

FERRERSMERE ESTATES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 1996
Company number: 2303538



FERRERSMERE ESTATES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 1996

INDEX	PAGE
Report of the directors	1 - 2
Report of the auditors	3
Accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 12

FERRERSMERE ESTATES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 March 1996.

Principal activity

The company is principally engaged as a property investment company.

Business review

There was a profit for the year after taxation amounting to £63,738 (1995: loss £1,506,700). The directors do not recommend payment of a dividend and the profit has therefore been retained.

Post balance sheet events

On 21 June 1996 the asset held for resale was sold for £65,000 as disclosed in note 20 to the financial statements.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

Mr J M Clissold retired from the Board on 9 September 1995. The Board would like to thank Mr J M Clissold for his long service and commitment to the company.

The interests of the directors who are also directors of the parent undertaking are disclosed in that company's financial statements. The other director had no interests in this company.

	Parent undertaking 1996 and 1995 Ordinary shares	The company and other group undertakings 1996 and 1995 Ordinary shares
Mr W M Griggs (Chairman) (also a director of the parent undertaking)	-	-
Mr S W Griggs (also a director of the parent undertaking)	-	-
Mrs B Y Griggs (non-executive director)	*6,822	-

* Includes joint holdings of 2,254 (1995: 2,254) ordinary shares.

FERRERSMERE ESTATES LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for 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 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;
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



S W Griggs
Director

Registered office:

Cobbs Lane
Wollaston
Wellingborough
Northants
NN29 7SW

11 October 1996

**REPORT OF THE AUDITORS TO THE MEMBERS OF
FERRERSMERE ESTATES LIMITED**

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 4.

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.

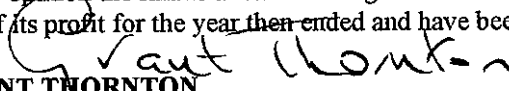
Basis of opinion

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 the company's affairs at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

Northampton

11 October 1996

FERRERSMERE ESTATES LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 March 1996

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention except that investment properties are revalued annually.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total rent receivable by the company, excluding VAT.

DEPRECIATION

Depreciation is calculated to write down the cost of all freehold buildings, by equal annual instalments over their expected useful lives. The rate generally applicable is:

Freehold buildings - 2% Straight line method

INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No 19, certain of the company's properties are held for long-term investment and are included in the balance sheet at their open market values. The surplus or deficit on annual revaluation of such properties is transferred to the profit and loss account. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

INVESTMENTS

Investments are included at cost less amounts written off.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

FERRERSMERE ESTATES LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 1996

	Note	1996 £	1995 £
Turnover	1	200,780	305,860
Other operating income and charges	2	97,185	222,387
Operating profit		<u>103,595</u>	<u>83,473</u>
Amounts written off investments	7	27,000	669,933
Exceptional items			
- Loss on sale of fixed assets in continuing operations		-	280,737
- Deficit on revaluation of investment property		-	100,000
- Provision against interest receivable from associated undertaking		72,046	268,420
Net interest	3	(54,556)	266,450
Profit/(loss) on ordinary activities before taxation	1	<u>59,105</u>	<u>(1,502,067)</u>
Tax on profit/(loss) on ordinary activities	5	(4,633)	4,633
Profit/(loss) for the financial year	16	<u><u>£63,738</u></u>	<u><u>£(1,506,700)</u></u>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

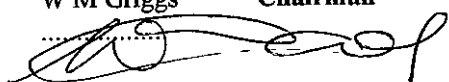
FERRERSMERE ESTATES LIMITED

BALANCE SHEET AT 31 MARCH 1996

	Note	£	1996 £	£	1995 £
Fixed assets					
Tangible assets	6		2,545,405		2,569,615
Investments	7		401		401
			<u>2,545,806</u>		<u>2,570,016</u>
Current assets					
Debtors	8	391,486		6,021,171	
Asset held for resale	9	65,000		75,000	
Cash at bank		-		11,719	
		<u>456,486</u>		<u>6,107,890</u>	
Creditors: amounts falling due within one year	10	5,072,046		10,806,765	
Net current liabilities			<u>(4,615,560)</u>		<u>(4,698,875)</u>
Total assets less current liabilities			<u>(2,069,754)</u>		<u>(2,128,859)</u>
Creditors: amounts falling due after more than one year	11	202,100		202,100	
Provisions for liabilities and charges	13	-		4,633	
		<u>-</u>	202,100	<u>4,633</u>	206,733
			<u>£(2,271,854)</u>		<u>£(2,335,592)</u>
Capital and reserves					
Called up share capital	15		2		2
Profit and loss account	16		(2,271,856)		(2,335,594)
Shareholders' funds	17		<u>£(2,271,854)</u>		<u>£(2,335,592)</u>

The financial statements were approved by the Board of Directors on 11 October 1996

W M Griggs Chairman



The accompanying accounting policies and notes form an integral part of these financial statements.

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit/(loss) on ordinary activities are attributable to one activity, that of a property investment company.

The profit/(loss) on ordinary activities is stated after:

	1996 £	1995 £
Auditors' remuneration	2,900	3,000
Provisions for diminution in value: - writedown of investments	27,000	669,933

2 OTHER OPERATING INCOME AND CHARGES

	Note	1996 £	1995 £
Other operating charges		42,975	168,179
Depreciation	6	54,210	54,208
		<u>£97,185</u>	<u>£222,387</u>

3 NET INTEREST

	1996 £	1995 £
On bank loans and overdrafts	17,490	274,824
Interest payable to group undertakings	-	56,223
Other interest receivable and similar income	(72,046)	(64,597)
	<u>£(54,556)</u>	<u>£266,450</u>

4 DIRECTORS AND EMPLOYEES

No remuneration was paid during the year ended 31 March 1996 or 31 March 1995.

