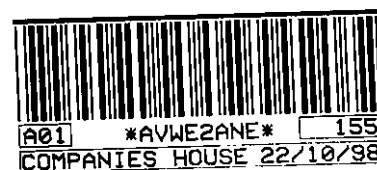


Company number 3016028

CEPB DEVELOPMENTS LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997



CEPB DEVELOPMENTS LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

Contents	<u>Page</u>
Company information	2
Report of the directors	3-4
Report of the auditors	5
Profit and loss account	6
Balance sheet	6
Notes to the financial statements	7-9

COMPANY INFORMATION

Directors: **Mr. A. Bridgewater (Chairman)**
The Ven. H.I.L. Russell
Mr. T.J.P. Stevenson
Mr. D.J.V. Wright

Secretary: **Mr. R.G. Radford**

Registered Office: **7, Little College Street,**
Westminster, London
SW1P 3SF

Auditors: **Coopers & Lybrand,**
1, Embankment Place,
London WC2N 6NN.

Bankers: **Lloyds Bank PLC,**
City Office,
PO Box No.217,
72, Lombard Street,
London EC3P 3BT.

CEPB DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ending 31 December 1997.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The profit and loss account for the year is shown on page 6. The company's principal activity is undertaking property and building developments. In January 1997, work commenced on the modernisation of a nursing home at Hindhead for the Church of England Pensions Board which should be completed by the autumn of 1998.

During the year, the construction of a new residential home in Worthing was completed and handed over to the client.

There have been no events since the Balance Sheet date which materially affect the position of the Company.

DIVIDENDS

The Directors do not recommend payment of a dividend.

DIRECTORS

The Directors of the Company who served during the year have been as follows:-

	Date of Appointment	Date of Resignation
Mr. H. Gracey	23 February 1995	31 December 1997
The Ven. A.H.M. Turner	22 March 1995	31 December 1997
The Ven. R.B. Harris	20 March 1996	31 December 1997
Mr. T.J.P. Stevenson	20 March 1996	
Mr. A. Bridgewater	1 January, 1998	
Ven. H.I.C. Russell	1 January, 1998	
Mr. D.J.V. Wright	1 January, 1998	

No director has held any shares in the Company during the year.

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:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (iv) 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.

CHARITABLE CONTRIBUTIONS

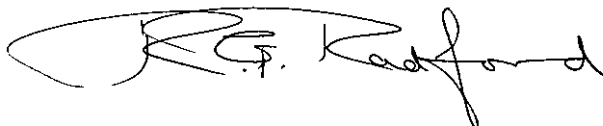
Under a Deed of Covenant, £340,804 (gross) will be paid to The Church of England Pensions Board, a registered charity, and this amount has been included in Administration Expenses.

AUDITORS

In accordance with Section 385 of the Companies Act 1985 a Resolution proposing the re-appointment of Coopers & Lybrand as auditors to the Company will be put to the Annual General Meeting.

APPROVED BY THE BOARD ON 16 JUNE 1998 AND SIGNED ON THEIR BEHALF BY:

R.G. Radford
SECRETARY

A handwritten signature in dark ink, appearing to read 'R.G. Radford', written over a horizontal line.

REPORT OF THE AUDITORS TO THE MEMBERS OF CEPB DEVELOPMENTS LIMITED

We have audited the financial statements on pages 6 to 9.

Respective responsibilities of directors and auditors

As described on page 4, 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 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 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 the 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 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

16 June 1998
London.

Coopers & Lybrand

COOPERS & LYBRAND
Chartered Accountants
and Registered Auditors.

CEPB DEVELOPMENTS LTD**Profit and loss account for the year ended 31 December 1997**

	Notes	1997 £	1996 £
Turnover	2	3,172,991	1,273,255
Cost of sales		<u>2,921,289</u>	<u>(1,273,255)</u>
Gross Profit		251,702	-
Administration Expenses	4	<u>(345,088)</u>	<u>(264,812)</u>
Operating Loss		(93,386)	(264,812)
Interest receivable	5	<u>93,386</u>	<u>189,525</u>
Profit/(Loss) on ordinary activities before taxation	6	-	(75,287)
Taxation on ordinary activities	7	<u>-</u>	<u>(6,075)</u>
Profit/(Loss) on ordinary activities after tax		-	(81,362)
Dividends		<u>-</u>	<u>(18,980)</u>
Retained profit/(loss) for the year		<u>-</u>	<u>(£100,342)</u>

There are no gains or losses in the period other than those recognised in the profit and loss account.

