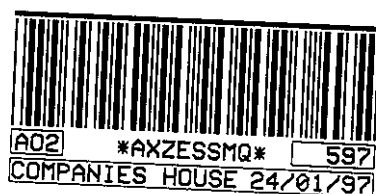


Registration Number 1992801

LEYDENE PROPERTIES LIMITED

Directors' Report and Financial Statements

for the year ended 31 March 1996



Leydene Properties Limited

Contents

	Page
Directors' Report	1 - 2
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Financial Statements	7 - 11

Leydene Properties Limited

Directors' Report for the year ended 31 March 1996

The directors present their report and the financial statements for the year ended 31 March 1996.

Principal Activities and Review of the Business

The principal activities of the company are the purchase and development of land and buildings for both investment and sale.

During the year the company was successful in letting two commercial properties.

Results and Dividends

The results for the year are set out on page 4.

The directors have paid a dividend amounting to £46,700 and they do not recommend payment of a final dividend.

Directors and their Interests

The directors who served during the year and their interests in the ultimate parent undertaking are as stated below:

	Ordinary shares	
	1996	1995
G D Wilson	2,591	2,591
A H Wilson	2,591	2,591
S J Wilson	2,591	2,591

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 year. In preparing these the directors are required to:

- select suitable accounting policies and 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.

Leydene Properties Limited

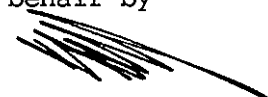
**Directors' Report
for the year ended 31 March 1996**

..... continued

Auditors

Geoffrey N Barnes were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 27 September 1996 and signed on its behalf by



A H Wilson
Secretary

Leydene Properties Limited

Auditors' Report to the Shareholders of Leydene Properties Limited

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 judgements 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 as at the 31 March 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Geoffrey N Barnes

Chartered Accountants
Registered Auditor

12 Fratton Road
Portsmouth
PO1 5BX

27 September 1996

Leydene Properties Limited

**Profit and Loss Account
for the year ended 31 March 1996**

		Continuing operations	
		1996	1995
	Notes	£	£
Turnover	2	194,904	100,000
Cost of sales		(182,427)	(38,941)
Gross profit		12,477	61,059
Administrative expenses		(1,481)	(1,247)
Operating profit	3	10,996	59,812
Interest receivable and similar income	4	1,183	2,571
Interest payable and similar charges	5	(411)	—
Profit on ordinary activities before taxation		11,768	62,383
Tax on profit on ordinary activities	6	(2,942)	(15,596)
Profit on ordinary activities after taxation		8,826	46,787
Dividends	7	(46,700)	(119,684)
(Loss) for the year		(37,874)	(72,897)
Retained profit brought forward		46,787	119,684
Retained profit carried forward		8,913	46,787

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 11 form an integral part of these financial statements.

Leydene Properties Limited

**Balance Sheet
as at 31 March 1996**

	Notes	1996 £	1995 £
Fixed Assets			
Tangible assets	8	915,784	373,052
Current Assets			
Stocks	9	2	121,153
Debtors	10	1,425	2,596
Cash at bank and in hand		49,930	128,739
		<u>51,357</u>	<u>252,488</u>
Creditors: amounts falling due within one year	11	<u>(556,050)</u>	<u>(578,653)</u>
Net Current Liabilities		<u>(504,693)</u>	<u>(326,165)</u>
Total Assets Less Current Liabilities		411,091	46,887
Creditors: amounts falling due after more than one year	12	(400,000)	-
Provision for Liabilities and Charges	13	<u>(2,078)</u>	<u>-</u>
Net Assets		<u>9,013</u>	<u>46,887</u>
Capital and Reserves			
Called up share capital	14	100	100
Profit and loss account		8,913	46,787
Equity Shareholders' Funds	15	<u>9,013</u>	<u>46,887</u>

The financial statements were approved by the Board on 27 September 1996 and signed on its behalf by

G D Wilson
Director



A H Wilson
Director



The notes on pages 7 to 11 form an integral part of these financial statements.

Leydene Properties Limited

Cash Flow Statement
for the year ended 31 March 1996

	Notes	1996 £	1995 £
Net cash inflow from operating activities	17	126,907	289,700
Returns on investments and servicing of finance			
Interest received		1,183	2,571
Interest paid		(411)	-
Dividends paid		(46,700)	(119,684)
Net cash outflow from return on investments and servicing of finance		(45,928)	(117,113)
Taxation			
Corporation tax paid (including Advance Corporation Tax)		(15,596)	(2,806)
Tax paid		(15,596)	(2,806)
Investing activities			
Payments to acquire tangible assets		(544,192)	(157,150)
Net cash outflow from investing activities		(544,192)	(157,150)
Net cash outflow before financing		(478,809)	12,631
Financing			
Other new long term loans		400,000	-
Net cash inflow from financing		400,000	-
Decrease in cash and cash equivalents	19	(78,809)	12,631

The notes on pages 7 to 11 form an integral part of these financial statements.

