

NIG BEAULIEU HOLDINGS LTD

Company No - 2957556

ACCOUNTS FOR THE YEAR

ENDED 31 DECEMBER 1996

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EDWARDS & KEEPING

Chartered Accountants

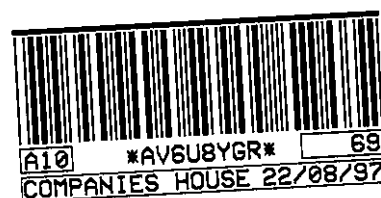
Unity Chambers

34 High East Street

Dorchester

Dorset

DT1 1HA



NIG BEAULIEU HOLDINGS LTD

DIRECTORS' REPORT

The Directors submit their Report and the Audited Accounts of the Company for the year ended 31 December 1996.

Principal Activity

The Company's principal activity was to act as a holding company.

Directors and their interests

The Directors who served during the period were as follows:-

J M Gaynor	(resigned 19 December 1996)
R M P Richards	(resigned 19 December 1996)
J R Drax	(resigned 16 December 1996, re-appointed 18 December 1996)
M J Pendower	(appointed 19 December 1996)
J N Hollond	(appointed 19 December 1996)
Mrs B H M Hollond	(appointed 16 December 1996, resigned 19 December 1996)

No Director had at any time during the period any personal interest in the shares of the Company. However, up to 19 December 1996 70% of the shares were owned by NIG Trading Ltd, of which J M Gaynor and R M P Richards were Directors, and 30% by Beaulieu Property Management Ltd, of which J R Drax is a Director. Subsequently all the shares are owned by Parham Holdings Ltd which is in turn a subsidiary of Beaulieu Property Management Ltd.

Statement of Directors' Responsibilities in respect of the Accounts

Company law requires the Directors to prepare Accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Profit or Loss of the Company for that period. In preparing these Accounts the Directors are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

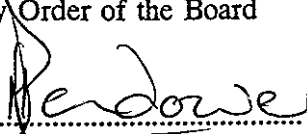
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Messrs Edwards & Keeping have expressed their willingness to continue in office, and a resolution to re-appointment them as Auditors will be put to the members at the Annual General Meeting.

Advantage is taken in the preparation of the Directors' Report of the special exemptions applicable to Small Companies conferred by Part 2 of Schedule 8 to the Companies Act 1985.

By Order of the Board


.....
M J Pendower
Secretary

AUDITORS' REPORT TO THE MEMBERS OF

NIG BEAULIEU HOLDINGS LTD

We have audited the Accounts on pages 3 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective Responsibilities of Directors and Auditors

As described on page 1, the Company's Directors are responsible for the preparation of the Accounts. It is our responsibility to form an independent opinion, based on our audit, on these Accounts 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 Accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Accounts 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 Accounts are free from material mis-statement, 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 Accounts.

Opinion

In our opinion the Accounts give a true and fair view of the state of the Company's affairs as at 31 December 1996 and of 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.

Edwards & Keeping

Chartered Accountants &
Registered Auditors

Edwards and Keeping
Chartered Accountants
Unity Chambers
34 High East Street
Dorchester
Dorset
DT1 1HA

21 August 1997

NIG BEAULIEU HOLDINGS LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Note</u>	<u>Current Year</u>	<u>Previous Period</u>
Turnover	1(d)		£500
Administrative Expenses		<u>£121</u>	<u>368</u>
<u>Operating Profit/(Loss)</u>		(121)	132
Interest Receivable	2	£1,653,553	£1,627,891
Interest Payable	2	<u>1,653,553</u>	<u>1,627,891</u>
<u>Net Profit/(Loss) on Ordinary Activities before Taxation</u>	3	(121)	132
Taxation		<u>(36)</u>	<u>44</u>
<u>Net Profit/(Loss) on Ordinary Activities after Taxation</u>		(35)	£88
Retained Profit brought forward		<u>88</u>	<u></u>
<u>Retained Profit carried forward</u>		<u>(£3)</u>	<u>£88</u>

The Company had no recognised gains or losses in 1995 or 1996 other than its profit or loss for those years.