Balance sheet as at 31 December 1997

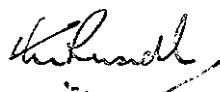
		1997 £	1996 £
<u>Current assets</u>			
Debtors - amounts falling due within one year	8	158,896	136,356
Cash at bank		<u>541,650</u>	<u>2,316,844</u>
		700,546	2,453,200
Creditors - amounts falling due within one year	9	<u>(700,544)</u>	<u>(2,453,198)</u>
Net current assets		<u>£ 2</u>	<u>£ 2</u>
<u>Capital & reserves</u>			
Share capital	10	2	2
Profit and loss account	11	<u>-</u>	<u>-</u>
Total equity shareholders funds		<u>£ 2</u>	<u>£ 2</u>

The financial statements on pages 6 to 9 were approved by the Board on 16 June 1998 and signed on their behalf by:

A. Bridgewater - Chairman



H.I.L. Russell - Director



CEPB DEVELOPMENTS LIMITED

NOTES TO FINANCIAL STATEMENTS

1. **ACCOUNTING POLICIES**

Basis of accounting

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

Turnover

Turnover represents the value of long term contract work performed.

Long term Contracts

Turnover on long-term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed will be recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the payments on account exceeds turnover is shown under creditors as payments on account.

Cashflow statement

The Company is a wholly owned subsidiary of the General Purposes Fund of the charitable funds of the Church of England Pensions Board and the cash flows are included in the financial statements of that charity.

Consequently, the Company is exempt under the terms of FRS 1 (revised) from publishing a cash flow statement.

2. **TURNOVER**

Turnover and profit before taxation are derived from continuing operations and are wholly attributable to the company's principal activity which is carried on within the United Kingdom.

3. **EMPLOYEE INFORMATION**

Other than the four directors, who received no remuneration, the company had no employees in the period.

4. **ADMINISTRATION EXPENSES**

The Administration Expenses of £345,088 (1996: £264,812) include a gross charitable donation of £340,804 (1996: £260,000) paid to The Church of England Pensions Board under a deed of covenant.

5. **INTEREST RECEIVABLE**

Interest receivable of £93,386 (1996: £189,525) includes £7,500 (1995: £31,000) in respect of interest accrued on bank deposits.

6. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Is stated after charging:	1997	1996
Auditors' remuneration	<u>£ 4,100</u>	<u>£3,000</u>

7. **TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

As the whole of the profit that would have been chargeable to Corporation Tax has been paid to The Church of England Pensions Board, a registered charity, under a Deed of Covenant.

	1997	1996
United Kingdom Corporation tax	<u>-</u>	<u>6,075</u>

8. **DEBTORS**

	1997	1996
	£	£
Amount owed by parent undertaking	124,664	-
Advance Corporation tax	4,745	4,745
Value Added Tax recoverable	21,987	100,611
Accrued income	<u>7,500</u>	<u>31,000</u>
	<u>158,896</u>	<u>136,356</u>

9. **CREDITORS**

	1997	1996
	£	£
Trade Creditors	2,640	29
Payments received on account	100,000	2,368,327
Corporation tax payable	-	6,075
Advance Corporation tax	-	4,745
Income Tax payable	78,385	53,042
Accruals	257,100	2,000
Dividends payable	-	18,980
Net payment due under Deed of Covenant	<u>262,419</u>	<u>-</u>
	<u>700,544</u>	<u>2,453,198</u>

10. **SHARE CAPITAL**

	1996	1996
	£	£
Authorised		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, Called Up and Fully Paid		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

11. **RESERVES**

Profit and loss account

	1997	1996
	£	£
Reserves brought forward	-	100,342
(Loss) for the period	<u>-</u>	<u>(100,342)</u>
Reserves as at 31 December 1997	<u>-</u>	<u>-</u>

12. **ULTIMATE PARENT UNDERTAKING**

The Directors regard the General Purposes Fund of the Church of England Pensions Board as the ultimate Parent Undertaking. Copies of the Parent's consolidated financial statements can be obtained from:-

The Church of England Pensions Board,
7, Little College Street,
Westminster, London SW1P 3SF.

13. **RELATED PARTY TRANSACTIONS**

The General Purposes Fund of the Church of England Pensions Board is considered to be the controlling party of the Company.

Transactions in the year with the Church of England Pensions Board, a related party, were as follows:-

Amounts payable under Deed of Covenant - gross (see Note 4) £340,804 (1996: £260,000)

Amount received from Church of England Pensions Board as payments on account	£780,000 (1996: £130,000)
--	---------------------------

As at 31 December 1997, creditors include an amount of £100,000 in respect of an initial payment received on account in respect of the proposed contract in Scarborough, (1996 - £2,368,327 in respect of three contracts) and debtors include £124,664 in respect of amounts owing by the Board in respect of the contract in Hindhead (1996- nil).