



North Western Properties & Development Limited

Accounts 30 June 1998
together with directors' and auditors' reports

Registered number: 3161998



DIRECTORS

H.N. Moser

M.B. Richards

(Appointed 6 August 1998)

SECRETARY

G.D. Beckett

(Appointed 6 August 1998)

REGISTERED OFFICE

Bracken House

Charles Street

Manchester

M1 7BD

AUDITORS

Arthur Andersen

Bank House

9 Charlotte Street

Manchester

M1 4EU

BANKERS

British Linen Bank Limited

Ship Canal House

98 King Street

Manchester

M2 4WU

Directors' report

For the year ended 30 June 1998

The directors present the annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 June 1998.

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

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

Results and dividends

The company's results for the year 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 is set out on page 1. C.J. Punshon died on 16 June 1998.

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.

No director has, or had any material interest in any contract or agreement entered into by the company during the period.

Directors' report

For the year ended 30 June 1998

Auditors

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,



G.D. Beckett
Secretary

18 December 1998

ARTHUR ANDERSEN

Auditors' report

Manchester

To the Shareholders of North Western Properties & Development Limited:

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of director 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.

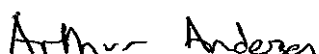
Basis of opinion

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 director 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 1998 and of its loss for the year 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

18 December 1998

Profit and loss account

For the year ended 30 June 1998

	Notes	Year ended 30 June 1998 £	16 months ended 30 June 1997 £
Turnover	2	-	1,110
Operating expenses		(1,570)	-
Operating (loss) profit		(1,570)	1,110
Gain on sale of investment property		3,165	11,618
Interest payable	4	(3,990)	(7,394)
(Loss) profit on ordinary activities before taxation		(2,395)	5,334
Tax on (loss) profit on ordinary activities	5	(2,524)	-
(Loss) profit for the financial period	9	(4,919)	5,334

All activity has arisen from continuing operations. The company has no recognised gains or losses other than (loss) profit for the financial period.

A statement of movement in reserves is shown in note 9.

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

Balance sheet

30 June 1998

	Notes	1998 £	1997 £
Fixed assets			
Investment properties	6	49,963	60,414
Current assets			
Cash at bank and in hand		100	100
Creditors: Amounts falling due within one year	7	(49,548)	(55,080)
Net current liabilities		(49,448)	(54,980)
Net assets		515	5,434
Capital and reserves			
Called-up share capital	8	100	100
Profit and loss account	9	415	5,334
Equity shareholders' funds	10	515	5,434

Signed on behalf of the Board

M.B. Richards



Director

H.N. Moser



Director

18 December 1998

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

Notes to accounts

30 June 1998

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 as modified by the revaluation of investment properties including SSAP 19, which unlike the detailed rules of the Companies Act does not require depreciation of freehold and long leasehold investment properties. The lack of depreciation is necessary to give a true and fair view for the reason explained below in the investment properties accounting policies note.

b) Investment properties

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value. Changes in the market value of investment properties are accounted for by way of a movement in revaluation reserve and are included in the statement of total recognised gains and losses unless a deficit (or its reversal) on an individual investment property is expected by the directors to be permanent, in which case the change in market value is charged (credited) to the profit and loss account. On disposal, the cumulative revaluation surpluses or deficits are transferred from the revaluation reserve to the profit and loss account reserve.

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

In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted principles set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the financial year would have been decreased by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of the cost/value as between land and buildings.

c) Turnover

Turnover, which is derived wholly within the U.K., 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.

Notes to accounts (continued)

2 Turnover

	Year ended 30 June 1998 £	16 months ended 30 June 1997 £
Rental income	-	1,110

3 Staff costs

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

4 Interest payable

	Year ended 30 June 1998 £	16 months ended 30 June 1997 £
Interest payable on bank overdraft	3,990	7,394

5 Tax on profit on ordinary activities

The tax charge for the year comprises:

	Year ended 30 June 1998 £	16 months ended 30 June 1997 £
Adjustment in respect of prior year	2,524	-

There is no unprovided deferred tax at the 30 June 1998 (1997 - £Nil).

6 Fixed assets

	Assets under construction £	Investment properties £	Total £
Beginning of year	60,414	-	60,414
Transfer	(60,414)	60,414	-
Disposals	-	(10,451)	(10,451)
End of year	-	49,963	49,963

Notes to accounts (continued)

7 Creditors: Amounts falling due within one year

	1998 £	1997 £
Amounts owed to group undertaking	<u>49,548</u>	<u>55,080</u>

8 Called-up share capital

	1998 £	1997 £
<i>Authorised, allotted, called-up and fully paid</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

9 Profit and loss account

	Year ended 30 June 1998 £	16 months ended 30 June 1997 £
(Loss) profit for the financial period	(4,919)	5,334
Beginning of period	<u>5,334</u>	<u>-</u>
End of period	<u>415</u>	<u>5,334</u>

10 Reconciliation of movements in equity shareholders' funds

	Year ended 30 June 1998 £	16 months ended 30 June 1997 £
(Loss) profit for the financial period	(4,919)	5,334
Share issue	<u>-</u>	<u>100</u>
Net (reduction) addition to shareholders' funds	<u>(4,919)</u>	<u>5,434</u>
Opening shareholders' funds	<u>5,434</u>	<u>-</u>
Closing shareholders' funds	<u>515</u>	<u>5,434</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 1998 (1997 - £Nil).

Notes to accounts (continued)

12 Contingent liability

The company's assets are subject to a fixed and floating charge in respect of £27 million of bank borrowings of the group (1997 - £20 million).

13 Cash flow statement

As permitted by Financial Reporting Standard No. 1 1996 (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 consolidated cash flow statement in its accounts.

14 Related party transactions

As a subsidiary undertaking of Blemain Group plc, the company has taken advantage of the exemption in FRS 8, "Related party disclosures" not to disclose transactions with other members of the group headed by Blemain Group plc.

15 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.