

Company Registration Number: 2899070

BECKWITH DEVELOPMENT CAPITAL LIMITED

Directors' Report and Accounts
for the year ended
30 June 1996



BECKWITH DEVELOPMENT CAPITAL LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited accounts for the year ended 30 June 1996.

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:

- a) Select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed;
- d) prepare 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.

Review of the Business

As at 30 June 1996 the Company had not commenced trading although it holds a 25.1% interest in Riverside plc, a group specialising in the operation of sports and leisure centres and an investment in TJ Hughes PLC. The principal activity of the Company is planned to be the management of a number of specialised development capital funds both in the UK and overseas.

In the opinion of the directors the financial position of the Company at the Balance Sheet date was satisfactory.

Results and Dividend

The results for the year are detailed on page 4. The Company achieved a profit on ordinary activities before taxation of £86,730 (1995 - nil).

The directors do not recommend the payment of a dividend for the year. The retained profit for the year is £42,805 (1995 - nil) which has been transferred to reserves, giving a retained profit carried forward of £42,805 (1995 - nil).

Share Capital

The movements in Share Capital during the year are set out in Note 7.

Fixed Assets

The movements in Fixed Assets during the year are set out in Note 4.

BECKWITH DEVELOPMENT CAPITAL LIMITED

DIRECTOR'S REPORT (continued)

Directors and their interests

The directors holding office during the year were as follows:

	<i>Date of Appointment</i>	<i>Date of Resignation</i>
J L Beckwith	7 March 1994	
S C Laws	7 March 1994	25 February 1997
A G Palmer	7 March 1994	

None of the directors have any interests in the share capital of the Company other than by virtue of their interests in its holding company, Pacific Investments Limited, which are disclosed in the accounts of that company.

SA Barker was appointed Company Secretary on 25 February 1997.

Auditors

A resolution to re-appoint Price Waterhouse as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



S A Barker

195 Knightsbridge
London
SW7 1RE

18 March 1997

AUDITOR'S REPORT TO THE SHAREHOLDERS
OF
BECKWITH DEVELOPMENT CAPITAL LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention as modified by the revaluation of listed investments to market value in accordance with the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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 an 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 June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

18 March 1997

BECKWITH DEVELOPMENT CAPITAL LIMITED

Profit and Loss Account for the year ended 30 June 1996

	Notes	1996 £	1995 £
Administrative expenses	2	(1,294)	-
Operating loss		<u>(1,294)</u>	<u>-</u>
Income from participating interests		109,813	-
Interest receivable		174	-
Profit on ordinary activities before taxation		<u>108,693</u>	<u>-</u>
Taxation	3	(21,963)	-
Profit on ordinary activities after taxation		<u>86,730</u>	<u>-</u>
Dividends		(43,925)	-
Retained profit for the period		<u><u>42,805</u></u>	<u><u>-</u></u>

An analysis of reserves is given in Note 8.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and the historical cost equivalents.

The operating loss derives wholly from continuing operations. During the prior period the Company did not trade and and received no income and incurred no expenditure. Consequently the Company made neither profit nor loss.

Statement of Total Recognised Gains and Losses for the year ended 30 June 1996

	1996 £	1995 £
Profit for the year	42,805	-
Revaluation of listed investments	186,695	-
Total recognised gains in the year	<u><u>229,500</u></u>	<u><u>-</u></u>

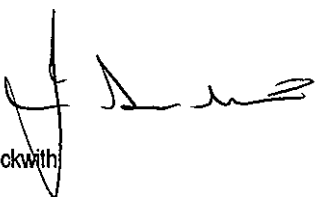
The notes on pages 6 to 8 form an integral part of these accounts.

BECKWITH DEVELOPMENT CAPITAL LIMITED

Balance Sheet as at 30 June 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Investments	4	3,835,875	3,012,000
CURRENT ASSETS			
Debtors	5	1	1
Cash at bank and in hand		105	
		<u>106</u>	<u>1</u>
CREDITORS (amounts due within one year)	6	(3,606,480)	(3,012,000)
NET CURRENT LIABILITIES		<u>(3,606,374)</u>	<u>(3,011,999)</u>
NET ASSETS		<u>229,501</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	7	1	1
Revaluation reserve	8	186,695	-
Profit and loss account	8	42,805	-
		<u>229,501</u>	<u>1</u>

The accounts were approved by the
Board of Directors on 18 March 1997


JL Beckwith

The notes on pages 6 and 8 form an integral part of these accounts.

