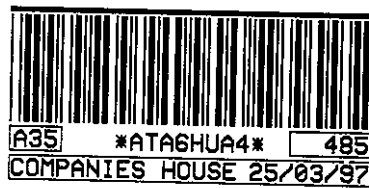


ARGENT GROUP DEVELOPMENTS PLC

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1996

REGISTERED NUMBER 591419



**ARGENT GROUP DEVELOPMENTS PLC**

**DIRECTORS' REPORT**

The directors present their annual report and the audited accounts for the year ended 31 December 1996.

**PRINCIPAL ACTIVITY**

The company is an intermediate parent company for a group whose principal activity is that of property development and investment.

**RESULTS, DIVIDEND AND BUSINESS REVIEW**

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

The directors do not recommend the payment of a dividend (1995: £6 million).

**DIRECTORS AND DIRECTORS' INTERESTS**

The directors of the company during the year were:-

M I Freeman

P G Freeman

R N Madelin

R M Millar

R A Laurence (appointed 18/11/96)

None of the directors had any beneficial interest in the ordinary shares of the company at any time during the year. The interests of the directors in the ultimate parent company, Argent Group PLC, are shown in that company's accounts.

**ARGENT GROUP DEVELOPMENTS PLC**

**DIRECTORS' REPORT (continued)**

**DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The Directors are required by company law to prepare accounts based on applicable accounting standards, which give a true and fair view for the year. The Directors ensure that, in preparing the accounts, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The Directors are also responsible for ensuring that adequate systems of internal control are in operation for maintaining adequate accounting records, which will disclose the financial position of the Company with reasonable accuracy and enable the Directors to ensure that the financial statements comply with the Companies Act 1985. The Directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

**GOING CONCERN**

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

By order of the board

  
R M Millar  
Director

5 Albany Courtyard  
Piccadilly  
London  
W1V 9RB

12 March 1997

**REPORT OF THE AUDITORS, KPMG AUDIT PLC,**  
**TO THE MEMBERS OF ARGENT GROUP DEVELOPMENTS PLC**

We have audited the accounts on pages 4 to 8.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2 the Company's directors are responsible for the preparation of 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 as at 31 December 1996 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

LONDON

12 March 1997

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

**ARGENT GROUP DEVELOPMENTS PLC****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 1996**

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
Sale of investments		-	(404)
Administrative expenses		-	(7,500)
		-----	-----
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	2	-	(7,904)
Dividend paid and proposed		-	(6,000,000)
Retained profit brought forward		13,210,310	19,218,214
		-----	-----
RETAINED PROFIT CARRIED FORWARD		13,210,310	13,210,310
		=====	=====



The company has no recognised gains or losses other than the result for the financial year.

All amounts derive from continuing operations.

**ARGENT GROUP DEVELOPMENTS PLC****BALANCE SHEET AS AT 31 DECEMBER 1996**

	<u>Note</u>	<u>1996</u> £	<u>1996</u> £	<u>1995</u> £	<u>1995</u> £
<b>FIXED ASSETS</b>					
Investments	4		26,657,107		26,632,107
<b>CURRENT ASSETS</b>					
Debtors	5	17,656,993		17,922,006	
Creditors: amounts falling due within one year	6	(30,903,790)		(31,143,803)	
		-----		-----	
Net current liabilities			(13,246,797)		(13,221,797)
			-----		-----
			13,410,310		13,410,310
			=====		=====
<b>CAPITAL AND RESERVES</b>					
Called up share capital	7		200,000		200,000
Profit and loss account			13,210,310		13,210,310
			-----		-----
Equity shareholders' funds			13,410,310		13,410,310
			=====		=====

These accounts were approved by the Board of Directors on 12 March 1997.

	)	
	)	
R N Madelin	)	Directors
	)	
	)	
R M Millar	)	

**ARGENT GROUP DEVELOPMENTS PLC****NOTES TO THE ACCOUNTS****1. PRINCIPAL ACCOUNTING POLICIES****Basis of Accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards.

The company is exempt under Section 228 of the Companies Act 1985 from the obligation to prepare group accounts and to deliver them to the Registrar of Companies as it is a wholly owned subsidiary of another company incorporated in Great Britain.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

**Investments**

Fixed asset investments are stated at cost less any permanent diminution in value.

**2. PROFIT BEFORE AND AFTER TAXATION**

The number of employees during the year was nil (1995: nil).

No taxation has been provided due to the availability of group relief provisions.

**3. EMOLUMENTS OF DIRECTORS**

The directors received no emoluments in the year (1995: nil).

**4. INVESTMENTS**

	<b><u>1996</u></b>	<b><u>1995</u></b>
	<b>£</b>	<b>£</b>
Shares in subsidiary undertakings	1,632,107	1,632,107
Shares in associated undertakings	25,025,000	25,000,000
	-----	-----
	<b>26,657,107</b>	<b>26,632,107</b>
	=====	=====

**ARGENT GROUP DEVELOPMENTS PLC****NOTES TO THE ACCOUNTS****4. INVESTMENTS CONTINUED**

The company's principal subsidiaries and associates at 31 December 1996 are listed below:

<u>Name</u>	<u>% Held</u>	<u>Nature of Trade</u>
Argent Estates Ltd	100	Property development
Argent (Nash House) Ltd	100	Property development
Argent Covent Garden Ltd	100	Property development
Argent Enterprises Ltd	100	Property development
Argent Construction Ltd	100	Construction management
Liquid Properties Ltd	100	Property development
Evershot Developments Ltd	100	Property development
Argent Real Estate (Knightsbridge) Ltd	100	Property development
Laurence Estates Ltd	100	Property development
Brindleyplace PLC	100	Property development
Argent Development Consortium	38	Property development

All subsidiary undertakings are registered in England and Wales.

**5. DEBTORS**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Amounts owed by fellow subsidiary and parent undertakings	17,656,993	17,922,006
	=====	=====

**6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Amounts owed to fellow subsidiary and parent undertakings	30,903,790	143,803
Dividend payable	-	6,000,000
Investment in ADC	-	25,000,000
	-----	-----
	30,903,790	31,143,803
	=====	=====

**7. SHARE CAPITAL**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Ordinary shares of £1 each:		
Authorised, allotted, called up and fully paid	200,000	200,000
	=====	=====



**ARGENT GROUP DEVELOPMENTS PLC****NOTES TO THE ACCOUNTS****8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>1996</u>	<u>1995</u>
	£	£
Shareholders funds at 1 January	13,410,310	19,418,214
Retained loss for the financial year	-	(7,904)
Dividends	-	(6,000,000)
	-----	-----
Shareholders funds at 31 December	13,410,310	13,410,310
	=====	=====

**9. ULTIMATE PARENT COMPANY**

The company's ultimate parent company is Argent Group PLC, a company which is registered in England and Wales.

Copies of the consolidated accounts of Argent Group PLC may be obtained from its registered office, 5 Albany Courtyard, Piccadilly, London, W1V 9RB.