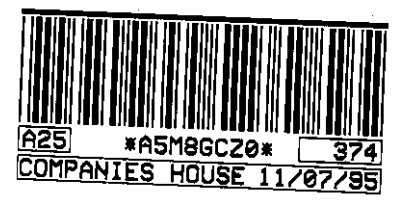


Report no. 1

273640

George Morgan Limited
Report and Accounts

30 September 1994



George Morgan Limited

Registered No. 273640

DIRECTORS

B G Mabey CBE (Chairman)

A G Daliday

S M Gibson

SECRETARY

A L A Sheriff

AUDITORS

Ernst & Young

PO Box 61

Cloth Hall Court

14 King Street

Leeds

LS1 2JN

BANKERS

Lloyds Bank PLC

4 Temple Row West

Birmingham

B2 5PA

REGISTERED OFFICE

Elta House

Birmingham Road

Stratford-Upon-Avon

CV37 OAY

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 30 September 1994.

RESULTS AND DIVIDENDS

The profit for the year amounts to £30,992. An interim dividend has been paid during the year amounting to £1,528,590.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of property investment.

The company achieved a satisfactory operating profit for the year.

MARKET VALUE OF LAND AND BUILDINGS

The company's investment properties were revalued at 30 September 1994. The valuation of £379,000, which is £38,000 less than the previous net book value, has been incorporated in these accounts.

DIRECTORS AND THEIR INTERESTS

The present directors of the company, who served throughout the year, are shown on page 1.

According to the register maintained as required by the Companies Act 1985, none of the directors who held office at the year end had any interest in the share capital of the company.

Mr B G Mabey, Mr A G Daliday and Mrs S M Gibson are directors of the ultimate parent undertaking, Mabey Holdings Limited, and their interests in the share capital of that company are shown in its accounts.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The company maintains liability insurance for its directors and officers as permitted by section 310 (3) of the Companies Act 1985.

AUDITORS

In accordance with Section 386 of the Companies Act 1985 the company in general meeting has adopted a resolution to dispense with the obligation to appoint auditors annually.

By order of the board

S M Gibson
Director



11 January 1995

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 those accounts, the directors confirm that they have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed;
- prepared 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.

REPORT OF THE AUDITORS
to the members of George Morgan Limited

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention as modified by the revaluation of investment properties and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 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 those accounts and to report our opinion to you.

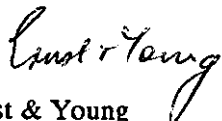
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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 affairs of the company at 30 September 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Leeds

13 January 1995

George Morgan Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1994

	Notes	1994 £	1993 £
TURNOVER	2	58,870	83,004
Cost of sales		11,704	4,177
Gross profit		47,166	78,827
Administrative expenses		3,305	3,341
OPERATING PROFIT	3	43,861	75,486
Surplus on disposal of fixed assets		-	99,825
Other income	4	-	1,242
Interest payable on bank overdraft		(39)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		43,822	176,553
Tax on profit on ordinary activities	5	12,830	25,642
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		30,992	150,911
Dividends	6	1,528,590	-
(DEFICIT)/PROFIT FOR THE YEAR		<u>(1,497,598)</u>	<u>150,911</u>

STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Revaluation reserve £	Profit and loss account £	Total shareholders' funds £
Balance at 1 October 1992	252,600	9,051	1,371,996	1,633,647
Retained profit for the year	-	-	150,911	150,911
Revaluation of investment properties	-	397,055	-	397,055
Realisation on disposal	-	(5,683)	5,683	-
Balance at 30 September 1993	252,600	400,423	1,528,590	2,181,613
Revaluation of investment properties	-	(38,000)	-	(38,000)
Profit on ordinary activities after taxation	-	-	30,992	30,992
Dividends	-	-	(1,528,590)	(1,528,590)
Balance at 30 September 1994	<u>252,600</u>	<u>362,423</u>	<u>30,992</u>	<u>646,015</u>

George Morgan Limited

BALANCE SHEET

at 30 September 1994

	Notes	1994 £	1993 £
FIXED ASSETS			
Investment properties	7	379,000	417,000
CURRENT ASSETS			
Debtors	8	285,413	1,810,343
Cash at bank and in hand		16,825	2,021
		<u>302,238</u>	<u>1,812,364</u>
CREDITORS: amounts falling due within one year	9	35,223	47,751
NET CURRENT ASSETS		<u>267,015</u>	<u>1,764,613</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>646,015</u>	<u>2,181,613</u>
CAPITAL AND RESERVES			
Called up share capital	11	252,600	252,600
Revaluation reserve		362,423	400,423
Profit and loss account		30,992	1,528,590
		<u>646,015</u>	<u>2,181,613</u>

