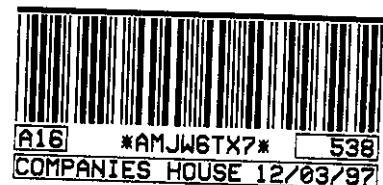

DAWCASTLE LIMITED

FINANCIAL STATEMENTS

◆ *For the period from incorporation on 3 July 1995 to
30 June 1996* ◆

Registered Number: 3074846



DAWCASTLE LIMITED

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DAWCASTLE LIMITED

COMPANY INFORMATION

Directors	A L Cohen J A Lewis W D Miskin
Secretary	J A Lewis
Registered office	Lynton Place 5 Stanmore Hill Stanmore Middlesex HA7 3DP
Registered number	3074846
Auditors	Robson Rhodes Bryanston Court Selden Hill Hemel Hempstead Hertfordshire HP2 4TN
Bankers	National Westminster Bank Hanley Stoke-on-Trent ST1 3JJ

DAWCASTLE LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited accounts for the period from 3 July 1995 (date of incorporation) to 30 June 1996. The Company commenced investment activities on 18 August 1995.

Principal activities

The principal activity of the company is that of property investment. A property was acquired during the period.

Results and dividend

The results for the period are set out in detail on page 5. The directors do not recommend the payment of a dividend.

Directors

The directors at the date of this report are disclosed on page 1.

The directors' beneficial interests in the Company's shares at the dates specified were as follows:

	Date of appointment	Date of resignation	At date of appointment	At 30 June 1995
L & G Registrars	3 July 1995	7 July 1995	2	-
A L Cohen	7 July 1995	-	-	-
J A Lewis	7 July 1995	-	-	-
W D Miskin	7 July 1995	-	-	-

L & G Registrars Limited were appointed as secretaries on 3 July 1995 and resigned on 7 July 1995.

J A Lewis was appointed as secretary on 7 July 1995.

The directors' interests in the shares of the parent company are disclosed in that company's accounts.

DAWCASTLE LIMITED

REPORT OF THE DIRECTORS (Continued)

Directors' responsibilities for 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 affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

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.

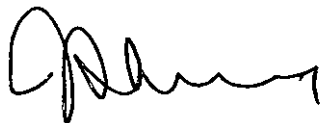
Auditors

Robson Rhodes have expressed their willingness to continue in office as auditors and a resolution for their reappointment will be proposed at the forthcoming annual general meeting.

Approval

Advantage has been taken in the preparation of the directors' report of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

The report by the directors was approved by the Board on 25 February 1997 and signed on its behalf by:



Julian Anthony Lewis
Secretary

DAWCASTLE LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF DAWCASTLE LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared on the basis of 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 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 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 affairs of the Company at 30 June 1996 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Robson Rhodes
Chartered Accountants and Registered Auditor

Hemel Hempstead
7 March 1997

DAWCASTLE LIMITED

PROFIT AND LOSS ACCOUNT**for the period from 3 July 1995 to 30 June 1996**

	Note	Year ended 30 June 1996 £
Turnover: continuing operations		185,021
Cost of sales		(953)
		<hr/>
Gross profit		184,068
Administration expenses		(6,962)
		<hr/>
Operating profit: continuing operations	2	177,106
Interest payable	4	(104,391)
Interest receivable	5	1,173
		<hr/>
Profit on ordinary activities before taxation		73,888
Taxation on profit on ordinary activities	6	-
		<hr/>
Profit on ordinary activities after taxation		73,888
Dividends paid and proposed		-
		<hr/>
Retained profit for the financial period	13	73,888
		<hr/> <hr/>

The company made no recognised gains or losses in the period, other than those included in the profit and loss account.

DAWCASTLE LIMITED

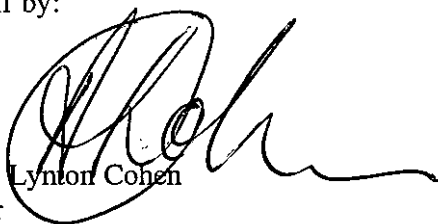
BALANCE SHEET at 30 June 1996

	Note	1996 £
Fixed assets		
Tangible assets	7	1,497,099
Current assets		
Debtors	8	92,849
Cash		44,722
		<u>137,571</u>
Creditors: Amounts falling due within one year	9	(1,560,780)
Net current liabilities		<u>(1,423,209)</u>
Total assets less current liabilities		<u>73,890</u>
Capital and reserves		
Called up share capital	11	2
Profit and loss account	13	73,888
		<u>73,890</u>
Shareholders' funds - equity	12	<u>73,890</u>

Advantage has been taken in the preparation of the financial statements of the special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the grounds that the Company qualifies as a small company.

The financial statements were approved by the Board on 25 February 1997 and signed on its behalf by:

Andrew Lynton Cohen
Director



NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

1. ACCOUNTING POLICIES

Basis of accounting

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

Turnover

Turnover represents the rent receivable during the period, excluding Value Added Tax.

Depreciation

The only tangible fixed assets held were investment properties, on which no depreciation is provided.

Investment properties

Investment properties are included in the balance sheet at cost from the date of exchange of contracts.

2. OPERATING PROFIT

**Year ended
30 June 1996
£**

Operating profit is stated after charging:

Auditors' remuneration

Nil

3. EMPLOYEES INFORMATION (INCLUDING DIRECTORS)

There were no employees during the period.

The directors received no remuneration during the period.

DAWCASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 June 1996**4. INTEREST PAYABLE**

**Year ended
30 June 1996**
£

Interest payable on bank loans and overdrafts repayable
in instalments

104,391

5. INTEREST RECEIVABLE

**Year ended
30 June 1996**
£

Interest receivable

1,173

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

**Year ended
30 June 1996**
£

UK corporation tax

Nil

7. FIXED ASSETS

**Freehold land
and buildings**
£

Cost at 3 July 1995

-

Additions

1,497,099

Cost at 30 June 1996

1,497,099

The freehold land and buildings are held as investment properties.

DAWCASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 June 1996

8. DEBTORS

	1996 £
Other debtors	88,142
Prepayments	4,707
	<hr/> 92,849 <hr/>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £
Amounts owed to parent undertaking	467,529
Other creditors	80,641
Other taxes and social security	12,610
Debt (see note 10)	1,000,000
	<hr/> 1,560,780 <hr/>

10. DEBT ANALYSIS

The above debt is repayable as follows:

	1996 £
Due within one year	1,000,000

The loan is secured by a legal mortgage over the assets of the Company.

The bank loan is repayable on demand, although payment is expected to be made in accordance with the repayment schedule detailing quarterly instalments. The bank interest is charged at 2% over the bank's base rate.

DAWCASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

11. CALLED UP SHARE CAPITAL

	1996 £
Authorised	
100 Ordinary shares of £1 each	100
Allotted and fully paid	
2 Ordinary shares of £1 each	2

2 ordinary shares of £1 were issued at par on 3 July 1995 upon incorporation.

12. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	1996 £
Allotment of shares	2
Total recognised gains	73,888
Closing shareholders' funds	73,890

13. PROFIT AND LOSS ACCOUNT

	£
Retained profit for the period	73,888
At 30 June 1995	73,888

14. TRANSACTIONS WITH DIRECTORS

There were no transactions with directors during the period.

DAWCASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

15. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is Andrew Lynton Holdings Limited, a company registered in England. Copies of the Group accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.