

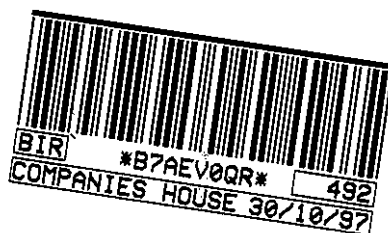
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Birmingham Midshires Property Services Limited

Annual Report

For the year ended 31 December 1996

Registered No: 1082067



Birmingham Midshires Property Services Limited

Annual Report for the year ended 31 December 1996

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Birmingham Midshires Property Services Limited

Directors and Advisers

Directors

Michael Jackson
William Guy Thomas

Registered Auditors

Coopers & Lybrand
Temple Court
35 Bull Street
Birmingham
B4 6JT

Secretary and Registered Office

Jacqueline Collins
Pendeford Business Park
Wolverhampton
WV9 5HZ

**Directors' Report
for the year ended 31 December 1996**

The Directors present their report together with the accounts for the year ended 31 December 1996.

Business objectives and principal activities

The company did not trade during the year. Accordingly no profit and loss account is presented. It is not expected that the company will trade in the foreseeable future.

Directors

The Directors who have served during the year were as follows:-

Michael Jackson	
Stephen Bright	(Resigned 01.11.96)
Guy Thomas	(Appointed 01.11.96)

Michael Jackson retires by rotation and, being eligible, offers himself for re-election.

Michael Jackson and Guy Thomas are Directors of the parent undertaking, Birmingham Midshires Building Society and their interests are noted in the statutory accounts of the Society.

No Director held any interest in the share capital of the company at any time during the year.

Statement of Directors' responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those accounts, 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, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

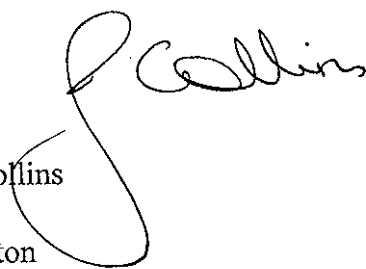
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Birmingham Midshires Property Services Limited

The ultimate parent undertaking sets out its standards on corporate governance in its statutory accounts.

By Order of the Board

Jacqueline Collins
Secretary
Wolverhampton

A handwritten signature in cursive script, appearing to read 'J. Collins', is written over the printed name and title of the signatory.

7th February 1997

Birmingham Midshires Property Services Limited

BALANCE SHEET

as at 31 December 1996

	Note	1996 £	1995 £
Fixed Assets :			
Tangible Fixed Assets		0	0
Current Assets :			
Debtors	6	253,983	977,538
Creditors : amounts falling due within one year	7	(7,138,854)	(7,862,409)
Net current liabilities		(6,884,871)	(6,884,871)
Total assets less current liabilities		(6,884,871)	(6,884,871)
Creditors : amounts falling due after more than one year	8	(16,500,000)	(16,500,000)
Net Liabilities		(23,384,871)	(23,384,871)
Capital and Reserves:			
Called up share capital	9	4,000,000	4,000,000
Profit and loss account	10	(27,384,871)	(27,384,871)
	11	(23,384,871)	(23,384,871)
Equity shareholders funds		(23,434,871)	(23,434,871)
Non equity shareholders funds		50,000	50,000
Total shareholders funds		(23,384,871)	(23,384,871)

These accounts on pages 4 to ⁸ were approved by the Board of Directors on 7th February, 1997 and were signed on its behalf by:

~~Michael Jackson~~, Director.

Guy Thomas



Birmingham Midshires Property Services Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 1996

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently is set out below.

BASIS OF ACCOUNTING

The accounts are prepared in accordance with the historical cost convention as modified by the revaluation of freehold and leasehold premises.

BASIS OF CONSOLIDATION

As permitted by Section 228(1)(a) of the Companies Act 1985, the company is not required to prepare consolidated accounts as it is itself a wholly owned subsidiary of a United Kingdom undertaking.

TAXATION

Corporation taxation is charged on the profit on ordinary activities for the year as adjusted for taxation purposes.

