

PRIME ESTATES LIMITED

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS

for the year ended
31st JULY 1996



PRIME ESTATES LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

Year ended 31st JULY 1996

DIRECTORS:

Mr. H. J. H. Bandet (President)
Miss R. E. L. Bandet
Mrs. I. A. M. F. Boyer
Mr. I. Kirkpatrick (Chairman)
Mr. A. J. Edmonds
Mr. D. B. Taylor
Mr. M. Freeman

SECRETARY:

Mr. A. R. Wilson

REGISTERED OFFICE:

4 Hunting Gate
Hitchin
Hertfordshire
SG4 0TB

BANKERS:

Midland Bank plc
Town Centre Branch
Stevenage
Hertfordshire
SG1 1BY

SOLICITORS:

Theodore Goddard
150 Aldersgate Street
London
EC1A 4EJ

AUDITORS:

BDO Stoy Hayward
8 Baker Street
London
W1M 1DA

REGISTERED NUMBER:

1823607 (England and Wales)

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REPORT OF THE DIRECTORS

The directors present their annual report and the financial statements for the year ended 31st July 1996.

PRINCIPAL ACTIVITY

The company did not trade in the year. Its subsidiary companies continued to derive income from their respective investments.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	<u>Ordinary Shares of £1</u>	
	<u>31st July 1996</u>	<u>At 1st August 1995</u>
Mr. H. J. H. Bandet (President)	555	555
Miss R. E. L. Bandet	555	555
Mrs. I. A. M. F. Boyer	390	390
Mr. I. Kirkpatrick (Chairman)	-	-
Mr. J. A. B. Redgrave (resigned 17th July 1996)	-	-
Mr. A. J. Edmonds	-	-
Mr. D. B. Taylor	-	-
Mr. M. Freeman	-	-

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 company's state of affairs at the end of the year and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

Select suitable accounting policies and then apply them consistently, and

Make judgments and estimates that are reasonable and prudent, and

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.

AUDITORS

The auditors, BDO Stoy Hayward, will be proposed for reappointment in accordance with Section 385 of the Companies Act, 1985.

SMALL COMPANY

Advantage has been taken, in the preparation of this report, of the special exemptions applicable to small companies.

By Order of the Board


A. R. WILSON

Secretary

18.12.96

4 Hunting Gate, Hitchin, Hertfordshire

18th December 1996

REPORT OF THE AUDITORS

To the Members of PRIME ESTATES LIMITED

We have audited the financial statements set out on pages 4 to 8 which have been prepared under the historical cost convention and 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.

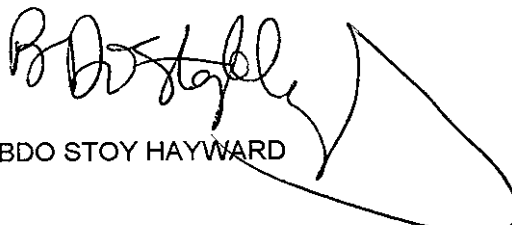
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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 judgments 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 at 31st July 1996 and of the loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


BDO STOY HAYWARD

Chartered Accountants
and Registered Auditors
London

18/12/96

AUDITORS' REPORT TO THE DIRECTORS OF PRIME ESTATES LIMITED
Pursuant to Section 248(3) of the Companies Act 1985

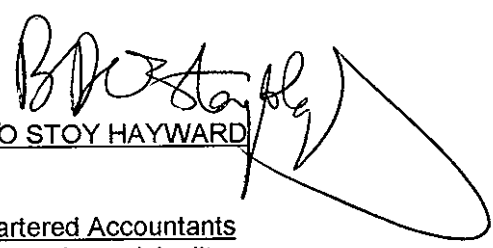
We have examined the financial statements of the company and each of its subsidiaries for the year ended 31st July 1996.

BASIS OF OPINION

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

OPINION

In our opinion, the company is entitled to the exemption from preparing group financial statements conferred by Section 248 of the Companies Act 1985.


BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

10/12/96

PROFIT AND LOSS ACCOUNT for the year ended 31st July 1996

	<u>NOTE</u>	<u>1996</u>	<u>1995</u>
		£	£
<u>TURNOVER</u>	1	-	-
Administrative expenses		(1,585)	(1,454)
		—	—
<u>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	2	(1,585)	(1,454)
Taxation on profit on ordinary activities	3	-	-
		—	—
<u>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</u>		(1,585)	(1,454)
<u>RETAINED LOSS BROUGHT FORWARD</u>		(3,563)	(2,109)
		—	—
<u>RETAINED LOSS CARRIED FORWARD</u>		(5,148)	(3,563)
		=====	=====

There were no gains or losses other than the losses for the two years.

There were no acquired or discontinued operations in either of the two years.

The notes on pages 6 to 8 form part of the financial statements.

