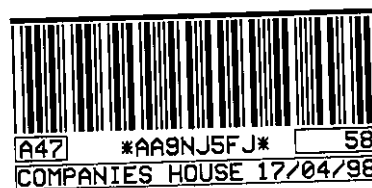


REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997  
FOR  
ABTRUST ACCUMULATOR PLC



**ABTRUST ACCUMULATOR PLC**

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FOR THE YEAR ENDED 30 SEPTEMBER 1997**

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**ABTRUST ACCUMULATOR PLC**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30 SEPTEMBER 1997**

**DIRECTORS:** E K Ford  
J G Wright  
A A Laing  
D S Robinson

**SECRETARY:** E McDaid

**REGISTERED OFFICE:** Hobson House  
155 Gower Street  
London  
WC1E 6BJ

**REGISTERED NUMBER:** 02829451

**AUDITORS:** Sedley Richard Laurence Voulters  
Chartered Accountants  
& Registered Auditors  
23 Bridford Mews  
Off Devonshire Street  
London  
WIN 1LQ

**ABTRUST ACCUMULATOR PLC**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 1997**

The directors present their report with the financial statements of the company for the year ended 30 September 1997.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of property investment.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company operates within a clearly identified property sector. The company's policy is to enhance its value by developing and retaining residential units for letting under assured tenancies in accordance with the Business Expansion Scheme regulations.

**DIVIDENDS**

No dividends will be distributed for the year ended 30 September 1997.

**FIXED ASSETS**

The investment property was revalued at 30 September 1997. The valuation of £2,829,000 which was £68,500 higher than the former net book value, has been incorporated in the accounts.

**DIRECTORS**

The directors during the year under review were:

E K Ford  
J G Wright  
A A Laing  
D S Robinson

The beneficial interests of the directors holding office on 30 September 1997 in the issued share capital of the company were as follows:

	30.9.97	1.10.96
<b>Ordinary 50p shares</b>		
E K Ford	2	2
J G Wright	-	-
A A Laing	40,000	40,000
D S Robinson	-	-

**PAYMENT OF CREDITORS**

It is the company's policy to negotiate payment terms with its suppliers in all sectors and to ensure that they know the terms on which payment will take place when the business is agreed. It is the company's policy to abide by these terms.

**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 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 judgments and estimates that are reasonable and prudent;
- 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.


**ABTRUST ACCUMULATOR PLC**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

**AUDITORS**

The auditors, Sedley Richard Laurence Voulters, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**



.....  
E McDaid - SECRETARY

Dated: 9<sup>TH</sup> MARCH 1998

**ABTRUST ACCUMULATOR PLC**

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF  
ABTRUST ACCUMULATOR PLC**

We have audited the financial statements on pages five to fourteen 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 page ten.

**Respective responsibilities of directors and auditors**

As described on page two 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 judgments 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 as at 30 September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Sedley Richard Laurence Voulters*

Sedley Richard Laurence Voulters  
Chartered Accountants  
& Registered Auditors  
23 Bridford Mews  
Off Devonshire Street  
London  
WIN 1LQ

Dated: 9<sup>TH</sup> MARCH 1998

**ABTRUST ACCUMULATOR PLC**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

		30.9.97	30.9.96
	Notes	£	£
<b>TURNOVER</b>	2	230,709	228,120
Cost of sales		181,837	155,109
<b>GROSS PROFIT</b>		48,872	73,011
Administrative expenses		16,458	24,150
<b>OPERATING PROFIT</b>	4	32,414	48,861
Interest receivable and similar income	5	3,262	1,991
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		35,676	50,852
Tax on profit on ordinary activities	6	1,575	-
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		34,101	50,852
Deficit brought forward		(28,199)	(79,051)
<b>RETAINED PROFIT/(DEFICIT) CARRIED FORWARD</b>		£5,902	£(28,199)

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

ABTRUST ACCUMULATOR PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 30 SEPTEMBER 1997

	30.9.97	30.9.96
	<u>£</u>	<u>£</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	34,101	50,852
Unrealised surplus on revaluation of investment property	<u>64,920</u>	<u>50,800</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><u>£99,021</u></u>	<u><u>£101,652</u></u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.




