

**REGISTRAR OF COMPANIES**

BEDE INVESTMENT PROPERTIES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 1997

Company Number 2871100



## BEDE INVESTMENT PROPERTIES LIMITED

Directors: D.W. Simpson  
D.F. Clarke

### DIRECTORS' REPORT

The directors submit their report and the accounts for the year ended 31 December 1997.

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit or loss for its financial year. In doing so the directors are required to:

- select suitable accounting policies and 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 maintaining proper accounting records that 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.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company are the management and development of investment properties. The directors are pleased with the results during the year and consider that the financial position of the company is satisfactory.

On 18 November 1996, the London Borough of Greenwich made a compulsory purchase order for Units 1-4 which are part of the company's investment property portfolio, the forecourt, side, rear and passages at 725 Woolwich Road, London SE7. The company is awaiting a valuation to be received for the properties, the vesting day of which was the end of June 1998.

### DIVIDENDS

The directors do not recommend that a dividend be declared.

# BEDE INVESTMENT PROPERTIES LIMITED

## DIRECTORS' REPORT (continued)

### DIRECTORS AND INTERESTS IN SHARES

The names of the present directors are given at the head of this report.

Mr D. Lambert resigned as a director of the company on 31st March 1998.

The number of shares in the company in which the directors had a beneficial interest, as defined by the Companies Act 1985 was as follows:

	Ordinary shares of £1 each	
	31 December 1997	31 December 1996
D.W. Simpson	49	49
D.F. Clarke	49	49

### PAYMENT OF SUPPLIERS

The company understands the benefits to be derived from maintaining good relationships with its suppliers and accordingly the company ensures that its payments to suppliers for goods and services are made in accordance with its internal policy whereby payments are processed twice monthly.

### AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Moores Rowland as auditors to the company for the ensuing year.

By order of the board



D.F. Clarke  
Secretary

Registered office:

Pino House  
Ashleigh Commercial Estate  
Westmoor Street  
London  
SE7 8NQ

29 October 1998

AUDITORS' REPORT TO THE MEMBERS OF  
BEDE INVESTMENT PROPERTIES LIMITED

We have audited the accounts on pages 4 to 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

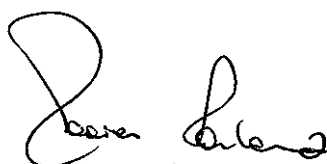
BASIS OF OPINION

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 that 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 or 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 as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND  
Chartered Accountants  
Registered Auditors

London

29 October 1998

BEDE INVESTMENT PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1997

	Note	1997 £'000	1996 £'000
TURNOVER	1	2,215	2,368
Cost of sales		512	594
GROSS PROFIT		1,703	1,774
Administrative expenses		593	495
OPERATING PROFIT		1,110	1,279
Interest receivable	2	44	32
		1,154	1,311
Interest payable	3	942	898
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	212	413
Tax on profit on ordinary activities	6	76	146
PROFIT FOR THE FINANCIAL YEAR		136	267
Retained profit brought forward		372	105
RETAINED PROFIT CARRIED FORWARD		508	372

All disclosures relate only to continuing operations.

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

BEDE INVESTMENT PROPERTIES LIMITED

BALANCE SHEET

As at 31 December 1997

	Note	£'000	1997 £'000	£'000	1996 £'000
FIXED ASSETS					
Tangible assets	8		12,488		12,489
CURRENT ASSETS					
Debtors	9	429		464	
Cash at bank and in hand		715		632	
		<u>1,144</u>		<u>1,096</u>	
CREDITORS – amounts falling due within one year	10	13,124		928	
NET CURRENT (LIABILITIES)/ASSETS			(11,980)		168
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>508</u>		<u>12,657</u>
CREDITORS – amounts falling due after more than one year	11		–		12,285
TOTAL NET ASSETS			<u>508</u>		<u>372</u>
CAPITAL AND RESERVES					
Called up share capital	12		–		–
Profit and loss account			508		372
SHAREHOLDER'S FUNDS	13		<u>508</u>		<u>372</u>

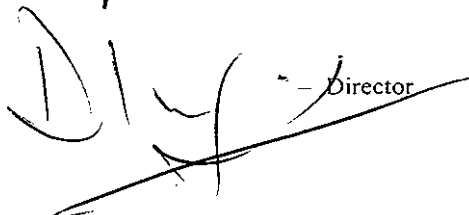
Approved by the board on 29 October 1998

D.F. Clarke



– Director

D.W. Simpson



– Director

## BEDE INVESTMENT PROPERTIES LIMITED

### NOTES TO THE ACCOUNTS

#### 1. ACCOUNTING POLICIES

##### Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. Bank loans of £12,285,000 due within one year, will only become payable upon the disposal of the investment properties at a value consistent with that stated in the accounts. These accounts are therefore prepared on the going concern basis.

##### Turnover

Turnover represents rents receivable from tenants, excluding value added tax.

##### Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets other than freehold land and investment properties so as to write them off over their anticipated useful lives at the following annual rates on a straight line basis:

Fixtures and fittings	– 20%
Plant and equipment	– 20%
Motor vehicles	– 25%

In accordance with SSAP 19, investment properties are periodically revalued and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold or leasehold investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. These properties are held for investment and the directors consider that annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view.

##### Operating leases

Rentals under operating leases are charged to the profit and loss account as incurred.

