

Company No: 3040310

REPORT OF THE AUDITOR TO THE DIRECTORS OF
BRIGHSTONE GRANGE LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8
TO THE COMPANIES ACT 1985.

I have examined the Abbreviated Accounts on pages 1 to 3 together with the full financial statements of Brighstone Grange Limited under Section 226 of the Companies Act for the year ended 31 March 1997.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for the preparing Abbreviated Accounts in accordance with Schedule 8 to the Companies Act 1985. It is my responsibility to form an independent opinion as to the Company's entitlement to the exemptions claimed in the Directors' statement on page 1 and whether the Abbreviated Accounts have been properly prepared in accordance with that Schedule.

BASIS OF OPINION

I have carried out the procedures I considered necessary to confirm by reference to the audited financial statements that the Company is entitled to the exemptions and that the Abbreviated Accounts have been properly prepared from those financial statements. The scope of my work for the purpose of this report does not include examining or dealing with events after the date of my report on the full financial statements.

OPINION

In my opinion the Company is entitled under Section 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31 March 1997 and the Abbreviated Accounts on pages 1 to 3 have been properly prepared in accordance with that Schedule.

OTHER INFORMATION

On 17 February 1998 I reported as Auditor of Brighstone Grange Limited to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 March 1997 and my Audit Report was as follows:-

"I have audited the accounts on pages 4 to 7 which have been prepared under the accounting policies set out on page 6.



**REPORT OF THE AUDITOR TO THE DIRECTORS OF
BRIGHSTONE GRANGE LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8
TO THE COMPANIES ACT 1985.**

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in their report the Company's Directors are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion based on my audit on those statements and to report my opinion to the members of the Company.

BASIS OF OPINION

I conducted my 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 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1997 and its 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"



RICHARD PENNACK
Chartered Certified Accountant
Registered Auditor
231 Abbey Lane
Leicester

17 February 1998

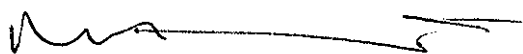
BRIGHSTONE GRANGE LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 MARCH 1997

	Notes		1996
ASSETS EMPLOYED			
TANGIBLE FIXED ASSETS			
Fixtures & Equipment	(3)	164,249	121,857
INTANGIBLE FIXED ASSETS			
Goodwill		29,500	29,500
		<u>193,749</u>	<u>151,357</u>
CURRENT ASSETS			
Stock		3,088	2,911
Trade Debtors		38,822	9,388
Prepayments		4,679	20,196
Cash in Hand		62	59
		<u>46,651</u>	<u>32,554</u>
LIABILITIES FALLING DUE WITHIN ONE YEAR		<u>121,426</u>	<u>84,480</u>
NET CURRENT LIABILITIES		<u>(74,775)</u>	<u>(51,926)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		118,974	99,431
LIABILITIES FALLING DUE BEYOND ONE YEAR	(4)	192,757	103,810
		<u>£(73,783)</u>	<u>£(4,379)</u>
FINANCED BY:			
SHAREHOLDERS FUNDS			
Share Capital	(5)	2	2
Profit and Loss Account		(130,951)	(4,381)
Loan	(6)	57,166	-
		<u>£(73,783)</u>	<u>£(4,379)</u>

The financial statements were approved by the Board of Directors on 17 February 1998.

In preparing these Abbreviated Financial Statements we have taken advantage of the exemptions conferred by section A of Part III of Schedule 8 made under Sections 246 and 247 of the Companies Act 1985 on the grounds that the company is entitled to those exemptions as a small company.



M A BENNETT (Director)

The notes on pages 2 to 3 form part of these accounts.

BRIGHSTONE GRANGE LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 MARCH 1997

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with those items which are considered material in relation to the Company's financial statements.

Group Financial Statements

Group financial statements have not been prepared as the activities of the Company are so dissimilar from those of other Companies within the group that consolidated financial statements would be misleading.

Going Concern

The financial statements have been prepared on a going concern basis which assumes that finance will continue to be made available to enable the Company to continue its operations. The Company has a written undertaking from its Holding Company to support its liabilities.

Turnover

Turnover represents net amounts invoiced to customers in respect of services supplied in the year.

Depreciation

Depreciation is calculated at the following annual rate so as to write off the cost of fixed assets over their anticipated useful lives using the reducing balance method:

Fixtures, fittings and equipment – 10%

Fixed Assets

Fixed Assets are stated at cost less depreciation.

Stock

Stock is valued at the lower of cost and net realisable value.

Cash Flow Statement

The Company is a small company within the meaning of Financial Reporting Standard No 1 and is not therefore required to present a cash flow statement.

2. TANGIBLE FIXED ASSETS

	Cost	Depreciation	Net Book Value
As at 01.04.96	131,569	9,712	121,857
Additions	57,864	15,472	
As at 31.03.97	189,433	25,184	164,249

BRIGHSTONE GRANGE LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (Continued)

3. LIABILITIES FALLING DUE AFTER MORE THAN ONE YEAR

These are bank loans repayable over periods from 10 to 20 years from 1995 and 1996. The interest rate is 3% over the Bank's base rate and the security for the loan is provided by the parent company. The company also has bank cross guarantees with other companies in the group.

4.	SHARE CAPITAL		1996
	Authorised:-		
	10,000 shares of £1.00 each	£10,000	£10,000
		=====	=====
	Share Capital allotted, called up and fully paid:		
	2 shares of £1.00 each	£2	£2
		==	==

5. LOAN

This is a loan provided by the parent company and is unsecured and interest free. Although repayable on demand the loan was provided as company finance and has therefore been included as shareholders funds in the Balance Sheet.

6. HOLDING COMPANY

Brighstone Grange Limited is a wholly owned subsidiary of XYZ Limited a company registered in Guernsey. The ultimate parent company is JGT Investments Limited a company registered in Guernsey.