

ARTHUR
ANDERSEN

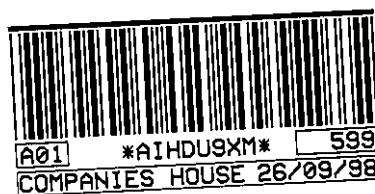
MID 615

106670

BBA FINANCIAL SERVICES (JERSEY) LIMITED

**FINANCIAL STATEMENTS 31 DECEMBER 1997
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORT**

Registered Number FC12553



DIRECTORS

S M F Shaw
W A Thompson

SECRETARY

S M F Shaw

REGISTERED OFFICE

Templar House
Don Road
St. Helier
Jersey
JE4 8WH

AUDITORS

Arthur Andersen
Forum House
Grenville Street
St. Helier
Jersey
JE2 4UF

DIRECTORS' REPORT

The directors submit their report, together with the audited financial statements of the Company, for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are to raise finance by the issue of shares, to lend or advance money to companies within the BBA group of companies and to place available funds on deposit. There have been no changes in these activities since the Company commenced trading.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 5. The directors declared a first interim dividend of £1,099,000 (1996:£nil) on 17 March 1997 and a second interim dividend of £1,148,000 (1996:£nil) on 18 December 1997. These amounts were paid on 27 March 1997 and 18 December 1997 respectively.

DIRECTORS

The directors who held office during the year were:

S M F Shaw (appointed 1 June 1997)
W A Thompson (appointed 2 April 1997)

P A Smith resigned as a director of the Company on 31 May 1997 and D W Whitaker resigned as a director of the Company on 2 April 1997.

The directors in office at the end of the year had interests in the shares of BBA Group plc, the ultimate holding company, as follows:

	25p Ordinary Shares		Share Option Schemes	
	Shares held			
	31.12.97	1.1.97	31.12.97	1.1.97
S M F Shaw	1,000	-	-	-
W A Thompson	20,934	16,275	56,971	34,580

DIRECTORS' REPORT (CONTINUED)**DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the Company's affairs at the end of the year and of the profit or loss of the Company for the year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

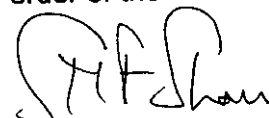
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities.

AUDITORS

A Resolution to re-appoint Arthur Andersen as auditors of the Company is to be proposed at the next Annual General Meeting.

Templar House
Don Road
St. Helier
Jersey

By order of the Board



S M F Shaw
Director

9 July 1998

Jersey

AUDITORS' REPORT TO THE SHAREHOLDERS OF BBA FINANCIAL SERVICES (JERSEY) LIMITED

We have audited the financial statements on pages 5 to 9, which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, 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 statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the UK 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 judgments 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 as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with Companies (Jersey) Law 1991.



Arthur Andersen
Chartered Accountants and Registered Auditors
Forum House
Grenville Street
Jersey
JE2 4UF

July 1998

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997**

	Note	1997 £	1996 £
Interest receivable		1,373,102	1,099,777
Profit on ordinary activities before taxation		<u>1,373,102</u>	<u>1,099,777</u>
Taxation on profit on ordinary activities	4	-	-
Profit on ordinary activities after taxation		<u>1,373,102</u>	<u>1,099,777</u>
Dividends paid	5	(2,247,000)	-
Retained (loss) / profit for the financial year		<u>(873,898)</u>	<u>1,099,777</u>
Retained profit, at beginning of year		1,099,877	100
Retained profit, at end of year		<u><u>225,979</u></u>	<u><u>1,099,877</u></u>

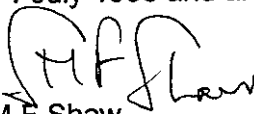
There were no recognised gains or losses in the current or prior year other than those reflected above.

The accompanying notes are an integral part of this profit and loss account.

