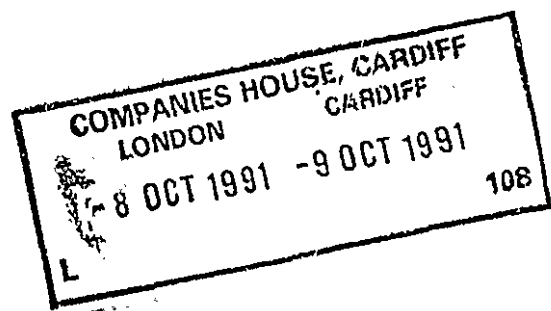


CALABAR ESTATES LIMITED
(Registered Number: 647311)

DIRECTORS' REPORT AND ACCOUNTS

31ST DECEMBER, 1990



COHEN, ARNOLD & CO.
13-17, New Burlington Place, Regent Street, London, W1X 2JP

KPMG PEAT MARWICK McLINTOCK
1 Puddle Dock, Blackfriars, London EC4V 3PD

CALABAR ESTATES LIMITEDREPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report together with the accounts of the company for the year ended 31st December, 1990.

Review of activities

The principal activity of the company is property trading.

There have been no significant changes in the business during the year under review and none are envisaged by the directors.

Accounts and dividend

The results for the year ended 31st December, 1990 are set out in the attached accounts and notes.

The directors do not recommend the payment of a dividend (1989: fn11).

Properties

A professional revaluation of the properties held for trading was carried out at 1st January, 1987 and at that time had a surplus over book value of £1,248,539 which was not incorporated into the accounts. The directors are satisfied that at 31st December, 1990 properties held for trading still had a value substantially in excess of their book value.

Directors

The directors who served throughout the year, and who are still in office, are:

Mr. B.S.E. Freshwater

Mr. D. Davis

The Articles of Association of the company do not require the directors to retire by rotation.

Neither director has a service contract or receives any emoluments from the company.

Directors' interests in contracts

Day-to-day management of the company's properties is carried out by Highdorn Co. Limited, one of the Freshwater Group of Companies with which this company is closely associated. Mr. B.S.E. Freshwater is a director of Highdorn Co. Limited and is also interested in its share capital.

Directors' interests in share capital

The whole of the issued capital of the company is owned by E. Alec Colman Investments Limited.

At 31st December, 1990 neither of the directors had any interest in the share and loan capital of the company, the company's parent undertaking or any subsidiary of the company's parent undertaking.

The ultimate parent undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts.

Income and Corporation Taxes Act, 1988

So far as the directors are aware, the company is a "close company" within the meaning of Section 414 of the above Act.

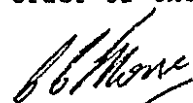
CALABAR ESTATES LIMITED

REPORT OF THE DIRECTORS
(continued)

Auditors

A resolution will be proposed at the forthcoming annual general meeting that Cohen, Arnold & Co., Chartered Accountants, and KPMG Peat Marwick McLintock, Chartered Accountants, be re-appointed joint auditors of the company and that their remuneration be determined by the directors.

By order of the board



Secretary

Freshwater House,
158/162 Shaftesbury Avenue,
London WC2H 8HR.

REPORT OF THE JOINT AUDITORS, COHEN, ARNOLD & CO. AND
KPMG PEAT MARWICK McLINTOCK, TO THE MEMBERS OF
CALABAR ESTATES LIMITED

We have audited the accounts set out on pages 4 to 10 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st December, 1990 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



LONDON

11th July 1991

KPMG Peat Marwick McLintock

Chartered Accountants

CALABAR ESTATES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1990


	<u>Note</u>	<u>1990</u>	<u>1989</u>
		£	£
Rents and charges receivable	2	133,518	130,545
Property outgoings		<u>(104,198)</u>	<u>(72,535)</u>
		29,320	58,010
Property sales	1&2	-	196,750
Cost of sales		<u>-</u>	<u>(25,005)</u>
		-	171,745
		<u>29,320</u>	<u>229,755</u>
Administrative expenses	3	(3,000)	(3,000)
Interest payable	4	(48,000)	(52,000)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(21,680)</u>	<u>174,755</u>
Taxation - credit/(charge)	5	7,300	(62,000)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	9	<u>(14,380)</u>	<u>112,755</u>

The notes on pages 7 to 10 form part of these accounts.

CALABAR ESTATES LIMITEDBALANCE SHEET AT 31ST DECEMBER, 1990

	<u>Note</u>	<u>1990</u> £	<u>1989</u> £
CURRENT ASSETS			
Stocks -- properties held for trading	1&10	292,301	292,301
Debtors	6	107,998	160,410
		<u>400,299</u>	<u>452,711</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(452,592)	(490,624)
		<u>(52,293)</u>	<u>(37,913)</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Share premium account	9	27,900	27,900
Other reserves	9	366	366
Profit and loss account	9	(80,659)	(66,279)
		<u>(52,293)</u>	<u>(37,913)</u>
		=====	=====

Accounts were approved by the board of directors on 11th JULY 1991 .

 Directors

The notes on pages 7 to 10 form part of these accounts.

