

NEST INVESTMENTS PROPERTY LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 1997

Registered Number 3197767



PANNELL KERR FORSTER
Chartered Accountants

NEST INVESTMENTS PROPERTY LIMITED
(Registered Number 3197767)
ANNUAL REPORT
YEAR ENDED 31 DECEMBER 1997

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**NEST INVESTMENTS PROPERTY LIMITED
DIRECTORS' REPORT**

The directors present their annual report together with the financial statements for the year ended 31 December 1997.

RESULTS

The loss for the financial year after tax amounted to £201,621.

PRINCIPAL ACTIVITY

The principal activity of the company is the renting of property. The company will continue to let the properties in the current year and is at present undertaking feasibility studies with regard to future development.

DIRECTORS

The directors who served during the year were:-

G K Abu Nahl
M Eftekhar

AUDITORS


A resolution to appoint Pannell Kerr Forster will be proposed at the annual general meeting.

BASIS OF PREPARATION

This directors' report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD

19 May
..... 1998


For and on behalf of
St John's Square
Secretaries Limited

**NEST INVESTMENTS PROPERTY LIMITED
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:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
NEST INVESTMENTS PROPERTY LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities and under the accounting policies set out on page 6.

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

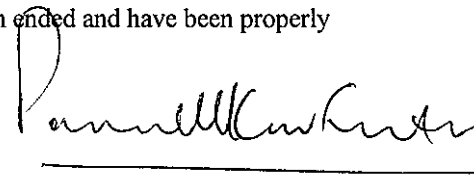
We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

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 affairs of the company as at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

London
21 May 1998

NEST INVESTMENTS PROPERTY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1997

		<u>1997</u>	Period 1 July 1996 to 31 December <u>1996</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
TURNOVER		12,625	49,763
Cost of sales		-	-
		<hr/>	<hr/>
GROSS PROFIT		12,625	49,763
Administrative expenses		(103,407)	(62,884)
		<hr/>	<hr/>
OPERATING LOSS		(90,782)	(13,121)
Interest receivable	3	31	487
Interest payable and similar charges	4	(113,370)	(22,380)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(204,121)	(35,014)
TAX (CREDIT)/CHARGE ON ORDINARY ACTIVITIES	6	(2,500)	2,500
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR/PERIOD	13	(201,621)	(37,514)
		<hr/> <hr/>	<hr/> <hr/>

NEST INVESTMENTS PROPERTY LIMITED
BALANCE SHEET
31 DECEMBER 1997

	<u>Notes</u>	<u>£</u>	<u>1997</u>	<u>£</u>	<u>£</u>	<u>1996</u>	<u>£</u>
FIXED ASSETS							
Tangible assets	7		1,253,354			1,269,973	
CURRENT ASSETS							
Debtors & prepayments	8	18,713			23,453		
Cash at bank and in hand		4,383			31,434		
		23,096			54,887		
CREDITORS							
Amounts falling due within one year	9	(10,032)			(44,754)		
NET CURRENT ASSETS			13,064			10,133	
TOTAL ASSETS LESS CURRENT LIABILITIES			1,266,418			1,280,106	
CREDITORS							
Amounts falling due after more than one year	10		(1,504,553)			(1,314,120)	
PROVISION FOR LIABILITIES AND CHARGES	11		-			(2,500)	
NET LIABILITIES			(238,135)			(36,514)	
CAPITAL AND RESERVES							
Called up share capital	12		1,000			1,000	
Profit and loss account	13		(239,135)			(37,514)	
			(238,135)			(36,514)	

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

Approved by the board on **19 May** 1998



M. EFTEKHAR

Director

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are material to the company's affairs.

(a) Accounting convention

The financial statements set out on pages 4 to 9 have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for smaller companies.

(b) Depreciation

Tangible fixed assets are written off over their estimated useful lives on a straight line basis at the following rates:

	<u>Rates</u>
Land and Buildings (building element only)	2%
Furniture, fixture and fittings	15%
Plant and machinery	10%
Computer equipment	50%

(c) Turnover

Turnover represents rents receivable, management fees and service charges.