DEFERRED TAXATION

Provision is made using the liability method for deferred taxation only to the extent that such taxation will become payable in the foreseeable future.

PENSION COSTS

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the period benefiting from the staff's services. The pension cost is reduced by the amortisation of the surplus over the anticipated average service lives of the staff. Employees are members of the Birmingham Midshires Building Society pension fund.

2. STAFF COSTS

	1996 £	1995 £
Wages and salaries	0	466,428
Social security costs	0	38,431
Other pension costs (see note 21)	0	14,671
	0	519,530

Birmingham Midshires Property Services Limited

3. STAFF NUMBERS

The average numbers of persons excluding directors, maternity, permanent ill health and cleaners, employed during the year are as follows:

	1996 Number	1995 Number
Sales	0	29
Administration	0	1
	0	30

From 31st. December, 1995, the company had no employees.

4. DIRECTORS' EMOLUMENTS

None of the Directors received emoluments for their services in 1996 and 1995.

5. SUBSIDIARY UNDERTAKINGS

The company has the following wholly owned subsidiary undertakings which are all incorporated in Great Britain and registered in England and Wales:-

F. Maitland Selwyn & Company (Holdings) Ltd	Dormant
Birmingham Midshires Property Services (Eastern) Ltd	Dormant

The investment in subsidiary undertakings has been written down to nil value.

6. DEBTORS

1996 £	1995 £
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Amounts falling due within one year:

Trade debtors	1,766	7,314
Other debtors	0	0
Corporation tax recoverable	252,217	970,224
Prepayments and accrued income	0	0
	253,983	977,538

Birmingham Midshires Property Services Limited

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Amounts owed to parent undertaking	7,138,854	7,862,409
	7,138,854	7,862,409

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 £	1995 £
Amounts owed to parent undertaking	16,500,000	16,500,000

The Company issued debenture stock in 1990 for £9,500,000 and in 1991 for £7,000,000 to Birmingham Midshires Building Society which is repayable on or before 31 December 1999. The debenture stock which bears interest at zero percent, charges the company's undertaking and all its property and assets, present and future, to secure the sum of £16,500,000 for working capital.

9. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised, allotted, called up and fully paid:		
3,950,000 Ordinary shares of £1 each	3,950,000	3,950,000
50,000 Redeemable ordinary shares of £1 each	50,000	50,000
	4,000,000	4,000,000

The redeemable ordinary shares may be redeemed by the company at any time at a cost based on the fair value of the company. The shares rank equally on all other bases.

Birmingham Midshires Property Services Limited

10. RESERVES

	Profit and Loss account deficit £
At 1 January 1996	27,384,871
Loss for the year	0
At 31 December 1996	27,384,871

11. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS FUNDS

	1996 £	1995 £
Loss for the financial year	0	(1,235,096)
Shareholders funds at 1 January	(23,384,871)	(22,149,775)
Shareholders funds at 31 December	(23,384,871)	(23,384,871)

12. PENSIONS

The company participates in a group pension scheme operated by Birmingham Midshires Building Society. The pension scheme is of the defined benefit type and its assets are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The latest full actuarial valuation of the scheme was at 31 December 1993. Particulars of the valuation are contained in the accounts of Birmingham Midshires Building Society.

The total pension cost for the company was £nil (1995: £14,671).

13. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Birmingham Midshires Building Society which is incorporated in Great Britain and registered in England and Wales under the Building Societies Act 1986. The parent undertaking had an obligation under the Building Societies Act 1986 to discharge the liabilities of its subsidiaries in so far as they are unable to discharge their own liabilities from their own assets. On the 11 June 1996 the appropriate section of the Act was repealed, but only in respect of liabilities incurred after that date. At 31 December 1996, the company had no material liabilities dating back to before 11 June 1996.

Accounts of the ultimate parent undertaking may be obtained from the Secretary at the registered office of the company.

Auditors' Report to the members of Birmingham Midshires Property Services Limited

We have audited the accounts on pages 4 to 8.

Respective responsibilities of Directors and Auditors

As described on page 2 the company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1996 and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Birmingham

7th February 1997

24 October