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WOODSFORD COMMERCIAL PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS

Company No: 2700476

FINANCIAL STATEMENTS

- for the year ended -

31 AUGUST 1995



ROBERTS McLENNAN
Chartered Accountants
Veritas House
Chertsey Road, Woking
Surrey GU21 5BD

WOODSFORD COMMERCIAL PROPERTIES LIMITED

DIRECTORS

Y. J. M. Bonavero (Chairman)
R. R. Lewis (Managing Director)
M. C. Dumas
R. J. Brown
R. F. Macaire

SECRETARY

R. R. Lewis

REGISTERED OFFICE

12 Addison Avenue
Holland Park
London
W11 4QR

AUDITORS

Roberts McLennan
Chartered Accountants
Veritas House
Chertsey Road
Woking
Surrey GU21 5BD

WOODSFORD COMMERCIAL PROPERTIES LIMITED

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WOODSFORD COMMERCIAL PROPERTIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the consolidated financial statements of the company and its subsidiary undertakings for the year ended 31 August 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of the management of its subsidiary undertakings.

The group's principal activity is that of property investment and management.

DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £200,444 and the other net gains of £216,747 are transferred to reserves.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements. During the period the group purchased freehold and long leasehold investment properties at a cost of £4,183,253. A valuation of all investment property was made at the year end by the directors in consultation with outside professional advisors.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1995</u>	<u>1994</u>
Y. J. M. Bonavero	Ordinary shares	403,418	403,418
R. R. Lewis	Ordinary shares	16,743	16,743
M. C. Dumas	Ordinary shares	80,619	80,619
R. J. Brown	Ordinary shares	-	-
R. F. Macaire	Ordinary shares	322,477	322,477

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 the 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.

WOODSFORD COMMERCIAL PROPERTIES LIMITED

REPORT OF THE DIRECTORS (Continued)

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Roberts McLennan, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

Date: 8/1/96

By Order of the Board

R.R. Lewis
Secretary

WOODSFORD COMMERCIAL PROPERTIES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF WOODSFORD COMMERCIAL PROPERTIES LIMITED

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of the directors and auditors

As described on 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 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 affairs of the company and of the group as at 31 August 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ROBERTS McLENNAN
Registered Auditor
Chartered Accountants

Veritas House
Chertsey Road
Woking
Surrey GU21 5BD

Date: *8th January 1996*

WOODSFORD COMMERCIAL PROPERTIES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1995

	Notes	1995 £	1994 £
TURNOVER		1,663,746	1,068,461
Administrative expenses		(227,367)	(170,750)
OPERATING PROFIT	2	1,436,379	897,711
Interest receivable	3	66,993	68,191
Interest payable	4	(1,308,551)	(823,924)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		194,821	141,978
Tax on profit on ordinary activities	6	5,623	(32,610)
PROFIT FOR THE FINANCIAL YEAR	16	200,444	109,368

All disclosures relate only to continuing operations.

The notes on pages 8 to 17 form part of these financial statements.

WOODSFORD COMMERCIAL PROPERTIES LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 1995

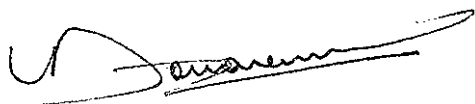
		1995 £	1994 £
PROFIT FOR THE FINANCIAL YEAR	16	200,444	109,368
Unrealised movement on revaluation of properties	15	216,747	1,027,289
TOTAL NET GAINS RECOGNISED SINCE LAST ANNUAL REPORT		417,191	1,136,657

WOODSFORD COMMERCIAL PROPERTIES LIMITED

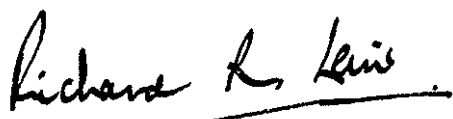
CONSOLIDATED BALANCE SHEET AT 31 AUGUST 1995