(d) Deferred tax

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Loss on ordinary activities before taxation is stated after charging:		
Depreciation	19,230	17,898
Auditors' remuneration	4,000	2,750
	<u> </u>	<u> </u>

3 INTEREST RECEIVABLE

Other interest	31	487
	<u> </u>	<u> </u>
	31	487
	<u> </u>	<u> </u>

4 INTEREST PAYABLE

Bank interest	552	257
Interest due to group undertakings	112,737	22,123
Other interest	81	-
	<u> </u>	<u> </u>
	113,370	22,380
	<u> </u>	<u> </u>

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

5 DIRECTORS' REMUNERATION

The directors did not receive any remuneration during the year.

6 TAXATION

The tax (credit)/charge for the year represented:

	<u>1997</u> £	<u>1996</u> £
Deferred taxation provision (released)/charged	(2,500)	2,500
	<u>=====</u>	<u>=====</u>

7 TANGIBLE FIXED ASSETS

The movement on these accounts during the year was as follows:

	<u>Land and buildings</u> £	<u>Furniture Fixtures & Fittings</u> £	<u>Plant and machinery</u> £	<u>Computer Equipment</u> £	<u>Total</u> £
Cost					
At 1 January 1997	1,267,786	4,286	15,001	798	1,287,871
Additions	-	149	-	2,619	2,768
Disposals	-	(185)	-	-	(185)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 31 December 1997	1,267,786	4,250	15,001	3,417	1,290,454
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Depreciation					
At 1 January 1997	15,356	643	1,500	399	17,898
Charge for year	15,356	665	1,500	1,709	19,230
Disposal	-	(28)	-	-	(28)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 31 December 1997	(30,712)	(1,280)	(3,000)	(2,108)	(37,100)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Net book amounts					
At 31 December 1997	1,237,074	2,970	12,001	1,309	1,253,354
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
At 31 December 1996	1,252,430	3,643	13,501	399	1,269,973
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The directors consider that the value of the land and buildings is not materially different from the book value of £1,237,074 stated above.

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

8	DEBTORS	<u>1997</u> £	<u>1996</u> £
	Debtors comprised:		
	Other debtors	2,451	20,328
	Prepayments	16,262	3,125
		<hr/>	<hr/>
		18,713	23,453
		<hr/> <hr/>	<hr/> <hr/>
9	CREDITORS		
	Amounts falling due within one year:		
	Taxation and Social Security	545	800
	Other taxes	-	3,653
	Accruals and deferred income	9,487	40,301
		<hr/>	<hr/>
		10,032	44,754
		<hr/> <hr/>	<hr/> <hr/>
10	CREDITORS		
	Amounts falling due in more than one year		
	Due to parent undertaking	1,504,553	1,314,120
		<hr/> <hr/>	<hr/> <hr/>
	The amount falling due in more than one year represents a loan from Nest Investments Limited repayable at the rate of 0.5% above STG LIBOR fixed on 31 December each year. There is no fixed date for repayment of the loan. The parent undertaking has agreed not to request repayment until the company has sufficient net assets in order to meet its liabilities.		
11	PROVISION FOR LIABILITIES AND CHARGES	<u>1997</u> £	<u>1996</u> £
	Deferred tax:		
	At 1 January 1997	2,500	-
	Deferred tax provision (released)/charged	(2,500)	2,500
		<hr/>	<hr/>
	At 31 December 1997	-	2,500
		<hr/> <hr/>	<hr/> <hr/>

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

12 CALLED UP SHARE CAPITAL

	<u>Number</u>	<u>1997</u> £	<u>Number</u>	<u>1996</u> £
Authorised:				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allotted, called up and fully paid:				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13 PROFIT AND LOSS ACCOUNT

	<u>1997</u> £	<u>1996</u> £
The movement of reserves during the year was as follows:		
At 1 January 1997	(37,514)	-
Loss for the year	(201,621)	(37,514)
	<u> </u>	<u> </u>
At 31 December 1997	(239,135)	(37,514)
	<u> </u>	<u> </u>

14 PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a 100% subsidiary of Nest Investments Limited, a company incorporated in Jersey. The controlling party is Mr G K Abu Nahl.