BECKWITH DEVELOPMENT CAPITAL LIMITED

Notes to the Accounts for the period ended 30 June 1996

1. Accounting Policies

Basis of accounting - The accounts have been prepared under the historical cost convention as modified by the revaluation of listed investments to market value and in accordance with applicable accounting standards.

Investments - Fixed asset investments are included in the balance sheet at cost in the case of unlisted investments and at market value in the case of listed investments.

Cash Flow Statement - The Company is exempt from the requirement to publish a cash flow statement as it is a wholly owned subsidiary undertaking of a UK company publishing a group cash flow statement.

2. Administrative expenses

	1996 £	1995 £
Other non audit fees	<u>1,294</u>	<u>-</u>

The Company's audit fee has been met by the holding company.

3. Taxation

	1996 £	1995 £
Corporation tax at 33 %	-	-
Tax credit on franked investment income	21,963	-
	<u>21,963</u>	<u>-</u>

4. Investments

	1996 £	1995 £
Unlisted investments	3,012,000	3,012,000
Listed investments	823,875	-
	<u>3,835,875</u>	<u>3,012,000</u>

4.1 Unlisted investments

Unlisted investments comprise unlisted ordinary shares in Riverside plc at cost. The Company owns 25.1 % of the issued ordinary and preference share capital of Riverside plc, a company registered in England and Wales.

The principal activity of the company is the holding of shares in companies operating sports and leisure centres. The company's accounting reference period ends on 31 December.

Dividends from associated undertakings are accounted for when received.

BECKWITH DEVELOPMENT CAPITAL LIMITED

Notes to the Accounts

for the period ended 30 June 1996

(continued)

4.2 Listed investments

Listed investments of the Company which are listed on the London Stock Exchange have been revalued to market value at 30 June 1996 are analysed as follows:

	£
Balance as at 1 July 1995	-
Additions at cost	637,180
Revaluation	186,695
Balance as at 30 June 1996	<u>823,875</u>

5. Debtors

Debtors are analysed as follows:

	1996 £	1995
Amount due from parent undertaking	1	1
	<u>1</u>	<u>1</u>

6. Creditors (amounts due within one year)

Creditors due within one year are analysed as follows:

	1996 £	1995
Amount due to parent undertakings	3,605,480	3,012,000
Accruals and deferred income	1,000	-
	<u>3,606,480</u>	<u>3,012,000</u>

7. Called up Share Capital

As at 30 June and 1996 and 1995 the authorised share capital of the Company comprised 100 ordinary shares of £1 each of which one share had been issued as fully paid.

BECKWITH DEVELOPMENT CAPITAL LIMITED

Notes to the Accounts

for the period ended 30 June 1996

(continued)

8. Reserves

The Company's reserves are analysed as follows:

	Revaluation reserve £	Profit and Loss Account £
Balance as at 1 July 1995	-	-
Retained profit for the year	-	42,805
Revaluation of listed investments	186,695	-
Balance as at 30 June 1996	<u>186,695</u>	<u>42,805</u>

9. Reconciliation of Movement in Shareholders' Funds

	£
Profit for the financial period	86,730
Dividends	(43,925)
	<u>42,805</u>
Revaluation of listed investments	186,695
Net addition to shareholders' funds	<u>229,500</u>
Shareholders' funds as at 30 June 1996	1
	<u>229,501</u>

10. Holding Company

The Company's holding company is Beckwith Capital Partners PLC, a company registered in England and Wales. The Company's ultimate holding company is Pacific Investments Limited, a company registered in England and Wales, which is the smallest and largest group of which the Company is a member and for which group accounts are prepared. The consolidated accounts of that company can be obtained from the secretary at 195 Knightsbridge, London SW7 1RE.

The Company has an excess of current liabilities over current assets represented by loans from its parent companies. The parent companies do not intend to demand repayment of the loan in the foreseeable future.