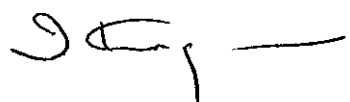
BALANCE SHEET as at 31st July 1996

	NOTE	1996	1995
		£	£
<u>FIXED ASSETS</u>			
Investments	4	8	8
<u>CURRENT ASSETS</u>			
Debtors	5	880,000	880,000
Cash at bank and in hand		-	-
		<u>880,000</u>	<u>880,000</u>
<u>CREDITORS - amounts falling due within one year</u>	6	<u>883,656</u>	<u>882,071</u>
<u>NET CURRENT LIABILITIES</u>		(3,656)	(2,071)
<u>TOTAL NET LIABILITIES</u>		<u>(3,648)</u>	<u>(2,063)</u>
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called-up Share Capital	7	1,500	1,500
Profit and loss account		(5,148)	(3,563)
<u>SHAREHOLDERS' DEFICIENCY</u>	8	<u>(3,648)</u>	<u>(2,063)</u>
		=====	=====

The directors have taken advantage, in the preparation of these financial statements, of special exemptions applicable to small companies on the grounds that the company qualifies as a small company in accordance with Sections 246 and 247 of the Companies Act 1985.

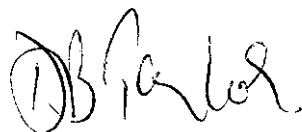
Approved at a meeting of the directors held on 18/12/96

I KIRKPATRICK



DIRECTORS

D. B. TAYLOR



The notes on pages 6 to 8 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 1996

1. ACCOUNTING POLICIES

Accounting Basis

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

Turnover

There was no turnover in the year.

Group accounts

It is the policy of the company to take advantage of the exemption conferred by Section 248 of the Companies Act, 1985 from preparing group accounts.

Accounts

These accounts present information about the company only and not about the group of companies as a whole.

2. LOSS ON ORDINARY ACTIVITIES

The loss arises after charging -

	<u>1996</u> £	<u>1995</u> £
Auditors' remuneration	500 ===	300 ===

3. TAXATION

No charge to corporation tax arises in either year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 1996

4. FIXED ASSETS

	<u>1996</u> £	<u>1995</u> £
Investments, at cost		
The company owns 2 ordinary £1 shares in each of the following companies, representing in each case 100% of the issued share capital		
Prime Estates (Northumbria) Limited	2	2
Prime Estates (C.I.) Limited	2	2
Wilbury Estates Limited	2	2
Wilbury Investments Limited	2	2
	<u>8</u> ==	<u>8</u> ==

All the subsidiary companies above are registered in England and Wales and all prepare accounts to 31st July annually.

The following further details relate to the subsidiary companies:-

	<u>Aggregate</u> <u>Capital</u> <u>and reserves</u> <u>31st July</u>	<u>Retained</u> <u>Profit/(Loss)</u> <u>for the year to</u> <u>31st July</u>
	<u>1996</u> £	<u>1995</u> £
Prime Estates (Northumbria) Limited	880,376	(2,014)
Primes Estates (C.I.) Limited (see note below)	(2,046,880)	39,083
Wilbury Estates Limited (see note below)	(1,769,948)	(3,823)
Wilbury Investments Limited (see note below)	(431,880)	(144,606)

These subsidiaries are dependent on the continuing support of related companies to enable them to sustain their operations.

5. DEBTORS

	<u>1996</u> £	<u>1995</u> £
Amounts due from group companies	880,000 =====	880,000 =====

6. CREDITORS - amounts falling
due within one year

	<u>1996</u> £	<u>1995</u> £
Amount due to group company	880,000	880,000
Amount due to related company	3,015	1,426
Accruals	641	645
	<u>883,656</u> =====	<u>882,071</u> =====

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 1996

7. CALLED-UP SHARE CAPITAL

	<u>1996</u> £	<u>1995</u> £
Authorised:		
1,500 ordinary shares of £1 each	1,500 =====	1,500 =====
Issued and fully paid:		
1,500 ordinary shares of £1 each	1,500 =====	1,500 =====

8. SHAREHOLDERS' DEFICIENCY

	<u>1996</u> £	<u>1995</u> £
Loss incurred in the financial year, after taxation	(1,585) =====	(1,454) =====
Shareholders' funds/(deficiency) at 1st August 1995	(2,063)	(609)
Loss as above	(1,585)	(1,454)
Shareholders' (deficiency) at 31st July 1996	<u>(3,648)</u> =====	<u>(2,063)</u> =====

9. CONTINGENT LIABILITIES

The company is party to a cross guarantee for £10 million, given by itself, one of its subsidiaries and five related companies in favour of Midland Bank plc. The exposure of Prime Estates Limited in respect of this cross guarantee at 31st July 1996 was £8,671,231 (1995 £2,561,030).

10. POST BALANCE SHEET EVENTS

No events have occurred which have any material effect on these financial statements.

11. CAPITAL COMMITMENTS

There were no such commitments at 31st July 1996.

12. TRANSACTIONS WITH DIRECTORS

Mr. H. J. H. Bandet, Miss R. E. L. Bandet and Mrs. I. A. M. F. Boyer have interests as shareholders in the related companies referred to in notes 4, 5 and 6.