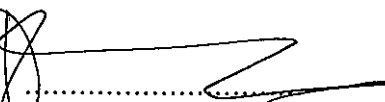
**ABTRUST ACCUMULATOR PLC**

**BALANCE SHEET  
30 SEPTEMBER 1997**

		30.9.97		30.9.96	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	7		2,829,000		2,760,500
<b>CURRENT ASSETS:</b>					
Debtors	8	21,804		28,916	
Cash at bank		60,470		64,216	
		<u>82,274</u>		<u>93,132</u>	
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>13,592</u>		<u>58,551</u>	
<b>NET CURRENT ASSETS:</b>			68,682		34,581
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			<u>2,897,682</u>		<u>2,795,081</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>	10		73,780		70,200
			<u>£2,823,902</u>		<u>£2,724,881</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	11		1,337,077		1,337,077
Share premium	12		1,203,367		1,203,367
Revaluation reserve	13		277,556		212,636
Profit and loss account			5,902		(28,199)
Shareholders' funds	14		<u>£2,823,902</u>		<u>£2,724,881</u>

**ON BEHALF OF THE BOARD:**

  
.....  
E K Ford - DIRECTOR

  
.....  
D S Robinson - DIRECTOR

Approved by the Board on 9th March 1998

**ABTRUST ACCUMULATOR PLC**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

		30.9.97		30.9.96	
	Notes	£	£	£	£
Net cash (outflow)/inflow from operating activities	1		(7,008)		61,439
Returns on investments and servicing of finance	2		3,262		1,991
(Decrease)/Increase in cash in the period			<u>£(3,746)</u>		<u>£63,430</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/Increase in cash in the period			<u>(3,746)</u>		<u>63,430</u>
Change in net funds resulting from cash flows			<u>(3,746)</u>		<u>63,430</u>
Movement in net funds in the period			<u>(3,746)</u>		<u>63,430</u>
Net funds at 1 October 1996			64,216		786
Net funds at 30 September 1997			<u>£60,470</u>		<u>£64,216</u>

The notes form part of these financial statements

# **ABTRUST ACCUMULATOR PLC**

## **NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1997**

### **1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	30.9.97 £	30.9.96 £
Operating profit	32,414	48,861
Decrease in debtors	7,112	1,632
(Decrease)/Increase in creditors	<u>(46,534)</u>	<u>10,946</u>
Net cash (outflow)/inflow from operating activities	<u><u>(7,008)</u></u>	<u><u>61,439</u></u>

### **2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	30.9.97 £	30.9.96 £
Returns on investments and servicing of finance		
Interest received	<u>3,262</u>	<u>1,991</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>3,262</u></u>	<u><u>1,991</u></u>

### **3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.10.96 £	Cash flow £	At 30.9.97 £
Net cash:			
Cash at bank	<u>64,216</u>	<u>(3,746)</u>	<u>60,470</u>
	<u>64,216</u>	<u>(3,746)</u>	<u>60,470</u>
Total	<u><u>64,216</u></u>	<u><u>(3,746)</u></u>	<u><u>60,470</u></u>
<b>Analysed in Balance Sheet</b>			
Cash at bank	<u>64,216</u>		<u>60,470</u>
	<u><u>64,216</u></u>		<u><u>60,470</u></u>

# ABTRUST ACCUMULATOR PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

#### Rental Income

Turnover represents gross rents receivable.

#### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Investment properties - not provided

#### Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

#### Investment Properties

In accordance with Statement of Standard Accounting Practice No.19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation is provided in respect of investment properties.

This is a departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated.

Such properties are not held for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view.

Depreciation is only one amongst many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The directors consider that this policy results in the accounts giving a true and fair view.

### 2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

### 3. STAFF COSTS

	30.9.97	30.9.96
	£	£
Wages and salaries	7,698	7,698

The average monthly number of employees during the year was as follows:

	30.9.97	30.9.96
Directors	4	4

# ABTRUST ACCUMULATOR PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

### 4. OPERATING PROFIT

The operating profit is stated after charging:

	30.9.97	30.9.96
	£	£
Auditors' remuneration	2,935	2,820
	<u>      </u>	<u>      </u>
Directors' emoluments	7,698	7,698
	<u>      </u>	<u>      </u>

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	30.9.97	30.9.96
	£	£
Bank interest received	3,262	1,991
	<u>      </u>	<u>      </u>

### 6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	30.9.97	30.9.96
	£	£
UK Corporation Tax	1,575	-
	<u>      </u>	<u>      </u>

UK Corporation Tax has been charged at 21% (1996 - not applicable).

