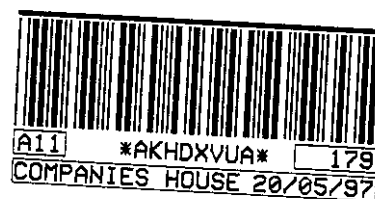


BEDE INVESTMENT PROPERTIES LIMITED  
DIRECTORS' REPORT AND ACCOUNTS  
YEAR ENDED 31 DECEMBER 1996

Company Number 2871100



# BEDE INVESTMENT PROPERTIES LIMITED

Directors: D.W. Simpson  
D.F. Clarke  
D. Lambert (appointed 1 November 1996) (non-executive director)

## DIRECTORS' REPORT

The directors submit their report and the accounts for the year ended 31 December 1996.

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, the forecourt, side, rear and passages at 725 Woolwich Road, London SE7. The company has appealed to the Secretary of State for Transport and is awaiting his decision.

## DIVIDENDS

In view of the company's current and future requirements for the maintenance and development of its business, 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.

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 1996	31 December 1995
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:

104 Bellegrove Road  
Welling  
Kent  
DA16 3OD

AUDITORS' REPORT TO THE MEMBERS OF  
BEDE INVESTMENT PROPERTIES LIMITED

We have audited the accounts on pages 4 to 11.

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.

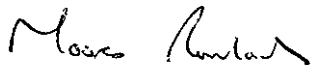
Basis of opinion

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 1996 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

6 May 1997

BEDE INVESTMENT PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1996

	Note	1996 £'000	1995 £'000
TURNOVER		2,368	2,106
Cost of sales		594	470
GROSS PROFIT		1,774	1,636
Administrative expenses		495	563
OPERATING PROFIT		1,279	1,073
Interest receivable	2	32	20
		1,311	1,093
Interest payable	3	898	950
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	413	143
Tax on profit on ordinary activities	6	146	60
PROFIT FOR THE FINANCIAL YEAR		267	83
Retained profit brought forward		105	22
RETAINED PROFIT CARRIED FORWARD		372	105

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 1996

	Note	£'000	1996 £'000	1995 £'000
<b>FIXED ASSETS</b>				
Tangible assets	8		12,489	12,366
<b>CURRENT ASSETS</b>				
Debtors	9	464		428
Cash at bank and in hand		632		390
		<u>1,096</u>		<u>818</u>
CREDITORS – amounts falling due within one year	10	928		794
NET CURRENT ASSETS			168	24
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,657</u>	<u>12,390</u>
CREDITORS – amounts falling due after more than one year	11		12,285	12,285
TOTAL NET ASSETS			<u>372</u>	<u>105</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	12		-	-
Profit and loss account			372	105
TOTAL EQUITY INTEREST	13		<u>372</u>	<u>105</u>

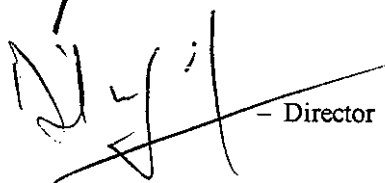
Approved by the board on 6 May 1997

D.F. Clarke



– Director

D.W. Simpson



– Director

BEDE INVESTMENT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

A summary of the more important accounting policies which have been consistently applied is given below:

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents the amounts receivable from customers for goods sold and services provided, 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.

BEDE INVESTMENT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS(continued)

1. ACCOUNTING POLICIES (continued)

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 1996 £137,000 (1995 £136,000) was chargeable to tenants by the company in respect of excess service charges for the year ended on that date.

2. INTEREST RECEIVABLE

	1996 £'000	1995 £'000
Bank interest receivable	32	20
	<u>      </u>	<u>      </u>

3. INTEREST PAYABLE

	1996 £'000	1995 £'000
On bank loans wholly repayable within five years	898	950
	<u>      </u>	<u>      </u>

Total interest of £533,000 (1995 £334,000) accrued on part of the outstanding bank loan at 31 December 1996 has not been charged in the accounts. Of this, £199,000 relates to the year ended 31 December 1996 (1995 £179,000). This interest is a contingent liability, only payable on the maturity of the loan or the disposal of the company's properties. As such it is not practicable to quantify the amount of interest which may become chargeable in the accounts.



BEDE INVESTMENT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS(continued)

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before  
taxation is stated after charging:

	1996 £'000	1995 £'000
Auditors' remuneration	15	15
Depreciation of fixed assets	29	18
Other operating lease payments	20	20
	<u>      </u>	<u>      </u>

5. DIRECTORS AND OTHER EMPLOYEES

Staff costs include the following:

	1996 £'000	1995 £'000
Wages and salaries	244	219
Social security costs	26	24
	<u>      </u>	<u>      </u>
	270	243
	<u>      </u>	<u>      </u>

The average weekly number of persons employed in the year, including directors, was 21 (1995 20).

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £'000	1995 £'000
Based on the profit for the year:		
Corporation tax at 24% (1995 25%)	146	60
Taxation underprovided in prior years:		
Corporation tax	-	-
	<u>      </u>	<u>      </u>
	146	60
	<u>      </u>	<u>      </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 £168,000 (1995 £157,000).

BEDE INVESTMENT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS(continued)

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 1996	12,289	7	67	28	12,391
Additions	38	3	21	102	164
Disposals	-	-	-	(19)	(19)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 1996	12,327	10	88	111	12,536
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Depreciation:					
At 1 January 1996	-	2	15	8	25
Charge for year	-	2	15	12	29
Disposals	-	-	-	(7)	(7)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 1996	-	4	30	13	47
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net book value at 31 December 1996	12,327	6	58	98	12,489
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net book value at 31 December 1995	12,289	5	52	20	12,366
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The net book values of land and buildings comprises:

	1996 £'000	1995 £'000
Freehold	12,077	12,039
Long leasehold	250	250
	<u>12,327</u>	<u>12,289</u>

9. DEBTORS

	1996 £'000	1995 £'000
Trade debtors	458	428
Other debtors	6	-
	<u>464</u>	<u>428</u>

Included in other debtors is a staff loan for £2247 (1995 nil) to D.F. Clarke. The maximum balance outstanding during the year was £2247 (1995 nil). The loan is interest-free and repayable within a year.

There was a staff loan to A. Clarke, the son of D.F. Clarke, totalling £2713 outstanding as at 31 December 1996 (1995 nil).

BEDE INVESTMENT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS(continued)

10. CREDITORS – amounts falling due within one year

	1996 £'000	1995 £'000
Trade creditors	20	8
Taxation and social security	301	180
Accruals and deferred income	607	606
	<u>928</u>	<u>794</u>

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

	1996 £'000	1995 £'000
– repayable within five years	<u>12,285</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.

12. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised:		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted and fully paid:		
98 ordinary shares of £1 each	<u>98</u>	<u>98</u>

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 First National Bank of Boston.

BEDE INVESTMENT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS(continued)

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £'000	1995 £'000
Profit for the financial year	267	83
Net addition to shareholders' funds	<u>267</u>	<u>83</u>
Opening shareholders' funds	105	22
Closing shareholders' funds	<u>372</u>	<u>105</u>

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	
	1996 £'000	1995 £'000
Expiry date:		
Within one year	20	—
Between one and five years	<u>—</u>	<u>20</u>
	20	20
	<u>—</u>	<u>—</u>