CALABAR ESTATES LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER, 1990

	<u>1990</u> £	<u>1989</u> £
SOURCE OF FUNDS		
(Loss)/profit for the year before taxation	(21,680)	174,755
Adjustment for item not involving the movement of funds:		
Surplus on sales of trading property	-	(171,745)
	<u>(21,680)</u>	<u>3,010</u>
Other sources:		
Sales of trading property (1989: net of selling expenses £16,197)	-	180,553
Funds (absorbed by)/generated from operations	<u>(21,680)</u> =====	<u>183,563</u> =====
APPLICATION OF FUNDS		
Consideration paid for surrender of losses by group undertakings	-	9,000
(Reduction)/increase in net working capital:		
Current assets	(738)	9,195
Current liabilities	1,815	10,694
Movements in group balances	(22,757)	154,674
	<u>(21,680)</u> =====	<u>183,563</u> =====

CALABAR ESTATES LIMITEDNOTES ON THE ACCOUNTS1. ACCOUNTING POLICIES(a) Basis of preparation of the accounts

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The directors have received an assurance that an intermediate parent undertaking, Metropolitan Properties Company Limited, will continue to provide such cash resources as are required by the company. On the basis of this assurance the accounts have been prepared on a going concern basis.

(b) Disposal of properties

Disposals are considered to have taken place at the date of legal completion.

(c) Properties held for trading

Properties held for trading are included in the accounts at the lower of cost and estimated net realisable value.

(d) Taxation

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

2. TURNOVER

The relevant analysis of the main sources of income and their respective contribution towards the profit for the year (before taxation) is as follows:

	<u>1990</u>		<u>1989</u>	
	<u>Turnover</u>	<u>Profit/</u>	<u>Turnover</u>	<u>Profit/</u>
	<u>£</u>	<u>(loss)</u>	<u>£</u>	<u>(loss)</u>
(i) Rents and charges receivable	133,518	26,320	130,545	55,010
(ii) Sales of trading properties	-	-	196,750	171,745
	<u>133,518</u>	<u> </u>	<u>327,295</u>	<u> </u>
	=====		=====	
Profit on ordinary activities before interest and taxation		26,320		226,755
Interest payable		(48,000)		(52,000)
		<u> </u>		<u> </u>
(Loss)/profit on ordinary activities before taxation		(21,680)		174,755
		=====		=====

The amounts attributed to "profit" have been calculated after deducting from the relevant sources of gross income their respective direct costs and the estimated proportion of administration expenses.

CALABAR ESTATES LIMITEDNOTES ON THE ACCOUNTS
(continued)3. ADMINISTRATIVE EXPENSES

	<u>1990</u> £	<u>1989</u> £
Auditors' remuneration	3,000 =====	3,000 =====

The directors of the company did not receive any emoluments from the company in this year or in the previous year. Apart from the directors, there were no other employees of the company during the year or in the previous year.

4. INTEREST PAYABLE

	<u>1990</u> £	<u>1989</u> £
Group finance charges payable	48,000 =====	52,000 =====

5. TAXATION

The credit/(charge) in the profit and loss account comprises:

	<u>1990</u> £	<u>1989</u> £
Consideration receivable/(payable) for group relief	7,300 =====	(62,000) =====

6. DEBTORS

	<u>1990</u> £	<u>1989</u> £
Rents and service charges due and accrued	32,076	28,850
Prepayments	22,502	26,466
Amount due from fellow subsidiary undertaking	46,120	105,094
Consideration receivable for group relief	7,300	-
	<u>107,998</u> =====	<u>160,410</u> =====

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1990</u> £	<u>1989</u> £
Rents paid in advance	2,769	3,929
Rents charged in advance	22,643	22,120
Other creditors and accruals	4,966	6,144
Amount due to immediate parent undertaking	360,214	396,431
Consideration payable for group relief	62,000	62,000
	<u>452,592</u> =====	<u>490,624</u> =====

CALABAR ESTATES LIMITEDNOTES ON THE ACCOUNTS
(continued)8. CALLED UP SHARE CAPITAL

	<u>Number</u>	<u>£</u>
Ordinary shares of £1 each:		
Authorised, allotted, called up and fully paid at 31st December, 1990 and 1989	100 =====	100 =====

9. RESERVES

	<u>£</u>	<u>£</u>
<u>Share premium account:</u>		
At 1st January and 31st December, 1990		27,900
<u>Other reserves:</u>		
<u>Capital reserve:</u>		
At 1st January and 31st December, 1990		366
<u>Profit and loss account (adverse balance):</u>		
At 1st January, 1990	(66,279)	
Loss for the year after taxation	(14,380)	
At 31st December, 1990		(80,659)
		(52,393) =====

10. CHARGES AND GUARANTEES

At 31st December, 1990, certain of the company's properties having a book value of £119,147 (1989: £119,147) were charged as part security for bank overdraft facilities granted to intermediate parent undertakings, subsidiaries of an intermediate parent undertaking and a third party, which at 31st December, 1990 amounted to £Nil (1989: £Nil).

11. DIRECTORS' INTERESTS IN CONTRACTS

Day-to-day management of the company's properties is carried out by Highdorn Co. Limited, one of the Freshwater Group of Companies with which this company is closely associated. Mr. B.S.E. Freshwater is a director of Highdorn Co. Limited and is also interested in the share capital of that company.

During the year £11,299 (1989: £21,459), including VAT, was paid to Highdorn Co. Limited for the full range of management and administrative services which were charged for at normal commercial rates.

12. TRANSACTIONS BETWEEN GROUP UNDERTAKINGS

General arrangements exist within the group of undertakings controlled by the ultimate parent undertaking for the transfer of funds and properties as a part of the normal operations of the group.

CALABAR ESTATES LIMITED

NOTES ON THE ACCOUNTS
(continued)

13. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the largest group of undertakings for which group accounts are drawn up is Centremanor Limited, a company registered in England.

The parent undertaking of the smallest group of undertakings for which group accounts are drawn up is E. Alec Colman Investments Limited, a company registered in England.

Copies of these accounts can be obtained from the following address:
Freshwater House, 158/162 Shaftesbury Avenue, London WC2H 8HR.

The ultimate parent undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts.