

THE GREENMOUNT ESTATE COMPANY LIMITEDREPORT OF THE DIRECTORS

The directors submit their report and the audited accounts of the Company for the year ended 29th February 1996.

PRINCIPAL ACTIVITY

The principal activity of the Company was property investment and there has been no change in this activity during the year.

DIRECTORS

The directors who served during the year were as follows :-

A.H. Murray (Deceased 6.10.1995)

C.C. Murray

S.B. Murray

R.G. Murray

A.J. Murray

R.H. Murray

Mr. R.H. Murray holds one ordinary share in the Company as nominee for The Hollins Murray Group Limited. No other director has any interest in the share capital of the Company.

Messrs. C.C.. Murray and R.H. Murray retire from the Board by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' RESPONSIBILITY 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 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 judgments 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 to operate.

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

Pursuant to the provisions of Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. Messrs. Parker Gradwell & Co. will therefore continue in office.

SMALL COMPANY EXEMPTION

Advantage has been taken in the preparation of the directors' report of the special exemptions applicable to small companies.

Approved by the Board of Directors on 15th April 1996 and signed on their behalf by :




I.C. THOMAS, F.C.A.,
Secretary

THE GREEN MOUNT ESTATE COMPANY LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 3 to 11 which have been prepared under the historical cost convention as modified by the inclusion of freehold and long leasehold properties and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 1 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.

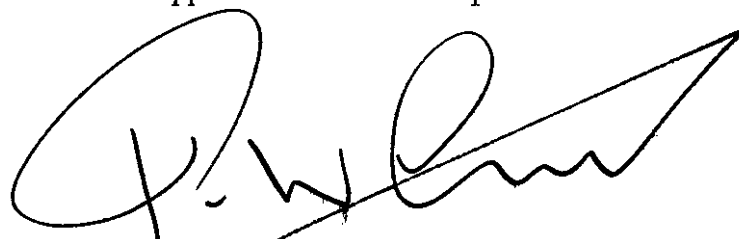
Basis of Opinion

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 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 at 29th February 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



PARKER GRADWELL & CO.

Chartered Accountants and Registered Auditor

17th June 1996

17 Chapel Street, Hyde, Cheshire.

THE GREEN MOUNT ESTATE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29TH FEBRUARY 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u>
TURNOVER - Gross Rental Income	2	<u>£138,600</u>	<u>£143,411</u>
Net rental income		71,114	51,311
Administrative expenses		<u>29,500</u>	<u>29,205</u>
OPERATING PROFIT	3	41,614	22,106
Surplus on sale of fixed assets	4	<u>97,392</u>	<u>77,151</u>
		139,006	99,257
Other income	5	<u>3,601</u>	<u>2,282</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		142,607	101,539
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6	<u>31,479</u>	<u>26,495</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION/PROFIT FOR THE FINANCIAL YEAR		111,128	75,044
DIVIDENDS (Including dividends on non equity shares)	7	<u>30,633</u>	<u>16,437</u>
RETAINED PROFIT FOR THE YEAR		<u>£80,495</u>	<u>£58,607</u>

STATEMENT OF RETAINED PROFITS

RETAINED PROFITS AT 28th February 1995		73,623		73,623
Retained Profit for the year	80,495		58,607	
Transfer to capital reserve	<u>80,495</u>	<u>-</u>	<u>(58,607)</u>	<u>-</u>
RETAINED PROFITS AT 29th February 1996		<u>£73,623</u>		<u>£73,623</u>

THE GREEN MOUNT ESTATE COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 29TH FEBRUARY 1996

	<u>1996</u>	<u>1995</u>
Profit for the financial year	111,128	75,044
Unrealised (deficit) surplus on revaluation of properties	(16,309)	<u>81,190</u>
	<u>£94,819</u>	<u>£156,234</u>

NOTE OF HISTORICAL COST PROFIT AND LOSSES
FOR THE YEAR ENDED 29TH FEBRUARY 1996

Reported profit on ordinary activities before taxation	142,607	101,539
Realisation of property revaluation gains of previous years	<u>103,645</u>	<u>272,393</u>
Historical cost profit on ordinary activities before taxation	<u>£246,252</u>	<u>£373,932</u>
Reported profit on ordinary activities after taxation and dividends	80,495	58,607
Realisation of property revaluation gains of previous years	103,645	272,393
Taxation on past property revaluations	(29,748)	(59,085)
Historical cost profit for the year retained after taxation and dividends	<u>£154,392</u>	<u>£271,915</u>

THE GREEN MOUNT ESTATE COMPANY LIMITED

BALANCE SHEET AT 29TH FEBRUARY 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u>
<u>FIXED ASSETS</u>			
Tangible assets	8	2,205,982	2,340,059
Investments other than loans	9	<u>40,000</u>	<u>40,000</u>
		2,245,982	2,380,059
<u>CURRENT ASSETS</u>			
Debtors	10	547,030	412,129
<u>CREDITORS</u>			
Amounts falling due within one year :			
Other creditors	11	<u>86,459</u>	<u>103,920</u>
NET CURRENT ASSETS		<u>460,571</u>	<u>308,209</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,706,553	2,688,268
PROVISION FOR LIABILITIES AND CHARGES	12	<u>223,749</u>	<u>269,650</u>
		<u>£2,482,804</u>	<u>£2,418,618</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	13	73,050	73,050
Reserves	14	<u>2,409,754</u>	<u>2,345,568</u>
SHAREHOLDERS' FUNDS (Including non equity interest)	15	<u>£2,482,804</u>	<u>£2,418,618</u>

The directors have taken advantage, in the preparation of the accounts, of special exemptions applicable to small companies under Schedule 8, Part 1 of the Companies Act 1985. In the opinion of the directors the Company qualifies as a small company and is entitled to make use of the special exemptions.

Approved by the Board of Directors on 15th April 1996
and signed on its behalf by :

C.C. MURRAY)

A.J. MURRAY)

) Directors

THE GREEN MOUNT ESTATE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29TH FEBRUARY 1996

1. ACCOUNTING POLICIES

(a) Convention

The accounts have been prepared in accordance with the historical cost convention, as modified by the inclusion of freehold and long leasehold properties at their open market value. The principal accounting policies which the directors have adopted are set out below.

(b) Freehold and Long Leasehold Properties

In accordance with SSAP 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to a property revaluation reserve. No depreciation or amortisation is provided in respect of freehold properties. The directors consider that this accounting policy results in the accounts giving a true and fair value. The revaluation is carried out by Mr. A.J. Murray, F.S.V.A., I.R.R.V., of The Hollins Murray Group Limited, who is also a director of the Company.

These valuations have been prepared on the basis of open market value in accordance with the RICS/ISVA relevant guidance notes on the valuation of property assets. Each property has been valued individually and not as part of a portfolio. No account has been taken of any inter-company leases or arrangements nor have any mortgages, debentures or other charges and no allowance has been made for any expenses of realisation nor any taxation which might arise in the event of a disposal. The figures also do not reflect any element of special purchaser value following a merger of interests or sale to an owner or occupier of an adjoining property.

Where projects have not been included in the valuation review, they are included at cost or in the directors' assessments of open market value. Buildings under construction are valued at cost.

(c) Deferred Taxation

Full provision has been made for the liability that would arise to corporation tax on capital gains if the Company's interest in the freehold and long leasehold properties were disposed of at the Balance Sheet value.

(d) Depreciation

Depreciation on furniture and equipment has been charged at the rate of 25% on the reducing balance basis.

(e) Government Grants

Government Grants are credited to the Profit and Loss Account in the same period as the expenditure to which they contribute unless it is deemed that they will be repayable.

(f) Pensions

Pension contributions are charged to the Profit and Loss Account in the period in which they are incurred.

THE GREEN MOUNT ESTATE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29TH FEBRUARY 1996

2. TURNOVER - Gross Rental Income

The turnover and profit on ordinary activities before taxation are attributable to the Company's principal activity and are in respect of United Kingdom rental income.

3.	<u>OPERATING PROFIT</u>	<u>1996</u>	<u>1995</u>
	Operating profit is stated after charging :		
	Depreciation on furniture and equipment	77	103
	Auditors' remuneration	541	541
	Pension costs	3,160	2,133
	Government grants	<u>(935)</u>	<u>(24,073)</u>
4.	<u>EXCEPTIONAL ITEMS</u>		
	Surplus on sale of revalued properties	97,392	87,651
	Deficit on sale of chief rents	<u>-</u>	<u>(10,500)</u>
		<u>£97,392</u>	<u>£77,151</u>
5.	<u>OTHER INCOME</u>		
	Other interest receivable :		
	Loan interest	2,710	2,160
	Interest	<u>891</u>	<u>122</u>
		<u>£3,601</u>	<u>£2,282</u>
6.	<u>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</u>		
	Charge for taxation based on profits for the year :		
	Corporation tax @ 33% (1995 33%)	14,600	8,100
	Corporation tax on sale of assets	32,052	31,415
	Adjustment in respect of previous years :		
	General income	(18)	(148)
	Sale of fixed assets	(15,155)	(12,871)
	Interest on tax	<u>-</u>	<u>(1)</u>
		<u>£31,479</u>	<u>£26,495</u>
7.	<u>DIVIDENDS</u>		
	Preference (non equity shares) 4.2% (1995 - 4.2%)	880	880
	Ordinary (equity shares) 57.11% (1995 - 29.86%)	<u>29,753</u>	<u>15,557</u>
		<u>£30,633</u>	<u>£16,437</u>

THE GREEN MOUNT ESTATE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29TH FEBRUARY 1996

8. <u>TANGIBLE FIXED ASSETS</u>	<u>1996</u>	<u>1995</u>
<u>Freehold and Long Leasehold Property</u>		
Cost at 28th February 1995	601,848	516,381
Additions during the year at cost	<u>2,462</u>	<u>139,574</u>
	604,310	655,955
Sales during the year at cost	<u>355</u>	<u>54,107</u>
	603,955	601,848
Surplus on revaluation of properties	<u>1,601,795</u>	<u>1,737,902</u>
At open market value at 29th February 1996	<u>£2,205,750</u>	<u>£2,339,750</u>
<u>Chief Rents</u>		
At 28th February 1995	-	12,647
Sales during the year at cost	<u>-</u>	<u>12,647</u>
At 29th February 1996	<u>£ -</u>	<u>£ -</u>
<u>Furniture and Equipment</u>		
Cost at 29th February 1996	<u>£8,155</u>	<u>£8,155</u>
Depreciation at 29th February 1995	7,846	7,743
Charge for the year	<u>77</u>	<u>103</u>
Depreciation at 29th February 1996	<u>£7,923</u>	<u>£7,846</u>
Net Book Value at 29th February 1996	<u>£232</u>	<u>£309</u>
<u>Summary</u>		
Freehold and long leasehold property	2,205,750	2,339,750
Furniture and equipment	<u>232</u>	<u>309</u>
	<u>£2,205,982</u>	<u>£2,340,059</u>
 9. <u>INVESTMENTS</u>		
<u>Quoted</u>		
I.O.M. Assurance Ltd. Holiday Property Bond		
Market value £28,465 (1995 £28,800)	<u>£40,000</u>	<u>£40,000</u>

THE GREEN MOUNT ESTATE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29TH FEBRUARY 1996

10.	<u>DEBTORS</u>	<u>1996</u>	<u>1995</u>
	Amounts falling due within one year :		
	Loan unsecured	40,000	50,000
	Holding Company current account	489,385	305,572
	Rents receivable	4,434	4,002
	Others	<u>13,211</u>	<u>52,555</u>
		<u>£547,030</u>	<u>£412,129</u>
11.	<u>OTHER CREDITORS</u>		
	Accruals and rents in advance	5,038	5,860
	Corporation tax	<u>81,421</u>	<u>98,060</u>
		<u>£86,459</u>	<u>£103,920</u>
12.	<u>PROVISION FOR LIABILITIES AND CHARGES</u>		
	<u>Deferred Taxation</u>		
	Tax on capital gains on disposal of properties at balance sheet value	<u>£223,749</u>	<u>£269,650</u>
	The movement in the provision during the year comprises :		
	At 28th February 1995	269,650	272,999
	Increase (Reduction) in provision	(16,153)	55,736
	Previous provision realised in year	<u>(29,748)</u>	<u>(59,085)</u>
		<u>£223,749</u>	<u>£269,650</u>
13.	<u>CALLED UP SHARE CAPITAL</u>		
	<u>Authorised</u>		
	<u>Non-Equity Shares</u>		
	540 4.2% cumulative preference shares of £50 each	27,000	27,000
	<u>Equity Shares</u>		
	73,055 ordinary shares of £1 each	<u>73,055</u>	<u>73,055</u>
		<u>£100,055</u>	<u>£100,055</u>
	<u>Allotted, Issued and Fully Paid</u>		
	419 4.2% cumulative preference shares of £50 each	20,950	20,950
	52,100 ordinary shares of £1 each	<u>52,100</u>	<u>52,100</u>
		<u>£73,050</u>	<u>£73,050</u>

THE GREEN MOUNT ESTATE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29TH FEBRUARY 1996

13. CALLED UP SHARE CAPITAL Contd.

The Preference Shares are entitled to a fixed cumulative annual dividend of 4.2% in priority to any dividend payable to the ordinary shareholders.