##### Deferred taxation

Deferred taxation is calculated using the liability method and provision is made to the extent that it is probable that such tax will become payable in the foreseeable future.

##### Excess service charges

At the end of each calendar year a demand for excess service charges payable by the tenants is made where rechargeable expenses under property leases exceed interim demands made to tenants during the year. These demands can only be calculated after the company's year end date, and the directors consider it prudent to account for these on a cash received basis. At 31 December 1997 £164,000 (1996:£137,000) was chargeable to tenants by the company in respect of excess service charges for the year ended on that date of which £14,786 has been received and is included in turnover for the year.

BEDE INVESTMENT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS(continued)

2. INTEREST RECEIVABLE

	1997 £'000	1996 £'000
Bank interest receivable	<u>44</u>	<u>32</u>

3. INTEREST PAYABLE

	1997 £'000	1996 £'000
On bank loans wholly repayable within five years	<u>942</u>	<u>898</u>

Total interest of £744,250 (1996:£533,000) accrued on part of the outstanding bank loan at 31 December 1997 has not been charged in the accounts. Of this, £211,251 relates to the year ended 31 December 1997 (1996:£199,000). This interest is a contingent liability, only payable on the maturity of the loan or the disposal of the company's properties at a specified value. As such it is not practicable to quantify the amount of interest which may become chargeable in the accounts.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before  
taxation is stated after charging:

	1997 £'000	1996 £'000
Directors emoluments	6	—
Auditors' remuneration	15	15
Depreciation of fixed assets	50	29
Other operating lease payments	<u>12</u>	<u>20</u>

5. DIRECTORS AND OTHER EMPLOYEES

Staff costs include the following:

	1997 £'000	1996 £'000
Wages and salaries	258	244
Social security costs	24	26
Redundancy costs	<u>27</u>	<u>—</u>
	<u>309</u>	<u>270</u>

The average monthly number of persons employed in the year, including directors, was 19 (1996:21).

BEDE INVESTMENT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS(continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £'000	1996 £'000
Based on the profit for the year:		
Corporation tax at 21% (1996:23%)	71	146
Taxation underprovided in prior years:		
Corporation tax	5	—
	<u>76</u>	<u>146</u>

7. DIRECTORS' INTERESTS IN TRANSACTIONS

Under a management agreement certain fees and incentive payments are payable to St Helena Limited, a company jointly owned by Mr D F Clarke and Mr D W Simpson. Included in the accounts for the year is a charge of £172,000 (1996:£168,000).

8. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Fixtures and fittings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 January 1997	12,327	10	88	111	12,536
Additions	34	—	15	—	49
	<u>12,361</u>	<u>10</u>	<u>103</u>	<u>111</u>	<u>12,585</u>
At 31 December 1997					
Depreciation:					
At 1 January 1997	—	4	30	13	47
Charge for year	—	2	20	28	50
	<u>—</u>	<u>6</u>	<u>50</u>	<u>41</u>	<u>97</u>
At 31 December 1997					
Net book value at 31 December 1997	<u>12,361</u>	<u>4</u>	<u>53</u>	<u>70</u>	<u>12,488</u>
Net book value at 31 December 1996	<u>12,327</u>	<u>6</u>	<u>58</u>	<u>98</u>	<u>12,489</u>

The net book values of land and buildings comprises:

	1997 £'000	1996 £'000
Freehold	12,111	12,077
Long leasehold	250	250
	<u>12,361</u>	<u>12,327</u>

BEDE INVESTMENT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS (continued)

9. DEBTORS

	1997 £'000	1996 £'000
Trade debtors	416	458
Other debtors	13	6
	<u>429</u>	<u>464</u>

Included in other debtors is a staff loan for £4,264 (1996:£2,247) to D.F. Clarke, a director of the company. The maximum balance outstanding during the year was £6,747 (1996:£2,247). The loan is interest-free and repayable within a year.

A staff loan to A. Clarke, the son of D.F. Clarke, totalling £2,713 remained outstanding as at 31 December 1997 (1996:£2,713).

10. CREDITORS – amounts falling due within one year

	1997 £'000	1996 £'000
Bank loans and overdrafts	12,285	—
Trade creditors	1	20
Taxation and social security	208	301
Accruals and deferred income	630	607
	<u>13,124</u>	<u>928</u>

11. CREDITORS – amounts falling due after more than one year

	1997 £'000	1996 £'000
Bank loans:		
– repayable within one to two years	—	12,285
	<u>—</u>	<u>12,285</u>

The loans are secured by a charge on the investment properties and by a debenture over the other assets of the company.

The loans are also partially guaranteed by D W Simpson and D F Clarke.

BEDE INVESTMENT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS(continued)

12. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised:		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted and fully paid:		
98 ordinary shares of £1 each	98	98

Boston Holdings Limited have an option to subscribe for 2% of the issued share capital at par value, expiring on the earlier of 1 December 1998 or on settlement of all obligations of the company to The Bank Boston NA.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £'000	1996 £'000
Profit for the financial year	136	267
Opening shareholders' funds	372	105
Closing shareholders' funds	508	372

14. FINANCIAL COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

	Land and buildings	
	1997 £'000	1996 £'000
Expiry date:		
Within one year	—	20
Between one and five years	—	—
After five years	—	—
	—	20