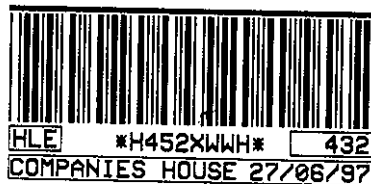


AC0017

BURTON PROPERTY TRUST LIMITED
(REGISTERED NUMBER 1848857)
DIRECTORS' REPORT AND ACCOUNTS
31ST AUGUST 1996



AC0017
BURTON PROPERTY TRUST LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31ST AUGUST 1996

The directors present their annual report together with the audited accounts of the company for the year ended 31st August 1996.

ACTIVITIES AND RESULTS

During the previous year the company disposed of its remaining development properties and terminated its joint ventures. The company continues to incur expenses in connection with its ongoing obligations under the sale and development agreements.

The results of the company for the financial year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend and the retained profit of £848,000 has been transferred to reserves.

DIRECTORS

The following served as directors during the year:

DN Brown
NP Hall
J Hodges
IP Jackman
DL Shaw
PV Skinner

None of the directors had an interest in the share capital of the company. Their interests in the share and loan capital of The Burton Group plc were as follows:

	<u>Provisional</u> <u>Share Allocation</u>	<u>At 31st August 1996</u> <u>Ordinary shares of 10p each</u>		<u>Options granted / exercised</u> <u>during the year</u>		<u>At 3rd September 1995 or</u> <u>later date of appointment</u> <u>Ordinary shares of 10p each</u>	
		<u>Shares</u>	<u>Options</u>	<u>Granted</u>	<u>Exercised</u>	<u>Shares</u>	<u>Options</u>
DN Brown	4,327	100	72,915	18,956	-	-	53,959
J Hodges	4,214	25,033	74,679	2,736	-	45,933	71,943
PV Skinner	4,673	57,522	15,343	3,763	79,765	474	91,345
IP Jackman	20,192	336,970	110,054	-	469,612	-	579,666
DL Shaw	26,442	100	450,495	21,428	-	-	429,067
NP Hall	29,087	70,392	118,305	8,571	627,494	5,292	737,228

The provisional share allocations were made on 15th March 1996 under the Long Term Share Plan described in the accounts of the Burton Group plc. The number of shares ultimately transferred to each director depends on the Group's total shareholder return over a three year period and will range from nil to twice the number provisionally allocated. The earliest date for the directors to acquire shares pursuant to these provisional allocations is 15th March 1999.

DIRECTORS' RESPONSIBILITIES

The directors set out below their responsibilities in connection with the financial statements.

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 of the profit or loss of the company for the period. In preparing those financial statements, the directors are required to:

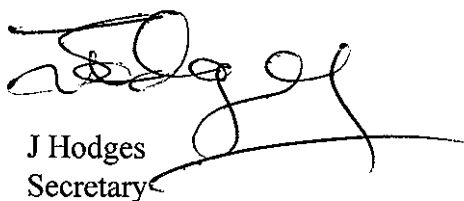
- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * prepare the financial statements 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 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

Price Waterhouse have signified their willingness to be re-appointed.

On behalf of the Board


J Hodges
Secretary

Registered Office

214 Oxford Street
London W1N 9DF

10th February 1997

AC0017

**AUDITORS' REPORT TO THE MEMBERS OF
BURTON PROPERTY TRUST LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 affairs of the company at 31st August 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE

Chartered Accountants
and Registered Auditors

9 Bond Court
Leeds LS1 2SN

10th February 1997

AC0017
BURTON PROPERTY TRUST LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31ST AUGUST 1996

	Notes	<u>1996</u> £'000	<u>1995</u> £'000
TURNOVER		-	350
Cost of sales		-	(350)
Provision against investment in corporate joint venture		<u>-</u>	<u>(1,575)</u>
GROSS LOSS		-	(1,575)
Release of surplus property development provisions		-	3,127
Administrative expenses		(258)	(2,180)
Other operating expenses		-	(36)
Other operating income		<u>-</u>	<u>165</u>
TRADING LOSS	2	(258)	(499)
Dividends received from joint venture companies		-	1,575
Interest received		<u>-</u>	<u>3</u>
(LOSS)/PROFIT BEFORE TAXATION		(258)	1,079
Taxation	3	<u>1,106</u>	<u>2,988</u>
TRANSFER TO RETAINED EARNINGS		<u>848</u>	<u>4,067</u>
STATEMENT OF RETAINED DEFICIT			
At 3rd September 1995		(143,131)	(147,198)
Transfer to retained earnings		<u>848</u>	<u>4,067</u>
At 31st August 1996		<u>(142,283)</u>	<u>(143,131)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The only recognised gains and losses for the year are those dealt with in the profit and loss account above.