ERNST & YOUNG

S M Gibson - Director



11 January 1995

George Morgan Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 September 1994

	1994 £	1993 £
Profit on ordinary activities after taxation	30,992	150,911
Unrealised (deficit)/surplus on revaluation of investment properties	(38,000)	397,055
Total recognised gains and losses relating to the year	<u>(7,008)</u>	<u>547,966</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES for the year ended 30 September 1994

	1994 £	1993 £
Reported profit on ordinary activities before taxation	43,822	176,553
Realisation of property revaluation gains of previous years	-	5,683
Historical cost profit for the year retained before taxation	<u>43,822</u>	<u>182,236</u>
Historical cost profit for the year retained after taxation	<u>30,992</u>	<u>156,594</u>

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of investment properties.

The accounts are prepared in accordance with applicable accounting standards.

Investment properties

Investment properties are accounted for in accordance with SSAP 19 as follows:

- (i) investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and
- (ii) no depreciation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred taxation

Deferred taxation is provided under the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that the timing differences will reverse.

2. TURNOVER

Turnover comprises the total amounts receivable, stated net of any value added tax, from property rental.

All turnover was earned within the United Kingdom.

George Morgan Limited

NOTES TO THE ACCOUNTS

at 30 September 1994

3. OPERATING PROFIT

This is stated after charging:

	1994 £	1993 £
Directors' remuneration	-	-
Auditors' remuneration - audit services	750	750
- non-audit services	750	1,000
	<u>750</u>	<u>1,000</u>

There were no employees in the year other than the directors.

4. OTHER INCOME

	1994 £	1993 £
Interest on short term deposits	-	1,242
	<u>-</u>	<u>1,242</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1994 £	1993 £
Based on the profit for the year:		
Corporation tax at 33% (1993 - 33%)	13,890	25,642
Deferred taxation	-	(281)
	<u>13,890</u>	<u>25,361</u>
Adjustments relating to prior years:		
Corporation tax	(1,060)	-
Deferred taxation	-	281
	<u>12,830</u>	<u>25,642</u>

6. DIVIDENDS

	1994 £	1993 £
Interim dividend paid of £6.05 per share	1,528,590	-
	<u>1,528,590</u>	<u>-</u>

George Morgan Limited

NOTES TO THE ACCOUNTS

at 30 September 1994

7. INVESTMENT PROPERTIES

	<i>Freehold land and buildings £</i>
Cost or valuation:	
At 1 October 1993	417,000
Revaluation	(38,000)
At 30 September 1994	<u>379,000</u>

The investment properties were revalued at £379,000 by the directors after taking professional advice. The revaluations were undertaken at 30 September 1994 on an open market basis.

If the investment properties had not been revalued, they would have been carried in the balance sheet at 30 September 1994 at a cost of £90,261 and accumulated depreciation of £73,684 relating to properties transferred from tangible fixed assets.

8. DEBTORS

	<i>1994 £</i>	<i>1993 £</i>
Trade debtors	17,396	13,437
Amounts owed by ultimate parent undertaking	266,000	1,796,000
Prepayments and accrued income	2,017	906
	<u>285,413</u>	<u>1,810,343</u>

9. CREDITORS: amounts falling due within one year

	<i>1994 £</i>	<i>1993 £</i>
Trade creditors	503	582
Amounts due to fellow subsidiary undertakings	-	4,384
Corporation tax	16,851	25,642
Accruals and deferred income	17,869	17,143
	<u>35,223</u>	<u>47,751</u>

10. DEFERRED TAXATION

There is no potential provision required in respect of deferred taxation.

11. CALLED UP SHARE CAPITAL

	<i>1994 No.</i>	<i>Authorised 1993 No.</i>	<i>Allotted, called up and fully paid 1994 £</i>	<i>1993 £</i>
Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>	<u>252,600</u>	<u>252,600</u>

12. PARENT UNDERTAKING AND ULTIMATE PARENT COMPANY

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Mabey Holdings Limited, registered in England and Wales, which is also the company's ultimate parent company.