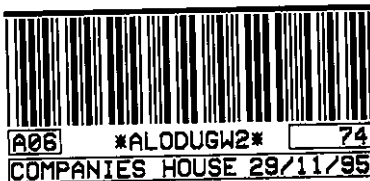


SPRING VALLEY PROPERTIES LIMITED

ACCOUNTS

31 MARCH 1995



Gane Jackson Scott
Chartered Accountants
Holborn Hall,
100 Gray's Inn Road,
London WC1X 8AY.

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

For the year ended 31 March 1995

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REPORT OF THE DIRECTORS
To be presented to the Members of the Company
at the Annual General Meeting

The Directors submit their report and the audited accounts for the year ended 31 March 1995.

RESULTS

The results for the year are set out on page 5 of the accounts.

PRINCIPAL ACTIVITIES

The company continues as property owners with rental income together with the property trading operation although there has been no activity in the latter area in the year under review.

CHARITABLE DONATIONS

During the year the company made charitable donations of £6,667. (1994: nil).

DIRECTORS

The directors of the company throughout the year and their interest in the shares of the company were as follows:-

	Ordinary Shares	
	31 March 1995	1 April 1994
Mrs S.O.M. Young	49	49
Mr I.G. Young	127,451	127,451
Mrs A.E. Turner	102,500	102,500

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 financial statements 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

Gane Jackson Scott have indicated their willingness to continue in office.

In preparing the Directors Report the Directors have taken advantage of the special exemptions applicable to small companies on the grounds that the company is small.

By Order of the Board

S.O.M. YOUNG
Secretary



The Valley House,
Stratford St. Mary,
SUFFOLK.

24 August 1995

TO THE MEMBERS OF SPRING VALLEY PROPERTIES LIMITED

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report the company's directors are responsible for the preparation of 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.

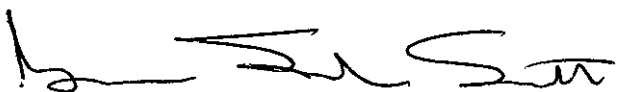
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provision of the Companies Act 1985 applicable to small companies.



Registered Auditor
Chartered Accountants
Holborn Hall
100 Gray's Inn Road
London WC1X 8AY

24 AUGUST 1995

BALANCE SHEET 31 MARCH 1995

	Notes	1995 £	1994 £
TANGIBLE FIXED ASSETS	2	1,654,388	1,834,352
CURRENT ASSETS			
Trade debtors		2,135	2,277
Other debtors		7,767	2
Cash at bank		1,259,158	-
		<u>1,269,060</u>	<u>2,279</u>
CREDITORS: Amounts falling due within one year			
Bank loans and overdrafts (secured)		-	480,022
Trade Creditors		75,897	71,997
Taxation and Social Security		200,808	66,769
Other creditors		13,654	19,345
		<u>290,359</u>	<u>638,133</u>
NET CURRENT ASSETS/(LIABILITIES)		978,701	(635,854)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,633,089</u>	<u>1,198,498</u>
CREDITORS: Amounts falling due after more than one year			
Bank loans (secured)		-	331,500
		<u>2,633,089</u>	<u>866,998</u>
CAPITAL AND RESERVES			
Called up share capital	3	250,000	250,000
Profit and loss account		2,383,089	616,998
	4	<u>2,633,089</u>	<u>866,998</u>

In preparing these accounts, the Directors have taken advantage of the special exemptions applicable to small companies on the grounds that the company is small.

The accounts on pages 4 to 7 were approved by the Board of Directors on

24 August 1995 and signed on its behalf by:-

I.G. YOUNG - DIRECTOR

GANE JACKSON SCOTT

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 1995

	Notes	1995 £	1994 £
Turnover	5	429,166	494,178
Administrative expenses		(162,074)	(166,643)
Operating Profit	6	<u>267,092</u>	<u>327,535</u>
Profit on sale of properties		1,753,573	-
Profit on ordinary activities before interest		<u>2,020,665</u>	<u>327,535</u>
Interest receivable		25,481	-
Interest payable		(50,204)	(80,446)
Profit on ordinary activities before taxation		<u>1,995,942</u>	<u>247,089</u>
Tax on profit on ordinary activities	7	(204,851)	(62,628)
Profit on ordinary activities after taxation		<u>1,791,091</u>	<u>184,461</u>
Dividend paid		(25,000)	(25,000)
Retained profit for the year		<u>1,766,091</u>	<u>159,461</u>
Retained profit brought forward		616,998	457,537
Retained profit carried forward		<u><u>2,383,089</u></u>	<u><u>616,998</u></u>

All gains or losses arising in the year have been recognised in the profit and loss account and arise from continuing operations.