AC0017
BURTON PROPERTY TRUST LIMITED
BALANCE SHEET - 31ST AUGUST 1996

	Notes	<u>1996</u> £'000	<u>1995</u> £'000
FIXED ASSETS			
Investments	4	<u>-</u>	<u>-</u>
CURRENT ASSETS			
Debtors	5	59,566	58,861
Cash at bank and in hand		<u>55</u>	<u>-</u>
CREDITORS (due within one year)	6	<u>59,621</u> <u>(2,085)</u>	<u>58,861</u> <u>(2,401)</u>
NET CURRENT ASSETS		<u>57,536</u>	<u>56,460</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		57,536	56,460
CREDITORS (due after one year)	7	<u>(199,569)</u>	<u>(199,341)</u>
NET LIABILITIES		<u>(142,033)</u>	<u>(142,881)</u>
CAPITAL AND RESERVES			
Called up share capital	8	250	250
Retained deficit		<u>(142,283)</u>	<u>(143,131)</u>
SHAREHOLDERS' FUNDS (deficit)	11	<u>(142,033)</u>	<u>(142,881)</u>

Approved by the Board on 10th February 1997



DN Brown
DIRECTOR

AC0017
BURTON PROPERTY TRUST LIMITED
NOTES TO THE ACCOUNTS - 31ST AUGUST 1996

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are drawn up under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover

Turnover comprises amounts receivable in respect of the sale of development properties.

(c) Deferred taxation

Provision is made for deferred taxation arising from the allocation of income and expenditure for tax purposes to periods different from those used for accounting purposes, unless there is reasonable probability that such timing differences will not give rise to a taxation liability in the foreseeable future.

(d) Pension costs

The cost of providing pension benefits is charged to the profit and loss account as a constant percentage of pensionable earnings over the period benefiting from scheme employees services. Actuarial surpluses are amortised over the expected remaining service lives of current scheme employees.

	<u>1996</u>	<u>1995</u>
	£'000	£'000

2 TRADING LOSS

This is stated after charging:-

Employment costs:

Wages and salaries	-	1,179
Social security costs	-	57
Other pension costs	-	18
Auditors' remuneration	<u>-</u>	<u>31</u>

The average number of employees during the year was nil (1995 - 5)

3 TAXATION

Based on the (loss)/profit for the year:

UK corporation tax at 33%

Current year	87	(402)
Prior year	<u>1,019</u>	<u>3,390</u>
	<u>1,106</u>	<u>2,988</u>

There is no potential liability for deferred tax.

4 FIXED ASSET INVESTMENTS

Investment in subsidiaries:

At 2nd September 1995 and 31st August 1996

£Nil

The company owns the whole of the issued share capital of the following companies (except where otherwise stated), all of which no longer trade:

Law 128 Limited

Oval Exchange Limited

Uxbridge Springwaters Developments Limited

Burton Property Trust (Dartford) Limited

Barforce Limited (50% owned)

Pengap Erostin (Hemel) Limited (50% owned)

Pengap Erostin (Uxbridge) Limited (50% owned)

Group accounts are not submitted as the company is a wholly owned subsidiary of The Burton Group plc. In the opinion of the directors the aggregate value of the company's investments is not less than the amount at which they are stated in the company's balance sheet.

5 DEBTORS

	<u>1996</u> £'000	<u>1995</u> £'000
Trade debtors	-	150
Amounts owed by subsidiary undertakings	-	22
Amounts owed by fellow subsidiary undertakings	30,293	30,522
Group relief receivable	<u>29,273</u>	<u>28,167</u>
	<u>59,566</u>	<u>58,861</u>

6 CREDITORS (due within one year)

Bank overdraft	-	49
Other creditors	614	577
Accruals	450	459
Amount owed to ultimate parent undertaking	-	181
Amounts owed to subsidiary undertakings	<u>1,021</u>	<u>1,135</u>
	<u>2,085</u>	<u>2,401</u>

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>

7 CREDITORS (due after one year)

Loan from ultimate parent undertaking	<u>199,569</u>	<u>199,341</u>
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The loan from ultimate group undertaking is interest free and has no fixed repayment terms.

8 CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid Ordinary shares of £1 each	<u>250</u>	<u>250</u>
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9 DIRECTORS AND EMPLOYEES

The remuneration of the directors, including pension contributions, amounted to:

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Salaries and taxable benefits	<u>Nil</u>	<u>198</u>

The above remuneration includes the following amounts (excluding pension contributions):

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Chairman	<u>Nil</u>	<u>Nil</u>
Highest paid director	<u>Nil</u>	<u>126</u>

The remuneration of the directors
was within the following ranges:

	<u>Number</u>	<u>Number</u>
£ 0 - £ 5,000	6	7
£ 70,001 - £ 75,000	-	1
£125,001 - £130,000	-	1

AC0017
BURTON PROPERTY TRUST LIMITED
NOTES TO THE ACCOUNTS - 31ST AUGUST 1996 (CONTINUED)

10 CONTINGENT LIABILITY

The company has guaranteed the overdrafts of the ultimate parent undertaking and certain fellow subsidiary undertakings which, at 31st August 1996, amounted to £1,191,000 (1995 : £1,075,000).

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u> £'000	<u>1995</u> £'000
Transfer to retained earnings	848	4,067
Opening shareholders' funds (deficit)	<u>(142,881)</u>	<u>(146,948)</u>
Closing shareholders' funds (deficit)	<u>(142,033)</u>	<u>(142,881)</u>

12 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is The Burton Group plc which prepares group accounts. Copies of the accounts of The Burton Group plc can be obtained by writing to the Secretary at 214, Oxford Street, London, W1N 9DF.

The Burton Group plc has indicated its willingness to provide the necessary financial support so as to enable the company to meet its liabilities to third parties.