51,240	96,765
Amounts owed by group undertakings	-	-	505,010	1,444,936
Amounts owed by undertakings in which the company has a participating interest	793,604	-	793,604	-
Other debtors	928,818	1,514,650	14,554	31,366
Prepayments and accrued income	<u>94,614</u>	<u>83,788</u>	<u>44,348</u>	<u>42,277</u>
	<u>2,041,123</u>	<u>1,818,302</u>	<u>1,408,756</u>	<u>1,615,344</u>

**British Ensigns Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1997 (Continued)**

16 Creditors: Amounts falling due within one year	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank loans and overdrafts	4,522,523	5,419	4,206,158	3,532
Trade creditors	138,156	135,594	59,277	64,307
Corporation tax	194,222	120,801	161,068	73,462
Social security and other taxes	17,260	5,421	17,260	5,421
Other creditors	984,266	1,024,782	362,486	207,035
Accruals and deferred income	1,566,163	1,094,071	522,808	428,915
	<u>7,422,590</u>	<u>2,386,088</u>	<u>5,329,057</u>	<u>782,672</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the group.

17 Creditors: Amounts falling due after more than one year	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank loans	8,968,776	13,402,968	2,411,276	6,612,968
Other loans	200,000	-	-	-
Amounts owed to group undertakings	-	-	1,223,775	1,571,219
Other creditors	876,765	1,203,149	876,765	1,203,149
	<u>10,045,541</u>	<u>14,606,117</u>	<u>4,511,816</u>	<u>9,387,336</u>

The bank loans and overdrafts are secured by fixed charges over the investment property assets of the group.

**18 Provisions for Liabilities and Charges**

Provision for deferred taxation has been made in these financial statements in accordance with the accounting policy described in note 1. The amounts provided and the full potential liability are as follows:

Group	1997		1996	
	Amount Provided	Potential Liability	Amount Provided	Potential Liability
	£	£	£	£
Unrealised capital gains	-	642,000	-	237,000

Company	1997		1996	
	Amount Provided	Potential Liability	Amount Provided	Potential Liability
	£	£	£	£
Unrealised capital gains	-	400,000	-	50,000

**British Ensigns Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1997 (Continued)**

**19 Pension Commitments**

The company makes contributions to the British Ensign Estate Limited Retirement and Death Benefit Scheme, a defined contribution scheme, the assets of the scheme being held separately from the assets of the company. The pension cost charge represents contributions payable to the scheme and amounted to £30,000 (1996 - £30,000).

**20 Related Party Transactions**

The group has taken advantage of the exemptions conferred by FRS8 paragraph 3c not to make disclosures concerning related parties.

Included within other creditors are the following amounts due to directors:

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
P.G. Blacker (note 17)	876,765	1,203,149	876,765	1,203,149
R.D. Wallace (note 16)	130,000	-	130,000	-

R.D. Wallace charged consultancy fees of £130,000 during the year to British Ensign Estates Limited.

Included in accruals are property management fees of £150,000 due to Oakcastle Limited, a company in which Mr. R.D. Wallace has an interest.

During the year group companies conducted the following trade with P.G. Blacker, a director of the company:

**Sandhaven Property Trading Limited**

During the year this company purchased freehold titles amounting to £611,500 (1996 - £752,000) under normal commercial terms from P.G. Blacker trading as US Housing. (Included within group other debtors is an amount of £879,142 (1996 - £498,834) due from US Housing).