NOTES TO THE ACCOUNTS

31 MARCH 1995

1. ACCOUNTING POLICIES

a) Basis of Accounting

The attached accounts are prepared under the historical cost basis of accounting in accordance with applicable accounting standards except that investment properties are not reflected at their open market value as required by SSAP 19.

b) Depreciation

With the exception of freehold properties, depreciation of Fixed Assets is provided at rates estimated to write off each asset over its remaining life. The rates used are as follows:-

Motor vehicles	- 25% per annum of cost
Plant and equipment	- 10% per annum of cost

No depreciation is provided on freehold properties and ground rent. This is contrary to the provisions of the Companies Act 1985 and is done in order to give a true and fair view, as required by Statement of Standard Accounting Practice 19.

c) Cash Flow Statement

The company has adopted the provisions of Financial Reporting Standard I under which it is exempt as a small company from the requirement to produce a cash flow statement.

2. TANGIBLE FIXED ASSETS

	Land & Buildings £	Plant & Machinery £	Total £
COST			
1 April 1994	1,824,183	22,409	1,846,592
Additions	-	19,438	19,438
Disposals	(186,914)	(14,660)	(201,574)
31 March 1995	<u>1,637,269</u>	<u>27,187</u>	<u>1,664,456</u>
DEPRECIATION			
1 April 1994	-	12,240	12,240
Charge for year	-	5,158	5,158
Disposals	-	(7,330)	(7,330)
31 March 1995	<u>-</u>	<u>10,068</u>	<u>10,068</u>
NET BOOK VALUE			
31 March 1995	<u>1,637,269</u>	<u>17,119</u>	<u>1,654,388</u>
31 March 1994	<u>1,824,183</u>	<u>10,169</u>	<u>1,834,352</u>

Properties with a net book value of £982,045 are subject to legal charges.

As stated in note 1.b) freehold properties are not depreciated. This represents a departure from the Companies Act 1985, and is done in accordance with the Statement of Standard Accounting Practice No. 19, in order to give a true and fair view of the company's results.

SSAP 19, requires investment properties to be carried in the Balance Sheet at their open market values. In the opinion of the directors, however, the costs and difficulties involved in obtaining such a valuation at this time outweigh the benefits to be gained by so doing. The open market value is considered to be well in excess of the Balance Sheet values.

NOTES TO THE ACCOUNTS

31 MARCH 1995 (continued)

3.	SHARE CAPITAL	1995	1994
		£	£
	Authorised, issued and fully paid 250,000 ordinary shares of £1 each	250,000	250,000

4. RECONCILIATION OF SHAREHOLDERS' FUNDS

	Profit & Loss Account	Share Capital	Total Funds
	£	£	£
At 1 April 1993	457,537	250,000	707,537
Profit for the year after taxation	184,461	-	184,461
Dividend paid	(25,000)	-	(25,000)
At 31 March 1994	616,998	250,000	866,998
Profit for the year after taxation	1,791,091	-	1,791,091
Dividend paid	(25,000)	-	(25,000)
At 31 March 1995	2,383,089	250,000	2,633,089

5. TURNOVER

Turnover which comprises rents received arises within the United Kingdom

6. OPERATING PROFIT

	1995	1994
	£	£
Operating profit is stated after charging		
Directors Emoluments	80,977	71,627
Depreciation	5,158	4,310
Auditors remuneration	1,650	1,550

7. TAXATION

Corporation tax is payable at 30.53% on the profits for the year (1994: 25.07%). The charge for the year includes £133,203 in respect of the disposal of freehold properties.

8. CAPITAL COMMITMENTS

No expenditure other than that included in creditors had been authorised by the Directors at 31 March 1995.