BALANCE SHEET
AS AT 31 DECEMBER 1997

	Note	1997 £	1996 £
CURRENT ASSETS			
Debtors	6	10,209,983	23,000
Cash at bank		27,996	17,126,877
		<u>10,237,979</u>	<u>17,149,877</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	7	-	(6,038,000)
		<u>10,237,979</u>	<u>11,111,877</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	8	11,000	11,000
Share premium	9	9,990,000	9,990,000
Capital redemption reserve	9	11,000	11,000
Profit and loss account	9	225,979	1,099,877
EQUITY SHAREHOLDERS' FUNDS	10	<u>10,237,979</u>	<u>11,111,877</u>

The financial statements on pages 5 to 9 were approved by the Board of Directors on 9 July 1998 and are signed on its behalf by:


 S M F Shaw
 Director

The accompanying notes are an integral part of this balance sheet.

NOTES TO THE FINANCIAL STATEMENTS**1. ACCOUNTING POLICIES**

The principal accounting policies are set out below and have been applied consistently throughout the current and preceding year.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

TAXATION

Provision for United Kingdom corporation tax on profits of the Company is made in the financial statements of the ultimate holding company.

The ultimate holding company also makes provision under the liability method for United Kingdom deferred taxation arising from accelerated taxation allowances on capital expenditure and other timing differences to the extent that it is probable that a liability will crystallize in the foreseeable future.

CASH FLOW STATEMENT

Under Financial Reporting Standard Number 1 (Revised 1996), no cash flow has been prepared for the company because the ultimate parent company, BBA Group plc, incorporated and registered in England and Wales, has prepared consolidated financial statements which include the results of the company for the year and are available to the public.

RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard Number 8, the Company is exempt from disclosing related party transactions with other group companies as 90% of the voting rights are controlled within the group and the ultimate parent company, BBA Group plc, has prepared consolidated financial statements which include the results of the Company for the year and are available to the public.

2. EMPLOYEES AND EMPLOYMENT COSTS

There were no full time employees other than directors during the year and the aggregate payroll costs were £nil (1996 £nil). No director received any remuneration from the Company in the current or prior year.

3. ADMINISTRATIVE EXPENSES

Audit fees for 1997 were borne by the parent company. No amounts were paid to the auditors in respect of non-audit services (1996 £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Subsequent to the adoption of an agreement between the Company and the ultimate parent company, the latter will meet all United Kingdom corporate tax liabilities relating to the profits of the Company, as long as the Company remains a member of the BBA Group. The tax charge calculated at 31.5% (1996 33%) less any appropriate ACT arising on the profit for the year is £158,000 (1996 £141,000) and in the current year is reflected in the financial statements of the ultimate holding company.

5. DIVIDENDS PAID	1997 £	1996 £
First interim dividend paid 9.99 pence per share (1996:£nil)	1,099,000	-
Second interim dividend paid 10.44 pence per share (1996:£nil)	1,148,000	-
	<u>2,247,000</u>	<u>-</u>

6. DEBTORS

	1997 £	1996 £
Amounts due from parent company	10,114,000	-
Accrued income	95,983	23,000
	<u>10,209,983</u>	<u>23,000</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Amounts owed to parent company	-	6,038,000
	<u>-</u>	<u>6,038,000</u>

8. SHARE CAPITAL

	1996 and 1997 No of Shares	1996 and 1997 £
Authorised:		
Ordinary 10p shares	110,000	11,000
Preference £10 shares	1,100	11,000
Allotted, called up and fully paid:		
Ordinary 10p shares	110,000	11,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. MOVEMENT IN RESERVES

	Share Premium	Capital Redemption Reserve	Profit and Loss Account
	£	£	£
Beginning of year	9,990,000	11,000	1,099,877
Retained loss for the year	-	-	(873,898)
End of year	9,990,000	11,000	225,979

10. MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	1,373,102	1,099,777
Dividends paid	(2,247,000)	-
(Decrease)/Increase in shareholders' funds	(873,898)	1,099,777
Opening shareholders' funds	11,111,877	10,012,100
Closing shareholders' funds	10,237,979	11,111,877

11. ULTIMATE HOLDING COMPANY

The ultimate parent company is BBA Group plc which is registered in England and Wales. BBA Group plc is the only company which prepares group financial statements incorporating the financial statements of the Company. These group financial statements are available to the public from the Company Secretary of BBA Group plc at 70 Fleet Street, London, EC4Y 1EU.