	Notes	£	1995 £	1994 £
FIXED ASSETS				
Tangible assets	8		19,675,529	15,230,396
CURRENT ASSETS				
Debtors	10	10,197		23,106
Cash at bank and in hand		895,012		1,623,372
		<u>905,209</u>		<u>1,646,478</u>
CREDITORS: Amounts falling due within one year	11	(573,254)		(446,581)
NET CURRENT ASSETS			<u>331,955</u>	<u>1,199,897</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			20,007,484	16,430,293
CREDITORS: Amounts falling due after more than one year	12		(17,440,000)	(14,280,000)
			<u>2,567,484</u>	<u>2,150,293</u>
CAPITAL AND RESERVES				
Called up share capital	14		1,000,000	1,000,000
Revaluation reserve	15		1,244,036	1,027,289
Profit and loss account	16		323,448	123,004
			<u>2,567,484</u>	<u>2,150,293</u>

The financial statements were approved
by the board on **8/1/96**, and
signed on its behalf by



) Directors



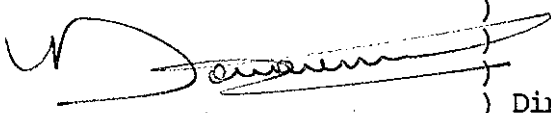
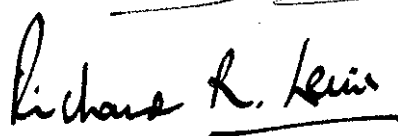
The notes on pages 8 to 17 form part of these financial statements.

WOODSFORD COMMERCIAL PROPERTIES LIMITED

BALANCE SHEET AT 31 AUGUST 1995

	Notes	£	1995 £	1994 £	£
FIXED ASSETS					
Tangible assets	7		45,529		396
Investments: related undertakings	9		13		12
			<u>45,542</u>		<u>408</u>
CURRENT ASSETS					
Debtors	10	1,691,542		1,484,857	
Cash at bank and in hand		895,012		1,623,372	
		<u>2,586,554</u>		<u>3,108,229</u>	
CREDITORS: Amounts falling due within one year	11	(77,358)		(50,556)	
NET CURRENT ASSETS			<u>2,509,196</u>		<u>3,057,673</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,554,738		3,058,081
CREDITORS: Amounts falling due after more than one year	12		(1,450,000)		(2,000,000)
			<u>1,104,738</u>		<u>1,058,081</u>
CAPITAL AND RESERVES					
Called up share capital	14		1,000,000		1,000,000
Profit and loss account	16		104,738		58,081
			<u>1,104,738</u>		<u>1,058,081</u>

The financial statements were approved by the board on 8/1/96, and signed on its behalf by


)
 Directors

)

The notes on pages 8 to 17 form part of these financial statements.

WOODSFORD COMMERCIAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1995

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The consolidated accounts include the accounts of the Company and its subsidiaries. Results of Subsidiaries acquired during the year are included from the effective date. The Company is exempt from presenting its own profit and loss account in accordance with section 230(4) of the Companies Act 1985.

1.2 TURNOVER

Turnover represents the total rent receivable, excluding value added tax, during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Leasehold improvements	Over the term of the lease
Fixtures and fittings	Over three years

1.4 INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No. 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to expiry. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

2. OPERATING PROFIT

The operating profit is stated after charging:-

	1995 £	1994 £
Depreciation	4,154	99
Auditors' remuneration	9,000	19,440
Operating lease rentals:-		
Land and buildings	1,624	-

WOODSFORD COMMERCIAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1995

3. INTEREST RECEIVABLE	1995	1994
	£	£
Bank and other interest receivable	66,993	68,191
	<u>66,993</u>	<u>68,191</u>

4. INTEREST PAYABLE	1995	1994
	£	£
On loans	1,308,551	823,924
	<u>1,308,551</u>	<u>823,924</u>

5. DIRECTORS AND EMPLOYEES	1995	1994
	£	£
Staff costs:-		
Wages and salaries	38,430	51,154
Social security costs	3,920	5,068
	<u>42,350</u>	<u>56,222</u>

The average weekly number of employees during the year was made up as follows:

	Number	Number
Administration	2	2
	<u>2</u>	<u>2</u>

Directors' emoluments:-

	£	£
Remuneration for management services	14,000	34,500
	<u>14,000</u>	<u>34,500</u>

WOODSFORD COMMERCIAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1995

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
The taxation credit based on the profit before tax comprises:-		
U.K. corporation tax at 25% (1994 - 25%)	(987)	28,963
	(987)	28,963
Adjustment in respect of prior years	(4,636)	3,647
	(5,623)	32,610