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax (credit)/charge represents:

	1996	1995
Deferred tax	<u>£(4,633)</u>	<u>£4,633</u>

Excess management expenses of £95,721 remain available to offset against future taxable trading profits.

6 TANGIBLE FIXED ASSETS

	Total £	Land and buildings Freehold £	Investment property £
Cost or valuation			
At 1 April 1995	2,710,451	2,710,451	-
Additions	30,000	-	30,000
At 31 March 1996	<u>£2,740,451</u>	<u>£2,710,451</u>	<u>£30,000</u>
Depreciation			
At 1 April 1995	140,836	140,836	-
Provided in the year	54,210	54,210	-
At 31 March 1996	<u>£195,046</u>	<u>£195,046</u>	<u>£ -</u>
Net book amount at 31 March 1996	<u>£2,545,405</u>	<u>£2,515,405</u>	<u>£30,000</u>
Net book amount at 31 March 1995	<u>£2,569,615</u>	<u>£2,569,615</u>	<u>£ -</u>

The gross amount of land and buildings on which depreciation is being provided is £2,710,451.

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

7 FIXED ASSET INVESTMENTS

At 31 March 1996 the company held 50% (1995: 50%) of the allotted ordinary share capital of Rufus Properties Limited, a company engaged in property development and registered in England & Wales. At 25 March 1996 the aggregate capital and deficit reserves was £430,916 (25 March 1995: £2,582,169) and the profit for the financial year ended on that date was £2,151,253 (25 March 1995: loss £392,589).

	Total	Shares in associated undertaking -unlisted	Unsecured loan stock	Loan
	£	£	£	£
Cost				
At 1 April 1995	1,087,017	401	833,366	253,250
Additions	27,000	-	-	27,000
At 31 March 1996	<u>£1,114,017</u>	<u>£401</u>	<u>£833,366</u>	<u>£280,250</u>
Amounts written off				
At 1 April 1995	1,086,616	-	833,366	253,250
Provided in the year	27,000	-	-	27,000
At 31 March 1996	<u>£1,113,616</u>	<u>£ -</u>	<u>£833,366</u>	<u>£280,250</u>
Net book amount at 31 March 1996	<u>£401</u>	<u>£401</u>	<u>£ -</u>	<u>£ -</u>
Net book amount at 31 March 1995	<u>£401</u>	<u>£401</u>	<u>£ -</u>	<u>£ -</u>

The unsecured loan stock is repayable on 1 January 1998 and is subject to interest at 2% above Lloyds Bank base rate. The loan in issue is interest free.

The above associated undertaking is accounted for using the equity method in the financial statements of the ultimate parent undertaking.

8 DEBTORS

	1996	1995
	£	£
Amounts owed by group undertakings	380,118	6,000,000
Other debtors	11,368	11,361
Prepayments and accrued income	-	9,810
	<u>£391,486</u>	<u>£6,021,171</u>

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

9 ASSETS HELD FOR RESALE

	Land £
Valuation	
At 1 April 1995	75,000
Amounts written off	(10,000)
At 31 March 1996	<u>£65,000</u>

This asset was sold on 21 June 1996 for £65,000 as disclosed in note 20.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank overdraft	4,957,250	9,465,404
Amounts owed to group undertakings	61,131	1,223,441
Social security and other taxes	1,725	-
Other creditors	6,898	-
Accruals	45,042	117,920
	<u>£5,072,046</u>	<u>£10,806,765</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 and 1995
Unsecured loan stock	<u>£202,100</u>

The unsecured loan stock is due to one of the directors. The loan is subject to interest at the rate of 2% above Lloyds Bank base rate.

12 BORROWINGS

Borrowings are repayable as follows:

	1996 £	1995 £
Within one year:		
Bank overdraft	4,957,250	9,465,404
Other loans	-	725,600
After one and within two years:		
Other loans	202,100	202,100
	<u>£5,159,350</u>	<u>£10,393,104</u>

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation (note 14)
At 1 April 1995	4,633
Utilised during the year	(4,633)
At 31 March 1996	<u>£ -</u>

14 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below:

	1996 £	1995 £
Accelerated capital allowances	-	3,100
Other timing differences	-	10,837
	<u>-</u>	<u>13,937</u>
Less:		
Trading losses	-	(9,304)
	<u>£ -</u>	<u>£4,633</u>

15 SHARE CAPITAL

	1996 and 1995
Authorised 500,000 ordinary shares of £1 each	<u>£500,000</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>£2</u>

16 RESERVES

	Profit and loss account £
At 1 April 1995	(2,335,594)
Retained profit for the year	63,738
At 31 March 1996	<u>£(2,271,856)</u>

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit/(loss) for the financial year and net increase/(decrease) in shareholders' funds	63,738	(1,506,700)
Shareholders' funds at 1 April 1995	(2,335,592)	(828,892)
Shareholders' funds at 31 March 1996	<u>£(2,271,854)</u>	<u>£(2,335,592)</u>

18 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 1996 or 31 March 1995.

19 CONTINGENT LIABILITIES

The company, together with other group undertakings, is party to unlimited multilateral guarantees given in respect of the bank loan and overdrafts of the participating companies. As at 31 March 1996 the total overdraft and loans guaranteed by the company under this agreement amounted to £25,223,254 (1995: £14,134,477).

20 POST BALANCE SHEET EVENTS

On 21 June 1996 the asset held for resale was sold for £65,000.

21 CONTROLLING RELATED PARTY

The ultimate parent undertaking and controlling related party of this company is R Griggs Group Limited.