

29443

**REGIONAL PROPERTIES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 1999**

DIRECTORS

B.W. SWEETLAND, LLB, Solicitor, ACol
R. M. WHIFFIN, FCA
SECRETARY
R. M. WHIFFIN, FCA



PRINCIPAL ACTIVITY

The company did not trade during the year. The principal activity was formerly that of property investment and development.

RESULTS AND BUSINESS REVIEW

The company's results for the year are set out on page 4.

DIVIDENDS

The directors do not recommend the payment of a dividend for the financial year ended 31st December 1999 (1998: £Nil).

DIRECTORS

The directors named above held office throughout the year. No director had any beneficial interest in shares or debentures of any company in the Friends' Provident Life Office Group during the year.

YEAR 2000

The programme of work performed by the Friends' Provident Life Office Group to ensure that its computer systems were able to accommodate the Year 2000 was completed successfully.

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 as at the end of the financial year 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 confirm that they have complied with these requirements.

REGIONAL PROPERTIES LIMITED
REPORT OF THE DIRECTORS (Continued)

DIRECTORS' RESPONSIBILITIES (Continued)

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 directors have taken advantage of the Elective Regime, under Section 386 of the Companies Act 1985, for dispensation from the annual appointment of auditors.

The auditors, PricewaterhouseCoopers, have signified their willingness to continue in office.

Pixham End
Dorking
Surrey
RH4 1QA

4th September 2000

Registered Number 294448

ON BEHALF OF THE BOARD



R. M. WHIFFIN
SECRETARY

AUDITORS' REPORT

TO THE MEMBER OF REGIONAL PROPERTIES LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report. As described on pages 1 and 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

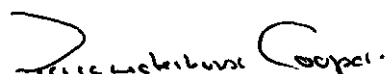
BASIS OF AUDIT OPINION

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 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 the company's affairs at 31st December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

4th September 2000

REGIONAL PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1999

	Notes	1999 £000	1998 £000
<u>Discontinued operations</u>			
Turnover	2	-	2,878
Property expenses		-	(1,746)
		--	-----
Gross profit		-	1,132
Administrative expenses	3	(3)	(289)
		--	-----
OPERATING (LOSS)/PROFIT		(3)	843
Interest receivable		-	1
Interest payable		-	(2)
Surplus on disposal of investments		-	1,243
Change in provision against subsidiary undertakings	5	(3)	2,267
		--	-----
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(6)	4,352
Taxation on (loss)/profit on ordinary activities	4	(3)	(252)
		--	-----
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(9)	4,100
		=	=====

The above profit and loss account includes all recognised gains and losses.

The notes on pages 7 to 11 form an integral part of these accounts.

REGIONAL PROPERTIES LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 1999

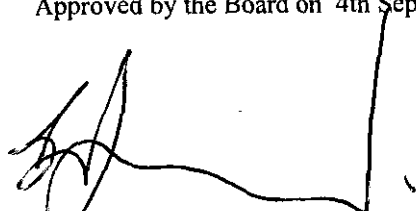
	1999 £000	1998 £000
(Loss)/Profit on ordinary activities before taxation	(6)	4,352
Valuation surplus of previous years realised on disposal of properties	-	7,507
	--	-----
<i>Historic cost (loss)/profit on ordinary activities before taxation</i>	<i>(6)</i>	<i>11,859</i>
	=	=====
Historic cost (loss)/profit on ordinary activities after taxation retained for year	(9)	11,607
	=	=====

The notes on pages 7 to 11 form an integral part of these accounts.

REGIONAL PROPERTIES LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 1999

	Notes	1999 £000	1998 £000
FIXED ASSETS			
Investments: Subsidiary undertakings	5	2,335	2,338
CURRENT ASSETS			
Debtors	6	19,675	19,947
Cash at bank and in hand		9	9
		19,684	19,956
CREDITORS: Amounts falling due within one year	7	(2,173)	(2,439)
NET CURRENT ASSETS		17,511	17,517
TOTAL ASSETS LESS CURRENT LIABILITIES		19,846	19,855
CAPITAL AND RESERVES			
Called-up share capital	8	4,918	4,918
Profit and loss account	9	14,928	14,937
SHAREHOLDER'S FUNDS - INCLUDING NON-EQUITY	9	19,846	19,855

Approved by the Board on 4th September 2000 and signed on its behalf by



B. W. SWEETLAND
DIRECTOR

The notes on pages 7 to 11 form an integral part of these accounts.

REGIONAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) General

The financial statements have been prepared under the historical cost convention.

Group accounts are not prepared as the company is a wholly owned subsidiary undertaking of Friends' Provident Life Office, which is incorporated in the United Kingdom.

(b) Investments

Interests in subsidiary and other undertakings are stated at cost less provision for any permanent diminution in value.

