

L.G.S. Investments PLC

Directors' report and financial statements

30 November 1995

Registered number 2879716



L.G.S Investments PLC

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities	2
Auditors' report	3
Profit and loss account	4
Reconciliation of movements in shareholders' funds	4
Balance sheet	5
Cash flow statement	6
Notes	7-10

L.G.S Investments PLC

Directors' report

The directors present their report and audited financial statements for the period 1 January 1995 to 30 November 1995. The company changed its year end from 31 December to 30 November during the period.

Principal activities

The company is an investment company whose only activity is to hold local authority loan instruments acquired on 22 May 1995 and to service bonds which were issued on the same date to finance the purchase. The local authority loan instruments have been pledged to Bankers Trustee Company Limited as security for the bonds.

Results and dividends

The company made a profit before taxation of £19,001 during the period and the directors do not recommend the payment of a dividend.

Directors and directors' interest

The following directors held office during the period:

Mr AF Raikes	(resigned 6 April 1995)
Mr MA Lydon	(resigned 6 April 1995)
Mr GI Lane	(resigned 6 April 1995)
SPV Management Limited	(appointed 6 April 1995)
Mr T Pomeroy	(appointed 6 April 1995, resigned 14 February 1996)
Mr R Baker	(appointed 14 February 1996)
Mr J Keighley	(appointed and resigned 11 May 1995)

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

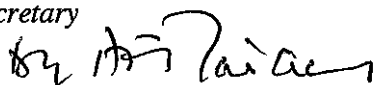
Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

SPV Management Limited

Secretary



78 Cannon Street
London EC4P 5LN

5th June 1996

L.G.S Investments PLC

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of L.G.S. Investments PLC

We have audited the financial statements on pages 4 to 10.

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 Boards. 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 as at 30 November 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

24 June May 1996

L.G.S. Investments PLC

Profit and loss account

for the period from 1 January 1995 to 30 November 1995

		1995	10 Dec 1993 to 31 Dec 1994
	Note	£	£
Income from fixed asset investments	4	1,454,204	-
Interest payable and similar charges on bonds in issue	5	(1,448,437)	-
		<u>5,767</u>	-
Administrative expenses		(78,463)	-
Other income		<u>91,250</u>	-
Operating profit		18,554	-
Other interest receivable and similar income		<u>447</u>	-
Profit on ordinary activities before taxation	2	19,001	-
Tax on profit on ordinary activities	6	(4,755)	-
Retained profit for the period		<u><u>14,246</u></u>	-

Reconciliation of movements in shareholders' funds

for the period from 1 January 1995 to 30 November 1995

	1995	10 Dec 1993 to 31 Dec 1994
	£	£
Profit for the financial period	14,246	-
New share capital subscribed	-	12,500
Net addition to shareholders' funds	14,246	-
Opening shareholders' funds	<u>12,500</u>	-
Closing shareholders' funds	<u><u>26,746</u></u>	<u><u>12,500</u></u>

There were no gains or losses during the current period or the preceding period other than those passing through the profit and loss accounts. Accordingly, a statement of total recognised gains and losses has not been prepared. The results stated above are all derived from continuing operations.

L.G.S. Investments PLC

Balance sheet

at 30 November 1995

	Note	1995 £	31 December 1994 £
Fixed assets			
Investments	7	71,951,722	-
Current assets			
Called up share capital not paid		-	12,500
Debtors	8	160,776	-
Cash at bank and in hand		46,033	-
		<u>206,809</u>	<u>12,500</u>
Creditors: amounts falling due within one year	9	<u>179,872</u>	<u>-</u>
Net current assets		<u>26,937</u>	<u>12,500</u>
Total assets less current liabilities		<u>71,978,659</u>	<u>12,500</u>
Creditors: amounts falling due after more than one year	10	(71,951,740)	-
Provision for liabilities and charges	11	(173)	-
Net assets		<u>26,746</u>	<u>12,500</u>
Capital and reserves			
Called up share capital	12	12,500	12,500
Profit and loss account		14,246	-
Equity shareholders' funds		<u>26,746</u>	<u>12,500</u>

These financial statements were approved by the board of directors on
signed on its behalf by:

5th June

~~May~~ 1996 and were

SPV Management Limited

Director

by A. F. Z. a. a. n

L.G.S. Investments PLC

Cash flow statement

for the period from 1 January 1995 to 30 November 1995

	Note	1995	10 December 1993 to 31 December 1994
		£	£
Net cash inflow from operating activities	13	27,991	-
Return on investments and servicing of finance			
Interest received		1,293,539	-
Interest paid		(1,287,997)	-
Net cash inflow from returns on investment and servicing of finance		5,542	-
Investing activities			
Purchase of investments		(71,948,800)	-
Net cash outflow from investing activities before financing		(71,915,267)	-
Financing			
Issuing of ordinary share capital		12,500	-
Issue of debt securities		71,948,800	-
Net cash inflow from financing		71,961,300	-
Increase in cash and cash equivalents	14	46,033	-

L.G.S. Investments PLC

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Investments

Investments are recorded at cost, plus or minus accrued premium or discount on acquisition which is amortised to generate a constant yield to maturity.