7. TANGIBLE ASSETS - COMPANY

	Fixtures & Leasehold fittings Improvements		Total
	£	£	£
<u>Cost or valuation</u>			
At 1 September 1994	550	-	550
Additions	17,422	31,865	49,287
At 31 August 1995	17,972	31,865	49,837
<u>Depreciation</u>			
At 1 September 1994	154	-	154
Charge for year	1,583	2,571	4,154
At 31 August 1995	1,737	2,571	4,308
<u>Net book value at 31 August 1995</u>	16,235	29,294	45,529
<u>Net book value at 31 August 1994</u>	396	-	396

WOODSFORD COMMERCIAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1995

8. TANGIBLE ASSETS - GROUP

	Leasehold improvements £	Fixtures & fittings £	Land and buildings £	Total £
<u>Cost or valuation</u>				
At 1 September 1994	-	550	15,230,000	15,230,550
Additions	31,865	17,422	4,183,253	4,232,540
Revaluation in year	-	-	216,747	216,747
At 31 August 1995	31,865	17,972	19,630,000	19,679,837
<u>Depreciation</u>				
At 1 September 1994	-	154	-	154
Charge for year	2,571	1,583	-	4,154
At 31 August 1995	2,571	1,737	-	4,308
<u>Net book value at 31 August 1995</u>	<u>29,294</u>	<u>16,235</u>	<u>19,630,000</u>	<u>19,675,529</u>
<u>Net book value at 31 August 1994</u>	<u>-</u>	<u>396</u>	<u>15,230,000</u>	<u>15,230,396</u>
			1995 £	1994 £
Analysis of net book value of land and buildings:				
Freehold			17,530,000	13,130,000
Long leasehold			2,100,000	2,100,000
			<u>19,630,000</u>	<u>15,230,000</u>

The properties were revalued on 31 August 1995 by the directors in consultation with outside professional advisors on the basis of open market value for current use.

Woodsford Properties (Greenock) Limited has the option to purchase the freehold reversion of the long leasehold in 2014 for £1.

WOODSFORD COMMERCIAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1995

9. INVESTMENTS - RELATED UNDERTAKINGS

<u>Cost or valuation:</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>End of year</u>
	£	£	£
Shares:			
Group undertakings	12	1	13

The following were the operating subsidiaries at the balance sheet date:

<u>Subsidiary undertaking</u>	<u>Description and proportion of share capital owned</u>	<u>Country of incorp- oration or registration</u>	<u>Nature of business</u>
Woodsford Properties (Barnet) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Bootle) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Bristol) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Crawley) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Dalkeith) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Greenock) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Norton) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Redditch) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Swansea) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Leith) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Edinburgh) Limited	Ordinary 100%	England	Property Investment

WOODSFORD COMMERCIAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1995

10. DEBTORS

	Group	
	1995	1994
	£	£
Other debtors	10,197	23,106
	<u>10,197</u>	<u>23,106</u>

	Company	
	1995	1994
	£	£
Amounts owed by group undertakings	1,681,345	1,461,754
Other debtors	10,197	23,103
Prepayments and accrued income	-	-
	<u>1,691,542</u>	<u>1,484,857</u>

11. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

	Group	
	1995	1994
	£	£
Corporation tax	-	28,963
Taxes and social security costs	160,885	117,028
Accruals and deferred income	412,369	300,590
	<u>573,254</u>	<u>446,581</u>

	Company	
	1995	1994
	£	£
Corporation tax	-	9,687
Taxes and social security costs	28,439	19,969
Accruals and deferred income	48,919	20,900
	<u>77,358</u>	<u>50,556</u>

WOODSFORD COMMERCIAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1995

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	Group	
	1995 £	1994 £
Secured loans	15,990,000	12,280,000
Unsecured loan notes	1,450,000	2,000,000
	<u>17,440,000</u>	<u>14,280,000</u>

	Company	
	1995 £	1994 £
Unsecured loan notes	<u>1,450,000</u>	<u>2,000,000</u>

The unsecured loan notes are interest free and repayable in full on or before 15 February 2001.

