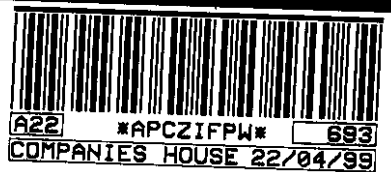


RE-SCAN



25-4-99 - 271

Registered number: 2940394

Nu-Swift Sovereign Limited
Annual Report
for the year ended 31 December 1998

25.4.99.271

Directors' report for the year ended 31 December 1998

The directors present their report and the audited financial statements for the year ended 31 December 1998.

Principal activity

The principal activity of the company is property investment.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

The profit and loss account for the year is set out on page 4.

Dividends

The directors propose the payment of a dividend of £100,000 (1997: £nil).

Directors and directors' interests

The directors of the company during the year were as follows:

P M Evans
A Chudnoff
R J Pollard
K Watson

None of the directors have any beneficial interests in the shares of the company or in the shares of any other group undertakings.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Year 2000

The Year 2000 issue, which stems from computer programs written using two digits rather than four to define the applicable year, could result in processing faults on the change of century, producing a wide range of consequences.

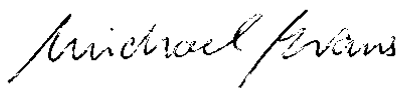
Given the complexity of the problem, it is impossible to guarantee that no Year 2000 problems will occur. However, the company has conducted a risk-based review of its computer systems to identify those which could be affected and is replacing or upgrading the affected systems. All business critical work is due to be completed shortly at no significant additional cost.

Auditors

The company has passed an elective resolution under Section 386 of the Companies Act 1985 (as amended by Section 119 of the Companies Act 1989) to dispense with the requirement to reappoint auditors annually.

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998 following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors. In the absence of a notice proposing that the appointment be terminated, PricewaterhouseCoopers will remain in office for the next financial year.

By order of the board



P M Evans
Director

8 April 1999

Report of the auditors to the members of Nu-Swift Sovereign Limited

We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the historical cost convention as modified by the revaluation of investment properties, and with the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 1, the financial statements. Our responsibilities, as independent auditors, are established 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 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 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 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

Leeds

8 April 1999

**Profit and loss account
for the year ended 31 December 1998**

	Notes	1998 £	1997 £
Rent receivable	1	100,464	82,336
Property expenses		-	(16,906)
		<u>100,464</u>	<u>65,430</u>
Administrative expenses		(1,810)	(3,532)
Operating profit		<u>98,654</u>	<u>61,898</u>
Bank interest receivable		493	144
Profit on ordinary activities before taxation	3	<u>99,147</u>	<u>62,042</u>
Tax on profit on ordinary activities	4	(27,529)	(15,171)
Profit for the financial year		<u>71,618</u>	<u>46,871</u>
Dividends	5	(100,000)	-
(Loss sustained)/retained profit for the year	12	<u>(28,382)</u>	<u>46,871</u>

All of the company's operations during the two years shown above relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Statement of total recognised gains and losses

	1998 £	1997 £
Profit for the financial year	71,618	46,871
Unrealised (deficit)/surplus on revaluation of property	(25,000)	350,000
Total recognised gains relating to the year	<u>46,618</u>	<u>396,871</u>

**Balance sheet
at 31 December 1998**

	Notes	1998 £	1997 £
Fixed assets			
Tangible assets	6	<u>1,075,000</u>	<u>1,100,000</u>
Current assets			
Debtors	7	16,349	7,016
Cash at bank and in hand		<u>32,064</u>	<u>24,829</u>
		48,413	31,845
Creditors: amounts falling due within one year	8	<u>(162,075)</u>	<u>(39,266)</u>
Net current liabilities		<u>(113,662)</u>	<u>(7,421)</u>
Total assets less current liabilities		<u>961,338</u>	<u>1,092,579</u>
Creditors: amounts falling due after more than one year	9	<u>(617,849)</u>	<u>(695,708)</u>
Net assets		<u>343,489</u>	<u>396,871</u>
Capital and reserves			
Called up share capital	11	2	2
Revaluation reserve	12	300,000	325,000
Profit and loss account	12	<u>43,487</u>	<u>71,869</u>
Equity shareholders' funds	13	<u>343,489</u>	<u>396,871</u>

The financial statements on pages 4 to 10 were approved by the board of directors on 8 April 1999 and were signed on its behalf by:

Michael Evans

**P M Evans
Director**

**Notes to the financial statements
for the year ended 31 December 1998**

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. However, compliance with SSAP 19 (revised) 'Accounting for investment properties', requires departure from the requirements of the Companies Act 1985 relating to depreciation. An explanation is given below in the accounting policy relating to investment properties. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of investment properties.