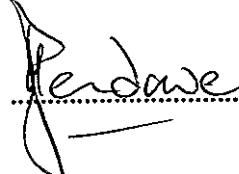
NIG BEAULIEU HOLDINGS LTD

BALANCE SHEET AS AT 31 DECEMBER 1996

	<u>Note</u>	<u>31/12/96</u>	<u>31/12/95</u>
<u>Investments</u>			
Shares in Subsidiary Companies	4		£1,004
Long-Term Loans to Subsidiary Companies	2		19,142,051
			<u>19,143,055</u>
<u>Current Assets</u>			
Loans to Associated Undertakings		£28,021,844	
Sundry Debtors		1,546	£500
		<u>£28,023,390</u>	<u>£500</u>
<u>Creditors: Amounts falling due within 1 year</u>			
Loans from Parent Undertaking		£28,022,383	
Corporation Tax			£44
Other Creditors	4		354
		<u>£28,022,387</u>	<u>£398</u>
<u>Net Current Assets</u>		<u>£1,003</u>	<u>102</u>
<u>Total Assets less Current Liabilities</u>		<u>1,003</u>	<u>19,143,157</u>
<u>Creditors: Amounts falling due after more than 1 year</u>			
Loans from Parent Undertaking	2		19,142,069
		<u>£1,003</u>	<u>£1,088</u>
<u>Capital and Reserves</u>			
Equity Share Capital	5	£1,000	£1,000
Profit and Loss Account		3	88
<u>Shareholders' Funds</u>	6	<u>£1,003</u>	<u>£1,088</u>

Advantage is taken in the preparation of the Accounts of the special exemptions applicable to Small Companies conferred by Part 1 of Schedule 8 to the Companies Act 1985. In the Directors' opinion, the Company is entitled to these exemptions as a Small Company.

These Accounts were approved by the Directors on 18.08.97

 Director

NIG BEAULIEU HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

1. Accounting Policies

(a) Accounting Convention

The Accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Deferred Taxation

Deferred Taxation is provided by the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is expected that tax will be payable.

(c) Cash Flow Statements

A consolidated cash flow statement has been presented in the Group Accounts, in accordance with Financial Reporting Standard No 1. Accordingly, a cash flow statement is not presented in these Accounts.

(d) Turnover consists of management fees charged to subsidiary companies, in order to cover Head Office overheads. These relate to the Company's continuing principal activity.

2. Loans and Interest

The respective parent undertakings, have advanced loans, which have in turn been passed on to the subsidiary companies. Except for some loans which are temporary and interest-free, interest is charged at varying rates and added to the balances. There are no fixed terms for repayment. All the current loans are regarded as short-term.

3. Profit/(Loss) on Ordinary Activities before Taxation

This is stated after charging:-

	<u>1996</u>	<u>1995</u>
Auditors' Remuneration	-	£350
	<u> </u>	<u> </u>

Auditors' Remuneration is now paid by the holding company.

4. Shares in Subsidiary Companies

Until 19 December 1996 the Company owned 100% of the issued share capital of NIG Beaulieu Properties Ltd, Parham Distribution Ltd and Dunepower Ltd, all companies incorporated in England and Wales. These investments were subsequently acquired by Parham Holdings Ltd.

5. Equity Share Capital

Authorised, Allotted, Called Up and Fully Paid:-

	<u>1996</u>	<u>1995</u>
700 "A" shares of £1 each	£700	£700
300 "B" shares of £1 each	300	300
	<u> </u>	<u> </u>
	£1,000	£1,000
	<u> </u>	<u> </u>

NIG BEAULIEU HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

<u>6. Movement on Shareholders' Funds</u>	<u>Share Capital</u>	<u>Profit & Loss Account</u>	<u>1996 Total</u>	<u>1995 Total</u>
Balance brought forward	£1,000	£88	£1,088	
Allotted Share Capital				£1,000
Profit/(Loss) for the year		(85)	(85)	88
Balance carried forward	£1,000	£3	£1,003	£1,088

7. Capital Commitments

The Company had no capital commitments at 31 December 1996.

8. Contingent Liabilities

The Company, together with its parent undertaking and fellow-subsiidiaries, has entered into joint debentures as follows:-

- (a) in respect of a loan of £10,000,000 from Bayerische Hypothekenbank and Wechsel-bank A G to Parham Holdings Ltd.
- (b) in respect of £10,000,000 8% Unsecured Loan Stock in Parham Holdings Ltd taken up by Skandia (UK) Holdings Ltd.

Both loans are secured against the group's freehold properties.

9. Ultimate and Intermediate Parent Undertakings

The Company is a 100% subsidiary of Parham Holdings Ltd. Until 19 December 1996 its ultimate parent undertaking was Skandia Insurance Company Ltd, a company incorporated in Sweden. Since 29 December 1996 the ultimate parent undertaking is Beaulieu Property Management Ltd (a company registered in England and Wales which is wholly controlled by J R Drax, a Director of the Company). Group Accounts are prepared by Parham Holdings Ltd, an intermediate parent undertaking. Since the Parham Holdings Ltd group temporarily has a financial accounting date which is non-coterminous with Beaulieu Property Management Ltd.

10. Related Party Transactions

There were no transactions with Directors or other related parties, apart from interest on inter-company loans.