

COMPANY NUMBER: 2352242

BRACKENBUSH LIMITED

ANNUAL REPORT AND ACCOUNTS

31st DECEMBER 1994



DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31st December 1994.

REVIEW OF BUSINESS

The company did not trade during the year.

SIGNIFICANT EVENT

At an Extraordinary General Meeting of the Company, the members resolved that the Deferred Ordinary shares of £1 each, the Preferred Ordinary shares of £1 each and the 5% Non Cumulative Preference shares of £1 each be re-designated as Ordinary shares of £1 each ranking pari passu with the existing Ordinary shares in issue.

DIRECTORS

The following persons held office during the year:

C K J Bowmer
S A Bull
D W Gibson

DIRECTORS' INTERESTS

The directors of the company who held office at the end of the year were interested (as defined in the Companies Act 1985 and according to the Register maintained thereunder) in shares in Bowater plc as follows:

	Bowater plc							
	Ordinary Shares of 50p each				**Share Options			
			Senior Executive		Savings Related		Long Term Incentive (Maximum shares)	
	01.01.94	31.12.94	01.01.94	31.12.94	01.01.94	31.12.94	01.01.94	31.12.94
C K J Bowmer	8,434	5,880	83,758	83,758	5,028	5,028	0	11,400
S A Bull	15,872	19,658	80,788	80,788	7,050	4,980	0	11,400
D W Gibson	121	121	34,962	34,962	1,968	2,826	0	0

**Full details of the Senior Executive Share Option Scheme, Savings Related Share Option Scheme and Long Term Incentive Scheme can be found in the Report and Accounts of Bowater plc.

PREPARATION OF FINANCIAL STATEMENTS

This statement, which should be read together with the auditors report overleaf, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 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 for the financial year.

The directors consider that it is appropriate to use the going concern basis in preparing the financial statements on pages 4 to 6. Appropriate accounting policies have been used, consistently applied and supported by reasonable and prudent judgements and estimates and all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enables them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

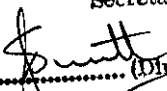
AUDITORS

Ernst & Young were appointed as auditors of the company during the year.

BY ORDER OF THE BOARD

B-R Secretariat Limited

Secretaries

By  (Director)

B-R SECRETARIAT LIMITED

Secretary

Date: 25 April 1995

**BRACKENBUSH LIMITED
AUDITORS' REPORT**

Report of the auditors to the members of Brackenbush Limited

We have audited the financial statements on pages 4 to 6, which have been prepared under the historical cost convention, and on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

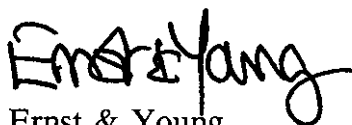
Basis of opinion

We conducted an 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 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 31st December 1994 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

25 April 1995.

BALANCE SHEET**FOR THE YEAR ENDED 31ST DECEMBER 1994**

	Note	1994 £	1993 £
CURRENT ASSETS			
Debtors: Due from parent undertaking		1,639,939	1,639,939
		<hr/>	<hr/>
NET CURRENT ASSETS		1,639,939	1,639,939
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Equity share capital		1,426,100	1,426,010
Non-equity share capital		-	90
		<hr/>	<hr/>
Called up share capital	(4)	1,426,100	1,426,100
Equity reserves:			
Share premium account		213,839	213,839
		<hr/>	<hr/>
		1,639,939	1,639,939
		<hr/>	<hr/>

Approved by a board resolution dated 25 April 1995


Director

NOTES TO THE ACCOUNTS**FOR THE YEAR ENDED 31ST DECEMBER 1994****1. ACCOUNTING CONVENTION**

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2. PROFIT AND LOSS ACCOUNT

The company did not trade during the year and accordingly no profit and loss account has been prepared.

3. DIRECTORS AND EMPLOYEES

No director received any remuneration from the company during the year (1993: £Nil).

There were no employees during the year (1993: Nil).

4. SHARE CAPITAL

	1994 £	1993 £
Authorised:		
<i>Equity:</i>		
Ordinary shares of £1 each	3,000,100	10
Deferred ordinary shares of £1 each	-	3,000,000
	<hr/>	<hr/>
	3,000,100	3,000,010
<i>Non Equity:</i>		
Preferred ordinary shares of £1 each	-	40
5% Non Cumulative Preference shares of £1	-	50
	<hr/>	<hr/>
	-	90
	<hr/>	<hr/>
	3,000,100	3,000,100
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS**FOR THE YEAR ENDED 31ST DECEMBER 1994**

4. SHARE CAPITAL (Continued)	1994 £	1993 £
Allotted, called up and fully paid:		
<i>Equity:</i>		
Ordinary shares of £1 each	1,426,100	10
Deferred ordinary shares of £1 each	-	1,426,000
	<hr/>	<hr/>
	1,426,100	1,426,010
<i>Non Equity:</i>		
Preferred ordinary shares of £1 each	-	40
5% Non-Cumulative Preference shares of £1 each	-	50
	<hr/>	<hr/>
	-	90
	<hr/>	<hr/>
	1,426,100	1,426,100
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5. MOVEMENT IN SHAREHOLDERS FUNDS

There has been no movement in shareholders funds during the year (1993: £Nil).

6. CASH FLOW STATEMENT

The company has not prepared a cash flow statement, as it is a wholly owned subsidiary undertaking of Bowater plc which has prepared a consolidated cash flow statement.

7. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Bowater plc, which is incorporated in Great Britain and registered in England and Wales. Copies of the group accounts can be obtained from Bowater House, Knightsbridge, London SW1X 7NN.