£2,740,000 of secured loans are repayable in May and June 1997. Interest is payable at a rate 2.5% above LIBOR. £3,000,000 of secured loans are repayable on 31 December 1999. Interest is payable quarterly and is charged at a fixed rate of 10.30% reducible by 2% per annum on punctual payment. The remaining £10,250,000 of secured loans are repayable on 31 December 2001. Interest is charged quarterly at fixed rates of between 10.90% and 12.49% reducible by 2% on punctual payment. The loans are secured by charges on the investment properties and all property rights and assets of the subsidiary taking out the loan.

Subsequent to the year end, on 20 September 1995, all the above loans shown as repayable on 31 December 2001 were extended from the original due dates that ranged from 18 March 1999 to 17 February 2000. The repayable classification in note 13 reflects these new due dates for repayment. At the same time the interest rates applicable to these loans were amended. Those rates shown above are the rates applicable from 20 September 1995.

Woodsford Properties (Barnet) Limited, Woodsford Properties (Bootle) Limited, Woodsford Properties (Crawley) Limited, Woodsford Properties (Norton) Limited, Woodsford Properties (Redditch) Limited and Woodsford Properties (Swansea) Limited have provided a limited cross guarantee to the value of £300,000 in respect of the debts of Woodsford Properties (Bristol) Limited. Woodsford Commercial Properties Limited has agreed to compensate a third party in the event that the third party suffers any loss due to it having provided guarantees for the borrowings of Woodsford Properties (Greenock) Limited and Woodsford Properties (Dalkeith) Limited.

WOODSFORD COMMERCIAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1995

13. BORROWINGS

Group	
1995	1994
£	£

The Group's borrowings are repayable as follows:

Between two and five years
In five years or more

5,740,000	3,140,000
11,700,000	11,140,000
<u>17,440,000</u>	<u>14,280,000</u>

Company	
1995	1994
£	£

The Company's borrowings are repayable as follows:

In five years or more

<u>1,450,000</u>	<u>2,000,000</u>
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Borrowings: amounts due after five years:

Group	
1995	1994
£	£

Not repayable by instalments:

Mortgages

Unsecured loan notes

10,250,000	9,140,000
1,450,000	2,000,000
<u>11,700,000</u>	<u>11,140,000</u>

Company	
1995	1994
£	£

Not repayable by instalments:

Unsecured loan notes

<u>1,450,000</u>	<u>2,000,000</u>
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Details of security:

These are given in note 12.

WOODSFORD COMMERCIAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1995

14. SHARE CAPITAL	1995	1994
	£	£
<u>Authorised</u>		
Equity interests:		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
<u>Allotted, called up and fully paid</u>		
Equity interests:		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
 15. REVALUATION RESERVE	 Group	
	1995	1994
	£	£
Balance at 1 September 1994	1,027,289	-
Revaluation during the year	216,747	1,027,289
	<u> </u>	<u> </u>
Balance at 31 August 1995	1,244,036	1,027,289
	<u> </u>	<u> </u>
The holding company has not revalued its fixed assets in the year.		
 16. PROFIT AND LOSS ACCOUNT	 Group	
	1995	1994
	£	£
Retained profits at 1 September 1994	123,004	13,636
Profit for the financial year	200,444	109,368
	<u> </u>	<u> </u>
Retained profits at 31 August 1995	323,448	123,004
	<u> </u>	<u> </u>
	 Company	
	1995	1994
	£	£
Retained profits at 1 September 1994	58,081	33,346
Profit for the financial year	46,657	24,735
	<u> </u>	<u> </u>
Retained profits at 31 August 1995	104,738	58,081
	<u> </u>	<u> </u>

WOODSFORD COMMERCIAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1995

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	1994
	£	£
Profit for the financial year	200,444	109,368
Other recognised gains and losses relating to the year (net)	216,747	1,027,289
Net addition to shareholders' funds	417,191	1,136,657
Shareholders' funds at 1 September 1994	2,150,293	1,013,636
Shareholders' funds at 31 August 1995	2,567,484	2,150,293
Represented by:-		
Equity interests	2,567,484	2,150,293
	<u>2,567,484</u>	<u>2,150,293</u>

18. RETAINED PROFIT FOR THE FINANCIAL YEAR

	1995	1994
	£	£
Dealt with in the accounts of:		
Woodsford Commercial Properties Limited	46,657	24,735
Subsidiary undertakings	153,787	84,633
	<u>200,444</u>	<u>109,368</u>