Debt securities issued

Debt securities are recorded at cost, plus or minus accrued premium or discount on issue which is amortised to generate a constant yield to maturity.

2 Profit on ordinary activities before taxation

	1 January 1995 to 30 November 1995	10 December 1993 to 31 December 1994
	£	£

Profit on ordinary activities before taxation is stated after charging

Auditors' remuneration

Audit	4,201	-
Other services	11,250	-

3 Remuneration of directors

None of the directors received remuneration for their services to the company, apart from fees of £9,045 paid to SPV Management Limited. Mr AF Raikes, who was a director of the company for part of the period, has an interest in and is a director of SPV Management Limited.

4 Income from fixed asset investments

	1 January 1995 to 30 November 1995	10 December 1993 to 31 December 1994
	£	£

Income from fixed asset investments

Unlisted	1,451,282	-
Amortised discount	2,922	-
	<hr/>	<hr/>
	1,454,204	-
	<hr/>	<hr/>

L.G.S. Investments PLC

Notes (continued)

5 Interest payable and similar charges on bonds in issue

	1 January 1995 to 30 November 1995 £	10 December 1993 to 31 December 1994 £
Interest paid on bonds in issue	1,445,497	-
Amortised discount	2,940	-
	<u>1,448,437</u>	<u>-</u>

6 Taxation

	1 January 1995 to 30 November 1995 £	10 December 1993 to 31 December 1994 £
UK corporation tax at 25% on the profit for the period on ordinary activities	4,582	-
Deferred taxation	173	-
	<u>4,755</u>	<u>-</u>

7 Fixed assets investments

	£
Additions during the period	71,948,800
Amortised discount	2,922
At end of period	<u>71,951,722</u>

The fixed asset investments comprises unlisted debt securities. The local authority loan instruments purchased have been pledged to Bankers Trustee Company Limited as security for bonds issued.

8 Debtors

	1995 £	31 December 1994 £
Other debtors	1,289	-
Prepayments and accrued income	159,487	-
	<u>160,776</u>	<u>-</u>

All debtors were due within one year.

L.G.S. Investments PLC

Notes (continued)

9 Creditors: amounts falling due within one year

	1995 £	31 December 1994 £
Other creditors including taxation	4,582	-
Accruals and deferred income	175,290	-
	<u>179,872</u>	<u>-</u>

10 Creditors: amounts falling due after more than one year

	1995 £	31 December 1994 £
Bonds in issue at cost	71,948,800	-
Amortised discount	2,940	-
	<u>71,951,740</u>	<u>-</u>

	1995 £	31 December 1994 £
Amount repayable, other than by instalments, after more than five years	<u>71,951,740</u>	<u>-</u>

The bonds, which are redeemable by 22 May 2020, have a nominal value of £73,000,000 and bear interest at 8.75% per annum.

11 Provisions for liabilities and charges

	Deferred taxation £
At beginning of the period	-
Charge for the period	<u>173</u>
At end of the period	<u>173</u>

The deferred tax liability arises from timing differences.

L.G.S. Investments PLC

Notes (continued)

12 Called up share capital

	1995 £	31 December 1994 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
<i>Allotted, called up and paid as to 25p per share</i>		
50,000 Ordinary shares of £1 each	<u>12,500</u>	<u>-</u>
<i>Allotted, called up and unpaid</i>		
Ordinary shares of £1 each	<u>-</u>	<u>12,500</u>

13 Reconciliation of operating profit to net cash outflow from operating activities

	1995	10 December 1993 31 December 1994
Operating profit	19,001	-
Interest receivable	(1,451,729)	-
Interest payable	1,445,497	-
Amortisation of discount on debt securities issued	2,940	-
Amortisation of discount of debt securities purchased	(2,922)	-
Increase in creditors	17,790	-
Increase in debtors	(2,586)	-
Net cash inflow from operating activities	<u>27,991</u>	<u>-</u>

14 Analysis of changes in cash and cash equivalents

	1995	10 December 1993 31 December 1994
Balance at beginning of period	-	-
Net cash inflow	<u>46,033</u>	<u>-</u>
Balance at end of period	<u>46,033</u>	<u>-</u>

15 Ultimate parent undertaking

L.G.S. Investments PLC is a wholly owned subsidiary undertaking, whose ultimate parent undertaking is L.G.S. Investment (Holdings) Limited. L.G.S. Investments (Holdings) Limited is registered in England and Wales and prepares group accounts which can be obtained from 78 Cannon Street, London EC4P 5LN.