(c) Sales of Investment Properties

The surplus or deficit over the carrying value of an investment property realised on disposal is dealt with through the profit and loss account. Any previous revaluation surplus or deficit is transferred from unrealised to realised reserves.

Sales are recognised upon the earlier of when the transaction becomes unconditional or upon completion.

(d) Deferred Taxation

Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise within the foreseeable future.

2. TURNOVER

Turnover comprises gross rental income receivable.

3. ADMINISTRATIVE EXPENSES

The directors consider that their services to the company were incidental to their other duties within the Friends' Provident Life Office Group and accordingly no remuneration has been apportioned to this company.

The company did not employ any staff during the year (1998: None).

Auditors' remuneration amounted to £3,000 (1998: £12,600).

4. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1999 £000	1998 £000
UK Corporation tax	(7)	252
Adjustment to prior year accrual	10	-
	--	----
	3	252
	==	===

REGIONAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS (Continued)

5. INVESTMENTS: Subsidiary undertakings

	Cost	Provision	Net Book Value
	£000	£000	£000
Shares			
At 1st January 1999	2,338	-	2,338
Increase in provision	-	(3)	(3)
	-----	--	-----
At 31st December 1999	2,338	(3)	2,335
	=====	=	=====

In the opinion of the directors, the aggregate value of the shares in subsidiaries is not less than the amount at which they are stated in the balance sheet.

The subsidiaries listed below are all wholly owned and incorporated in Great Britain.

Property Investment Companies

Ibex Commercial & Industrial Properties Limited*

Ibex Properties (City) Limited*

Ibex Properties (Ealing) Limited*

Ibex Properties (St James) Limited*

Ibex (Residential Holding) Limited*

London Midland Associated Properties Limited

Regional Assets Limited

Management Company

Regional Properties Management Limited

Dormant Companies

Gracechurch Securities Limited

Ibex Developments (Vauxhall) Limited*

* Shareholdings in these subsidiaries are held through other subsidiaries of the company.

REGIONAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS (Continued)

6. DEBTORS

	1999	1998
	£000	£000
Amounts owed by subsidiary undertakings	19,668	19,224
Trade debtors	-	717
Prepayments	-	6
Taxation	7	-
	-----	-----
	<u>19,675</u>	<u>19,947</u>

Amounts owed by subsidiary undertakings are non-interest bearing.

7. CREDITORS: Amounts falling due within one year

	1999	1998
	£000	£000
Taxation	-	242
Other creditors	6	31
Amount owed to fellow subsidiary undertaking	2,167	2,166
	-----	-----
	<u>2,173</u>	<u>2,439</u>

REGIONAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS (Continued)

8. CALLED-UP SHARE CAPITAL

(a) Authorised:	31st December 1999 & 1998	
	Number	£000
Ordinary shares of 1p each	337,052,625	3,371
Deferred shares of 25p each	18,917,895	4,729

		8,100
		=====
(b) Allotted, issued and fully paid:	31st December 1999 & 1998	
	Number	£000
Ordinary shares of 1p each	18,917,895	189
Deferred shares of 25p each	18,917,895	4,729

		4,918
		=====

The ordinary shares have the following rights:

- Shareholders are entitled to dividends according to the number of shares held
- In general meetings, each ordinary share carries one vote
- Upon any resolution for the winding up of the company, capital is returned to ordinary shareholders at £1 per share, but they do not have further rights on a return of assets

The deferred shares have the following rights:

- Shareholders have no right to receive any dividend
- Shareholders have no right to receive notice of or to attend or vote at any General Meeting of the Company
- The holders of deferred shares have the right on a return of assets, whether in a winding up or otherwise to the return of the nominal amount paid up on the shares, after the holders of the ordinary shares of 1p each be paid at £1 per share.

REGIONAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS (Continued)

9. RECONCILIATION OF MOVEMENTS ON SHAREHOLDER'S FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

	Share Capital £000	Profit and Loss Account £000	Total shareholder's Funds £000
At 1st January 1999	4,918	14,937	19,855
Loss for the financial year	-	(9)	(9)
	-----	-----	-----
At 31st December 1999	4,918	14,928	19,846
	=====	=====	=====
Equity shareholders' funds			15,117
Non-Equity shareholders' funds			4,729

			19,846
			=====

10. RELATED PARTY TRANSACTIONS

The results of the company are consolidated in the results of Friends' Provident Life Office, the company's ultimate parent and controlling company, whose financial statements are publicly available. Accordingly, the company is exempt from the requirement to disclose transactions with other companies which qualify as related parties within the Friends' Provident Life Office Group.

There were no other material related party transactions.

11. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Friends' Provident Life Office, which is incorporated by Act of Parliament in the United Kingdom. Copies of the Group accounts of Friends' Provident Life Office are available from Pixham End, Dorking, Surrey, RH4 1QA.