Leydene Properties Limited

Notes to the Financial Statements for the year ended 31 March 1996

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

1.2 Turnover

Turnover represents the total invoice value, excluding value added tax, of sales during the year and rents receivable.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Long leasehold properties - No depreciation is provided
Plant and machinery - 10% straight line

1.4 Stock

Stock is valued at the lower of cost and net realisable value.

1.5 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

Operating profit is stated after charging:

Depreciation of tangible assets

Auditors' remuneration

1996	1995
£	£
1,460	-
700	550
<u> </u>	<u> </u>

4. Interest receivable and similar income

Bank interest

1996	1995
£	£
1,183	2,571
<u> </u>	<u> </u>

Leydene Properties Limited

**Notes to the Financial Statements
for the year ended 31 March 1996**

5.	Interest payable and similar charges	1996 £	1995 £
	On bank loans and overdrafts	11	—
	On loans repayable between two and five years	400	—
		<u>411</u>	<u>—</u>
		<u><u>411</u></u>	<u><u>—</u></u>
6.	Taxation	1996 £	1995 £
	UK current year taxation		
	UK Corporation Tax	864	15,596
	Transfer to deferred taxation	2,078	—
		<u>2,942</u>	<u>15,596</u>
		<u><u>2,942</u></u>	<u><u>15,596</u></u>
7.	Dividends	1996 £	1995 £
	Dividends on equity shares:		
	Ordinary shares – Interim paid	46,700	119,684
		<u>46,700</u>	<u>119,684</u>
8.	Tangible assets		
		Long leasehold property	Plant and machinery
		£	£
	Cost		£
	At 1 April 1995	373,052	—
	Additions	505,101	39,091
		<u>878,153</u>	<u>39,091</u>
	At 31 March 1996	878,153	39,091
	Depreciation		
	Charge for the year	—	1,460
		<u>—</u>	<u>1,460</u>
	At 31 March 1996	—	1,460
	Net book values		
	At 31 March 1996	878,153	37,631
		<u>878,153</u>	<u>37,631</u>
	At 31 March 1995	373,052	—
		<u>373,052</u>	<u>—</u>

Leydene Properties Limited

**Notes to the Financial Statements
for the year ended 31 March 1996**

9. Stocks	1996 £	1995 £
Land and buildings	<u>2</u>	<u>121,153</u>

10. Debtors	1996 £	1995 £
Trade debtors	100	-
Other debtors	1,317	-
Prepayments and accrued income	8	2,596
	<u>1,425</u>	<u>2,596</u>

11. Creditors: amounts falling due within one year	1996 £	1995 £
Security deposit	37,500	-
Trade creditors	100	-
Amounts owed to group undertaking	506,686	555,986
Corporation tax	864	15,596
Accruals and deferred income	10,900	7,071
	<u>556,050</u>	<u>578,653</u>

Amounts owed to group undertaking are secured by debenture giving a charge over specific assets and a general floating charge.

12. Creditors: amounts falling due after more than one year	1996 £	1995 £
Pension fund loan	<u>400,000</u>	<u>-</u>
Loans		
Repayable in five years or more	<u>400,000</u>	<u>-</u>

The pension fund loan is secured by a first legal charge on long leasehold property. Repayment is due in the year 2011 or at one month's notice in certain specified circumstances, none of which is anticipated.

Leydene Properties Limited

Notes to the Financial Statements
for the year ended 31 March 1996

13. Provisions for liabilities and charges

Deferred tax is analysed over the following timing differences:

	Provided	
	1996	1995
	£	£
Accelerated capital allowances	2,078	-
	<u>2,078</u>	<u>-</u>

Movements on the provision for deferred taxation are:

	1996	1995
	£	£
At 1 April 1995	-	-
Transferred from profit and loss account	2,078	-
At 31 March 1996	<u>2,078</u>	<u>-</u>

14. Share capital

	1996	1995
	£	£
Authorised equity		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid equity		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

15. Reconciliation of movements in shareholders' funds

	1996	1995
	£	£
Profit for the year	8,826	46,787
Dividends	(46,700)	(119,684)
	<u>(37,874)</u>	<u>(72,897)</u>
Opening shareholders' funds	46,887	119,784
Closing shareholders' funds	<u>9,013</u>	<u>46,887</u>

Leydene Properties Limited

**Notes to the Financial Statements
for the year ended 31 March 1996**

16. Ultimate parent undertaking

Leydene Properties Limited is a wholly owned subsidiary of Wilson Development Group Limited, which is registered in England.

17. Reconciliation of operating profit to net cash inflow from operating activities

	1996 £	1995 £
Operating profit	10,996	59,812
Depreciation	1,460	-
Decrease in stocks	121,151	(121,152)
Decrease in debtors	1,171	2,985
(Decrease) in creditors	(7,871)	348,055
Net cash inflow from operating activities	126,907	289,700

18. Analysis of changes in cash and cash equivalents during the year

	1996 £	1995 £
Balance as at 1 April 1995	128,739	116,107
Net cash inflow	(78,809)	12,632
Balance as at 31 March 1996	49,930	128,739

19. Cash and cash equivalents as shown in the Balance Sheet

	1996 £	1995 £	Change in year £	Change in comparative year £
Cash at bank and in hand	49,930	128,739	(78,809)	12,632