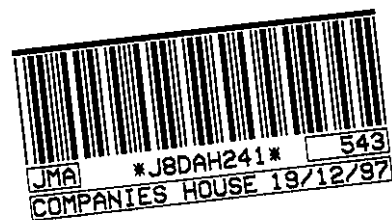




North Western Properties & Development Limited

Accounts 30 June 1997
together with directors' and auditors' reports

Registered number: 3161998



DIRECTORS

H.N. Moser
C.J. Punshon

SECRETARY

M.B. Richards

REGISTERED OFFICE

Bracken House
Charles Street
Manchester
M1 7BD

AUDITORS

Arthur Andersen
Bank House
9 Charlotte Street
Manchester
M1 4EU

Directors' report

For the period ended 30 June 1997

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the period ended 30 June 1997.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- 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 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 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 activity and business review

The company was incorporated on 20 February 1996.

The company's principal activity is that of a property holding company.

The directors consider the performance of the company to be satisfactory.

Directors' report (continued)

Results and dividends

The company's results for the period are set out in detail on page 5. The directors do not recommend the payment of a dividend.

Directors

The present directors of the company, who all served from incorporation are set out on page 1.

H.N. Moser is a director of the company's ultimate parent company, Blemain Group plc and as such, his interest in the share capital of that company is disclosed in its directors report.

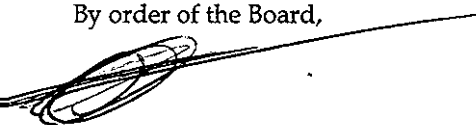
None of the other directors have an interest in the share capital of the company. No director has, or had any material interest in any contract or agreement entered into by the company during the period.

Auditors

The directors appointed Arthur Andersen as the company's auditors during the period.

The board will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



M.B. Richards
Secretary

10 December 1997

Auditors' report

Manchester

To the Shareholders of North Western Properties & Development Limited:

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

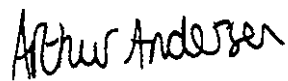
Basis of opinion

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 which 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 company's state of affairs at 30 June 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

10 December 1997

Profit and loss account

For the period ended 30 June 1997

	Notes	16 months ended 30 June 1997 £
Turnover	2	1,110
Operating expenses		-
Operating profit		1,110
Gain on sale of investment property		11,618
Interest payable		(7,394)
Profit on ordinary activities before taxation		5,334
Tax on profit on ordinary activities	5	-
Profit for the financial period	10	5,334

All activity has arisen from the company's principal activity. The Company has no recognised gains or losses other than profit for the financial period.

The accompanying notes are an integral part of this profit and loss account.

A movement in reserves is given in note 10.

Balance sheet

30 June 1997

	Notes	1997 £
Fixed assets		
Investment properties under construction	6	<u>60,414</u>
Current assets		
Cash at bank and in hand		100
Creditors: Amounts falling due within one year	7	<u>(55,080)</u>
Net current liabilities		<u>(54,980)</u>
Net assets		<u>5,434</u>
Capital and reserves		
Called-up share capital	8	100
Profit and loss account	10	<u>5,334</u>
Equity shareholders' funds		<u>5,434</u>

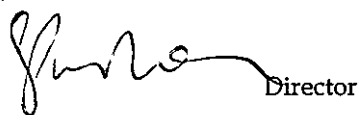
Signed on behalf of the Board

H.N. Moser



Director

C.J. Punshon



Director

10 December 1997

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

30 June 1997

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and the preceding period, is set out below.

a) Basis of accounting

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention except that grants received in respect of investment properties under construction have been deducted from the cost of such assets (see note 1b below).

b) Investment properties under construction

Investment properties where construction and development work has not been completed are stated at cost less grants received. Grants received in respect of investment properties under construction have been deducted from the cost of such assets. This is not in accordance with Schedule 4 to the Companies Act, which requires assets to be shown at their purchase price or production cost and hence grants and contributions would be shown as deferred income. This departure from the requirements of the Act is, in the opinion of the directors, necessary to give a true and fair view as no provision is or will be made for depreciation and any grants and contributions relating to such assets would not be taken to the profit and loss account. No grants have been received and so this departure has no effect on the net book value of fixed assets.

Additions to investment properties under development comprise construction costs excluding attributable interest incurred in bringing a project to its present state of completion.

c) Turnover

Turnover, which is derived wholly within the UK, consists of rental income.

d) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the period is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous periods when it is recovered against corporation tax liabilities.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

Notes to accounts (continued)

2 Turnover

	16 months ended 30 June 1997 £
Rental income	<u>1,110</u>

3 Staff costs

The company had no employees and paid no directors' emoluments during the period.

4 Interest payable

	1997 £
Interest payable on bank overdraft	<u>7,394</u>

5 Tax on profit on ordinary activities

No tax charge arises due to the availability of group relief received free of charge.

There is no unprovided deferred tax at the period end (1996 - £Nil).

6 Investment properties

	1997 £
Additions	123,296
Disposals	<u>(62,882)</u>
End of period	<u>60,414</u>

7 Creditors: amounts falling due within one year

	1997 £
Amounts owed to group undertaking	<u>55,080</u>

8 Called-up share capital

	1997 £
<i>Authorised, allotted, called-up and fully paid</i> 100 Ordinary shares of £1 each	<u>100</u>

Notes to accounts (continued)

9 Reconciliation of movements in equity shareholders' funds

	16 months ended 30 June 1997 £
Profit for the financial period	5,334
Share issue	100
Net addition to shareholders' funds	<u>5,434</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u>5,434</u>

10 Profit and loss account

	1997 £
Beginning of period	-
Profit for the financial period	<u>5,334</u>
End of period	<u>5,334</u>

11 Capital commitments

Capital expenditure commitments which are contracted for but not provided for and represent refurbishment work on investment properties were £Nil at 30 June 1997.

12 Contingent liability

The company's assets are subject to a fixed and floating charge in respect of the £20 million bank loan held in the parent company.

13 Cash flow statement

As permitted by Financial Reporting Standard No. 1 (Revised), the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Blemain Group plc, which has produced a group cash flow statement in its accounts.

14 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Blemain Group plc, a company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group of which North Western Properties & Development Limited is a member and for which group accounts are drawn up is that headed by the Blemain Group plc, whose principal place of business is at Bracken House, Charles Street, Manchester, M1 7BD.