On a winding up of the Company the Preference Shares are repayable at par in priority to any repayment of funds to the ordinary shareholders.

The Preference Shares do not entitle the holders to vote upon any resolution (other than a resolution for winding up the Company or reducing its share capital or a resolution varying or abrogating any special rights attached to such shares) unless at the date of the notice convening the Meeting at which such resolution is to be proposed the dividend on the Preference Shares is six months in arrears.

14. RESERVES

	<u>Property Revaluation Reserve</u>	<u>Capital Reserve</u>	<u>Profit and Loss Account</u>	<u>Total</u>
At 28th February 1995	1,468,252	803,693	73,623	2,345,568
Transfer profit & loss account	-	-	80,495	80,495
Revaluation deficit	(32,462)	-	-	(32,462)
- deferred tax	16,153	-	-	16,153
Past revaluations realised	(103,645)	103,645	-	-
- deferred tax	29,748	(29,748)	-	-
Surplus on sale of revalued assets	-	97,392	(97,392)	-
- corporation tax	-	(16,897)	16,897	-
At 29th February 1996	<u>£1,378,046</u>	<u>£958,085</u>	<u>£73,623</u>	<u>£2,409,754</u>

15a. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
Profit for the financial year	111,128	75,044
Dividends	<u>30,633</u>	<u>16,437</u>
	80,495	58,607
Unrealised (deficit) surplus on revaluation of properties	<u>(16,309)</u>	<u>81,190</u>
Net addition to shareholders' funds	64,186	139,797
Opening shareholders' funds	<u>2,418,618</u>	<u>2,278,821</u>
Closing shareholders' funds	<u>£2,482,804</u>	<u>£2,418,618</u>

15b. SHAREHOLDERS' FUNDS

Shareholders' funds are comprised of :

Equity interests	2,461,854	2,397,668
Non-equity interests	<u>20,950</u>	<u>20,950</u>
	<u>£2,482,804</u>	<u>£2,418,618</u>

THE GREEN MOUNT ESTATE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29TH FEBRUARY 1996

16. POST BALANCE SHEET EVENTS

There are no events arising since the date of the Balance Sheet which require comment.

17. CAPITAL COMMITMENTS

There are no capital commitments authorised by the directors at 29th February 1996.

18. COMPANY STATUS

The Company is a close Company within the provisions of the Income and Corporation Taxes Act 1988.

19. HOLDING COMPANY

The Company is a subsidiary of The Hollins Murray Group Limited, a Company incorporated in England and Wales.

THE GREEN MOUNT ESTATE COMPANY LIMITED

RENTAL ACCOUNT FOR THE YEAR ENDED 29TH FEBRUARY 1996

	<u>1996</u>	<u>1995</u>
Rents receivable	138,600	143,411
<u>Deduct Expenses :</u>		
Heating	1,303	946
General and water rates	2,243	2,013
Repairs and renewals	22,482	27,847
Service charge payable	10,003	29,558
Garden upkeep	9,646	8,091
Windows and common parts cleaning	1,712	1,700
Insurance	1,976	2,484
Agents' commission	15,719	18,965
Chief rents payable	290	(883)
Sundry expenses	2,035	1,276
Depreciation	<u>77</u>	<u>103</u>
	<u>67,486</u>	<u>92,100</u>
RENTAL PROFIT FOR THE YEAR	<u><u>£71,114</u></u>	<u><u>£51,311</u></u>
<u>Administrative Expenses :</u>		
Legal and professional fees	2,187	3,868
Pension	3,160	2,133
Management charges	23,491	22,528
General expenses	121	135
Audit fee	<u>541</u>	<u>541</u>
	<u><u>£29,500</u></u>	<u><u>£29,205</u></u>