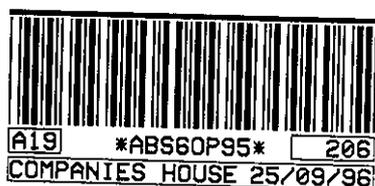


SUNLEY PROPERTIES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 1995

Registered Number: 692859



HAYS ALLAN
CHARTERED ACCOUNTANTS

SUNLEY PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1995

CONTENTS	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 7

SUNLEY PROPERTIES LIMITED

DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1995

The directors submit their annual report together with the audited financial statements for the year ended 31st December 1995.

REVIEW OF THE BUSINESS

The Company did not trade during the year.

RESULTS AND DIVIDENDS

The company made a profit for the year before taxation of £1,116 (1994: Profit £101). The profit for the year after taxation was £837 (1994: profit £68).

A dividend of £7,290 on the 2% preference shares and an interim dividend of £1,592,710 on the ordinary shares were paid on 29th December 1995. The directors recommend that no final dividend be paid.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company who served during the year are shown below:-

John B. Sunley (Chairman)
R.C.N. Parr
James B. Sunley
G.W. Tucker

John B. Sunley and James B. Sunley are directors of the ultimate parent company, Sunley Family Limited. Their interests in the ultimate parent company and its subsidiaries are declared in that company's directors' report. None of the other directors had any interest in group companies.

STATEMENT OF 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 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 judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

SUNLEY PROPERTIES LIMITED

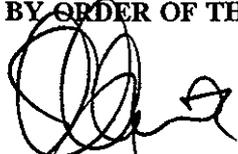
DIRECTORS' REPORT (continued)

YEAR ENDED 31ST DECEMBER 1995

AUDITORS

Hays Allan have indicated their willingness to continue in office as auditors and offer themselves for re-appointment.

BY ORDER OF THE BOARD



S. MILLGATE ACA
Secretary

Registered office:
105 Park Street
London, W1Y 3FB

8th January 1996.

**AUDITORS' REPORT TO THE MEMBERS OF
SUNLEY PROPERTIES LIMITED**

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention 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 judgements 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 the company's affairs as at 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


HAYS ALLAN

Chartered Accountants
Registered Auditors

Southampton House
317 High Holborn
London WC1V 7NL

8th January 1996

SUNLEY PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 1995

	Note	1995 £	1994 £
INTEREST RECEIVABLE		1,116	101
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,116</u>	<u>101</u>
TAXATION	2	279	33
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		<u>837</u>	<u>68</u>
DIVIDENDS PAID	3	(1,600,000)	(1,000,000)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>(1,599,163)</u>	<u>(999,932)</u>
RETAINED PROFITS BROUGHT FORWARD		2,278,331	3,278,263
RETAINED PROFITS CARRIED FORWARD		<u><u>£679,168</u></u>	<u><u>£2,278,331</u></u>

All income during the year was derived from continuing activities.

All recognised gains and losses are included in the profit and loss account.

NOTE OF HISTORICAL COST PROFITS AND LOSSES	£	£
Reported profit on ordinary activities before taxation	1,116	101
Realisation of property revaluation gains of previous years	-	-
Historical cost profit on ordinary activities before taxation	<u>£1,116</u>	<u>£101</u>

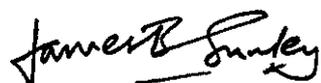
SUNLEY PROPERTIES LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1995

	Note	1995 £	1994 £
CURRENT ASSETS			
Debtors	4	1,707,016	3,157,239
Cash at bank and in hand		101,321	100,205
		<u>1,808,337</u>	<u>3,257,444</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	400,169	250,113
NET CURRENT ASSETS		<u>1,408,168</u>	<u>3,007,331</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£1,408,168</u>	<u>£3,007,331</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	6	729,000	729,000
PROFIT AND LOSS ACCOUNT		679,168	2,278,331
		<u>£1,408,168</u>	<u>£3,007,331</u>
Attributable to non-equity shareholders		364,500	364,500
Attributable to equity shareholders		<u>1,043,668</u>	<u>2,642,831</u>

Approved by the board on 8th January 1996 and signed on its behalf by:-



J.B. Sunley

Director

SUNLEY PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1995

1. ACCOUNTING POLICIES

a) BASIS OF PREPARATION

The financial statements are prepared on the historical cost basis modified for the revaluation of occupied property and in accordance with applicable accounting standards.

2. TAXATION ON PROFIT ON ORDINARY ACTIVITIES	1995 £	1994 £
The charge for taxation on ordinary activities represents:		
Corporation tax at 25% (1994: 33%) based on the profit for the year	£279	£33
	<u> </u>	<u> </u>
3. DIVIDENDS PAID		
2% Preference dividend	7,290	7,290
Interim Ordinary dividend	1,592,710	992,710
	<u>£1,600,000</u>	<u>£1,000,000</u>
	<u> </u>	<u> </u>
4. DEBTORS: DUE WITHIN ONE YEAR		
Amounts owed by group companies	1,307,239	2,907,259
Advance corporation tax recoverable	399,777	249,980
	<u>£1,707,016</u>	<u>£3,157,239</u>
	<u> </u>	<u> </u>
5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Corporation tax	56	13
Advance corporation tax	400,000	250,000
Amounts owed to group companies	113	100
	<u>£400,169</u>	<u>£250,113</u>
	<u> </u>	<u> </u>

SUNLEY PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 1995

6. CALLED UP SHARE CAPITAL

	Authorised		Issued and fully paid	
	1995	1994	1995	1994
	£	£	£	£
Ordinary shares of £1 each	385,500	385,500	364,500	364,500
2% Preference shares of £1 each	364,500	364,500	364,500	364,500
	<u>£750,000</u>	<u>£750,000</u>	<u>£729,000</u>	<u>£729,000</u>
	=====	=====	=====	=====

The 2% Preference shares of £1 each entitle the holder to a fixed non-cumulative dividend of 2% per annum in priority to any payment on the Ordinary shares but to no other rights to the profits or assets of the company. The shares carry voting rights only on a resolution directly affecting the rights of the shares.

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1995	1994
	£	£
Profit for the financial year	837	68
Dividend paid	(1,600,000)	(1,000,000)
Opening shareholders funds	3,007,331	4,007,263
Closing shareholders funds	<u>£1,408,168</u>	<u>£3,007,331</u>
	=====	=====

6. ULTIMATE PARENT COMPANY

The ultimate parent company is Sunley Family Limited, which is registered in England and Wales. Sunley Family Limited is also the head of the largest group of companies, of which the company is a member, that prepares group accounts.

The smallest group of companies, of which the company is a member, that prepares group accounts is headed by Sunley Holdings PLC, which is registered in England and Wales.

Group accounts for both Sunley Family Limited and Sunley Holdings PLC are available to the public, on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Cardiff CF4 3UZ.