Deferred tax arising on the revaluation of investment property has been set against the revaluation reserve in accordance with the prescribed treatment in Statement of Standard Accounting Practice No.15, Accounting for Deferred Tax.

The Corporation Tax charge has been reduced in the year due to the utilisation of tax losses brought forward.

### 7. TANGIBLE FIXED ASSETS

	Investment properties
	£
<b>COST OR VALUATION:</b>	
At 1 October 1996	2,760,500
Surplus on revaluation	68,500
	<u>      </u>
At 30 September 1997	2,829,000
	<u>      </u>
<b>NET BOOK VALUE:</b>	
At 30 September 1997	2,829,000
	<u>      </u>
At 30 September 1996	2,760,500
	<u>      </u>

# ABTRUST ACCUMULATOR PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

### 7. TANGIBLE FIXED ASSETS - continued

The investment property was valued at 30 September 1997 by David Gilchrist & Co., Chartered Surveyors. David Gilchrist & Co. have confirmed that these valuations are considered fair and representative of an open market value at 30 September 1997.

The net book value of investment properties determined under the historical cost convention is £2,477,664.

### 8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.97 £	30.9.96 £
Prepayments	21,802	28,914
Share capital unpaid	2	2
	<u>21,804</u>	<u>28,916</u>

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.97 £	30.9.96 £
Trade creditors	-	4,202
Accrued expenses	12,017	54,349
Corporation tax	1,575	-
	<u>13,592</u>	<u>58,551</u>

### 10. PROVISIONS FOR LIABILITIES AND CHARGES

	30.9.97 £	30.9.96 £
Deferred taxation	<u>73,780</u>	<u>70,200</u>
	Deferred taxation £	
Balance at 1 October 1996	70,200	
Deferred tax arising on revaluation of investment property	<u>3,580</u>	
Balance at 30 September 1997	<u>73,780</u>	

# ABTRUST ACCUMULATOR PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

### 11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	30.9.97	30.9.96
		value:	£	£
10,000,000	Ordinary	50p	5,000,000	5,000,000

Allotted, issued and fully paid:				
Number:	Class:	Nominal	30.9.97	30.9.96
		value:	£	£
2,674,154	Ordinary	50p	1,337,077	1,337,077

In accordance with the initial prospectus the exit route after the five year BES period is over, for the shareholders, are as follows:

a) The company has entered into an Option Agreement which sets out the company's right to require Nordham Development Limited to buy the company's properties at the end of five years ("the put option") with the corresponding right to require the company to sell those properties to Nordham Development Limited shortly thereafter ("the call option").

The formula under which the option prices are calculated, which applies equally to the put option and the call option is designed to ensure that, after allowing for both accumulated profits (or losses) in the company and any Capital Gains Tax liability on the sale of its properties, the company will have sufficient cash to permit a distribution of 122p per share to its shareholders on a voluntary liquidation.

b) Nordham Development Limited may make an Exit offer to purchase the shares after the expiry of the five years BES period under which the shareholders would receive a cash sum of £1.22 per share.

### 12. SHARE PREMIUM

	30.9.97	30.9.96
	£	£
Brought forward	1,203,367	1,203,367

### 13. REVALUATION RESERVE

	30.9.97	30.9.96
	£	£
Brought forward	212,636	161,836
Surplus on revaluation of investment property	68,500	68,500
Deferred tax arising on revaluation of investment property	(3,580)	(17,700)
	277,556	212,636

# ABTRUST ACCUMULATOR PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.9.97	30.9.96
	£	£
Profit for the financial year	34,101	50,852
Other recognised gains and losses relating to the year (net)	64,920	50,800
<b>NET ADDITION TO SHAREHOLDERS' FUNDS</b>	<u>99,021</u>	<u>101,652</u>
Opening shareholders' funds	2,724,881	2,623,229
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<u>2,823,902</u>	<u>2,724,881</u>
Equity interests	<u>2,823,902</u>	<u>2,724,881</u>

### 15. RELATED PARTY TRANSACTIONS

J G Wright and D S Robinson, directors of the company, are also directors of Nordham Developments Limited and Caledonian Rented Homes Limited.

Included in cost of sales are property management fees of £43,985 (1996 - £65,430) paid to Nordham Developments Limited and £4374 paid to Caledonian Rented Homes Limited for the provision of management services.

Included in overhead expenditure are company secretarial fees of £nil (1996- £5875) paid to Nordham Developments Limited for the provision of company secretarial services.