

GROSHARE LIMITED

Company No. 732914

FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 1997

COHEN, ARNOLD & CO
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
LONDON W1



GROSHARE LIMITED

DIRECTORS

Mr B S E Freshwater
Mr D Davis

SECRETARY

Mr C C Morse F.C.I.S.

REGISTERED OFFICE

13-17 New Burlington Place
Regent Street
LONDON W1X 2JP

AUDITORS

Cohen, Arnold & Co
13-17 New Burlington Place
Regent Street
LONDON W1X 2JP

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FOR THE YEAR ENDED 31 DECEMBER 1997

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GROSHARE LIMITED
REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31 December 1997.

BUSINESS REVIEW

The principal activity of the Company was formerly share dealing, but the Company has remained inactive during the year under review.

DIRECTORS AND DIRECTORS' SHAREHOLDINGS

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

Mr B S E Freshwater
Mr D Davis

The Directors do not have service contracts nor do they receive any emoluments from the Company.

The whole of the issued share capital of the Company is owned by Freshwater Family Enterprises Limited.

The Ultimate Parent Undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by Trusts.

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 its profit or loss for that period. In preparing the Financial Statements, the Directors are required to:

- i) select suitable accounting policies and apply them consistently
- ii) make judgements and estimates that are reasonable and prudent
- iii) follow applicable Accounting Standards, subject to any material departures disclosed and explained in the Financial Statements
- iv) prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

GROSHARE LIMITED

REPORT OF THE DIRECTORS
(Continued)

DIRECTORS' RESPONSIBILITIES (Continued)

The Directors are responsible for maintaining 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.

TAXATION STATUS

So far as the Directors are aware, the Company is a "close company" within the meaning of the provisions of Section 414, Taxes Act 1988.

AUDITORS

A resolution will be proposed at the Annual General Meeting that Messrs. Cohen, Arnold & Co., Chartered Accountants, be reappointed Auditors of the Company and that their remuneration be determined by agreement with the Directors.

BY ORDER OF THE BOARD


.....
C.C. MORSE
SECRETARY

Head Office
Freshwater House
158-162, Shaftesbury Avenue
London, WC2H 8HR

.....17/3/ 1998

REPORT OF THE AUDITORS, COHEN ARNOLD & CO.,

TO THE MEMBERS OF

GROSHARE LIMITED

We have audited the Financial Statements set out on pages 4 to 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As indicated in the Directors' Report, 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 the Financial Statements and to report our opinion to you.

BASIS OF OPINION

We have 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 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.

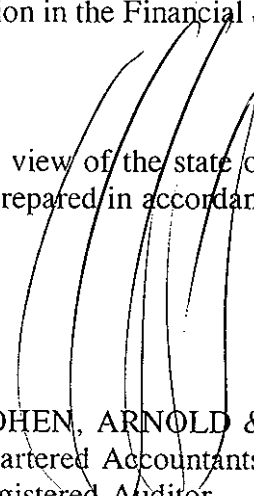
We have planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence and to give reasonable assurance that the Financial Statements are free from material mis-statement, whether caused by fraud or other 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 affairs of the Company at 31 December 1997 and have been properly prepared in accordance with the Companies Act 1985.

London

Date: **17 MAR 1998**


COHEN, ARNOLD & CO.
Chartered Accountants and
Registered Auditor

GROSHARE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1997

	Note	<u>1997</u> £	<u>1996</u> £
CURRENT ASSETS			
Debtors	2	44,480	44,480
		<hr/>	<hr/>
NET ASSETS		£44,480	£44,480
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up Share Capital	3	100	100
Profit and Loss Account		44,380	44,380
		<hr/>	<hr/>
		£44,480	£44,480
		<hr/>	<hr/>

The Financial Statements were approved by the Board on17/3/1998
and signed on its behalf by

.....
B S E FRESHWATER

DIRECTORS

.....
D DAVIS

The notes on pages 5 and 6 form part of these Financial Statements.

GROSHARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES

The following Accounting Policy has been used consistently in the preparation of the Company's Financial Statements:

1.1 BASIS OF ACCOUNTING

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

1.2 CASH FLOW STATEMENT

The Company is exempted from the requirement to prepare a Cash Flow Statement (in accordance with Financial Reporting Standard No: 1) on the grounds that it is a wholly-owned subsidiary undertaking of an intermediary holding company which prepares Consolidated Financial Statements that include a consolidated cash flow.

2. DEBTORS

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Amount Due from Parent Undertaking	£44,480	£44,480
	<u> </u>	<u> </u>

The loan is interest free and effectively repayable on demand.

GROSHARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

3. CALLED UP SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
<u>Authorised, Allotted, Called up and Fully Paid:</u>		
100 Ordinary Shares of £1 each	100	100
	<u> </u>	<u> </u>

4. ULTIMATE PARENT UNDERTAKING

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

The parent undertaking of the smallest group of undertakings for which Group Financial Statements are drawn up is Freshwater Family Enterprises 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.