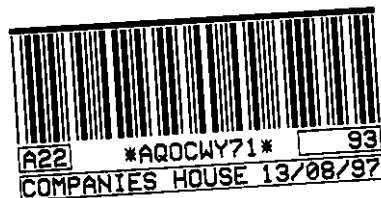


NIGHTINGALE SQUARE PROPERTIES PLC

Co. No 3201368

Registrar of
Companies
/

1996 REPORT AND ACCOUNTS



BEAVIS WALKER

Chartered Accountants

NIGHTINGALE SQUARE PROPERTIES PLC

DIRECTORS
T.F. Brockbank - Chairman
G.D.M. Besterman
P.J. Duffy

SECRETARY
J.M. Thornton

REGISTERED OFFICE
3rd Floor
Audrey House
16/20 Ely Place
London
EC1N 6SN

REGISTERED NUMBER
3201368

1996 REPORT AND ACCOUNTS

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	2	Auditors' Report
	3	Balance Sheet
	4	Cash Flow Statement
	5 & 6	Notes on the Accounts

NIGHTINGALE SQUARE PROPERTIES PLC

DIRECTORS' REPORT

The Directors present their Report and the Accounts for the period ended 31st December, 1996.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Nightingale Square Properties Plc was incorporated on 21st May, 1996 as Sectortrack Plc and changed its name to Nightingale Square Properties Plc on 29th August, 1996.

The principal activity of the Company is to invest in residential property for letting. The Company did not trade in the period and the Directors cannot recommend the payment of a dividend.

SHARE CAPITAL

On incorporation the Company's authorised share capital was £100,000 Ordinary shares of £1 each, of which two shares were issued at par on incorporation. On 6th August, 1996, the authorised share capital was increased to £2,000,000. On 8th October, 1996, the authorised share capital was further increased to £3,750,000 of which £3,700,000 comprises of 7,400,000 Preferred Ordinary 50p shares and £50,000 of 500,000 Ordinary "A" 10p shares. The two subscriber shares were also subdivided into twenty "A" shares of 10p each.

DIRECTORS

The Directors in office during the period and their beneficial interests in the issued share capital of the Company were as follows:

	Ordinary "A" 10p shares 31st December, 1996	Ordinary £1 shares Date of appointment
T.F. Brockbank (appointed 1st October, 1996)	10	1
G.D.M. Besterman (appointed 6th August, 1996)	10	-
P.J. Duffy (appointed 1st October, 1996)	-	1

Instant Companies Limited and Swift Incorporations Limited were appointed as Directors on incorporation and resigned on 6th August, 1996. They each held one Ordinary £1 subscriber share which they transferred on 1st October, 1996.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF 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 the year. In preparing those accounts the Directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the accounts;
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also 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

Beavis Walker were appointed as auditors during the period. A resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

Secretary

AUDITORS' REPORT TO THE MEMBERS OF

NIGHTINGALE SQUARE PROPERTIES PLC

We have audited the Accounts on pages 3 to 6 which have been prepared on the historical cost basis and in accordance with 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 accounts. It is our responsibility to form an independent opinion, based on our audit, on those 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 an 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.

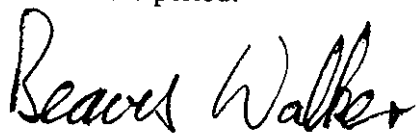
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion the Accounts give a true and fair view of the state of the Company's affairs at 31st December, 1996 and have been properly prepared in accordance with the Companies Act 1985.

The Company has not traded in the period.

BEAVIS WALKER



Chartered Accountants
Registered Auditor

Audrey House,
16/20 Ely Place,
London,
EC1N 6SN.

12th August, 1997

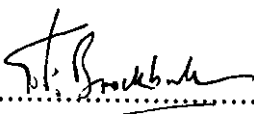
NIGHTINGALE SQUARE PROPERTIES PLC

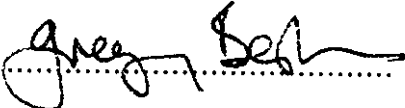
BALANCE SHEET AT 31ST DECEMBER, 1996

	<u>Notes</u>	£
CURRENT ASSETS		
Cash		2
		<u>£2</u>
		<u>==</u>
CAPITAL AND RESERVES		
Called up share capital	2	2
		<u>—</u>
SHAREHOLDERS' FUNDS - Equity Interests		£2
		<u>==</u>

STATEMENT OF THE DIRECTORS

During the accounting period the Company did not trade and received no income and incurred no expenditure. Consequently, the Company made neither a profit nor loss.


..... Director


..... Director

Approved by the Board on 21 July 1997

NIGHTINGALE SQUARE PROPERTIES PLC

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER 1996

FINANCING	£
Issue of ordinary share capital	2
Net cash inflow from financing	<u>£2</u>

Note 1

Movement of cash in period	Balance 21st May 1996	Balance 31st December 1996	Movement in period
Cash	£ -	£ 2	£ 2
	<u> </u>	<u> </u>	<u> </u>

NIGHTINGALE SQUARE PROPERTIES PLC

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICY

Basis of accounting

The Accounts have been prepared on the historical cost basis and in accordance with applicable accounting standards.

2. CALLED UP SHARE CAPITAL

Authorised:

7,400,000 Preferred Ordinary shares of 50p each	3,700,000
500,000 Ordinary "A" shares of 10p each	50,000

£3,750,000

Allotted issued and fully paid:

20 Ordinary "A" shares of 10p each	£2
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The Preferred Ordinary shares and Ordinary "A" shares have equal voting rights in that each share entitles the holder to one vote.

The Preferred Ordinary shares and Ordinary "A" shares rank equally for dividends, subscription prices notwithstanding.

On a return of assets on a winding up or otherwise, the assets of the Company remaining after the discharge of the Company's liabilities shall be applied in this order:-

- subscription price of each preferred ordinary share;
- subscription price of each "A" ordinary share;
- subscription price of each preferred ordinary share multiplied by the Retail Price Index (RPI) increase from when the shares were allotted;
- subscription price of each "A" ordinary share multiplied by the RPI increase from when the shares were allotted;
- preferred ordinary shares and "A" ordinary shares rank equally in respect of entitlement to any excess remaining after the above distribution, differing par values and subscription prices notwithstanding provided that the aggregate entitlement of the "A" shares shall not exceed one third of the excess.

Both classes of shares are not redeemable.

On incorporation the Company's authorised share capital was £100,000 Ordinary shares of £1 each, of which two shares issued at par on incorporation. On 6th August, 1996, the authorised share capital was increased to £2,000,000. On 8th October, 1996, the authorised share capital was further increased to £3,750,000 of which £3,700,000 comprises of 7,400,000 Preferred Ordinary 50p shares and £50,000 of 500,000 Ordinary "A" 10p shares. The two subscriber shares were also subdivided into twenty "A" shares of 10p each.

3. POST BALANCE SHEET EVENT

Subsequent to the year end, 500,000 Ordinary "A" 10p shares have been issued at par and 155,000 Preferred Ordinary shares of 50p issued at a premium of 50p per share. The proceeds of the share issues amounted to £205,000.

NIGHTINGALE SQUARE PROPERTIES PLC

NOTES ON THE ACCOUNTS

4. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Issue of shares on incorporation	£ 2
	<hr/>
Shareholders' funds at 31st December 1996	£ 2
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