Investment properties

In accordance with SSAP 19 (revised):

- (a) Investment properties are professionally valued annually on an open market basis. Any surplus or deficit arising from the valuation is taken to revaluation reserve unless a deficit on an individual investment property is expected to be permanent, in which case it is written off through the profit and loss account.
- (b) No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred taxation

Provision is made for deferred taxation on all material timing differences to the extent that it is probable that a liability or asset will crystallise. No deferred tax provision or asset is recognised in respect of tax on capital gains or losses which would arise on a disposal of an investment property owned by the company to the extent that the property is unlikely to be sold and the liability or asset is unlikely to be crystallised in the foreseeable future. An estimate of the potential liability or asset is shown in note 10 to the financial statements.

Cash flow statement

The company is a wholly owned subsidiary of London Securities Plc and the cash flows of the company are included in the consolidated cash flow statement of that company. Consequently, the company is exempt under the terms of Financial Reporting Standard Number 1 (revised) from publishing a cash flow statement.

Rent receivable

Rents are brought into the profit and loss account when receivable and any element relating to future periods is included in deferred income.

2 Directors' emoluments and employee information

The directors did not receive emoluments during the year (1997: £Nil).

The company had no employees during the year other than the directors and the company secretary (1997: Nil).

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1998 £	1997 £
Auditors' remuneration for audit	<u>2,295</u>	<u>1,650</u>

4 Taxation

	1998 £	1997 £
United Kingdom corporation tax charge at 31% (1997: 31.5%):		
Current	27,529	15,200
Overprovision in respect of prior years:		
Current	-	(29)
	<u>27,529</u>	<u>15,171</u>

The tax charge for the year has been reduced by £3,200 (1997: £4,300) in respect of capital allowances for which no deferred tax charge arises.

5 Dividend

	1998 £	1997 £
Ordinary dividend payable of £50,000 (1997: £nil) per share	<u>100,000</u>	<u>-</u>

6 Tangible fixed assets

Investment property	Freehold £
Valuation	
At 1 January 1998	1,100,000
Revaluation deficit	(25,000)
	<hr/>
At 31 December 1998	1,075,000
	<hr/>

The investment property was professionally valued on the basis of open market value as at 31 December 1998 by Jones Lang Wootton, Chartered Surveyors.

The historical cost of the property was £775,000.

7 Debtors

	1998 £	1997 £
Amount owed by group undertaking	2,016	2,016
Prepayments and accrued income	14,333	5,000
	<hr/>	<hr/>
	16,349	7,016
	<hr/>	<hr/>

8 Creditors: amounts falling due within one year

	1998 £	1997 £
Corporation tax	27,531	15,200
Accruals and deferred income	34,544	24,066
Dividend	100,000	-
	<hr/>	<hr/>
	162,075	39,266
	<hr/>	<hr/>

9 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Amount owed to group undertaking	617,849	695,708
	<hr/>	<hr/>

The amount owed to the group undertaking is non-interest bearing and has no fixed repayment terms.

10 Deferred taxation

No deferred taxation has been provided in the financial statements. The total potential asset/(liability) is as follows:

	1998 £	1997 £
Tax effect of timing differences due to:		
Revaluation of investment property	59,000	52,000
Capital allowances	(19,000)	(16,000)

11 Called up share capital

	1998 £	1997 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

12 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 1998	325,000	71,869
Revaluation deficit for the year	(25,000)	-
Loss sustained for the financial year	-	(28,382)
	<u> </u>	<u> </u>
At 31 December 1998	300,000	43,487
	<u> </u>	<u> </u>

13 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	71,618	46,871
Dividends	(100,000)	-
	<u> </u>	<u> </u>
	(28,382)	46,871
Other recognised losses relating to the year	(25,000)	350,000
	<u> </u>	<u> </u>
Net (decrease)/increase in shareholders' funds	(53,382)	396,871
Opening shareholders' funds	396,871	-
	<u> </u>	<u> </u>
Closing equity shareholders' funds	343,489	396,871
	<u> </u>	<u> </u>

14 Parent undertakings

At 31 December 1998 the parent undertaking in the United Kingdom for which consolidated financial statements are prepared is London Securities Plc, a company registered in England, which is also the company's immediate parent undertaking. Copies of that company's consolidated financial statements may be obtained from The Secretary, London Securities Plc, Wistons Lane, Elland, West Yorkshire, HX5 9DS.

The directors regard European Fire Protection Holding BV, a company registered in The Netherlands, as the company's ultimate parent undertaking. Copies of that company's consolidated financial statements may be obtained from Kamer van Koophandel en Fabrieken voor Rotterdam en de Beneden - Maas, Afdeling Handelsregister, Beursgebouw, Beursplein 37, 3011AA Rotterdam.

The company is ultimately controlled by Mr J G Murray through his controlling interest in European Fire Protection Holding BV.

15 Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures" from disclosing transactions with related parties within the London Securities Plc group.

The services of Mr P M Evans, Mr A Chudnoff and Mr R J Pollard as directors and/or officers of the company are provided free of charge by other companies which are controlled by Mr J G Murray.