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COMMERCIAL UNION PROPERTIES LIMITED

REPORT AND ACCOUNTS

The directors submit their report and accounts of the Company for the year ended 31 December 1984, prepared in accordance with the provisions of the Companies Acts 1948 to 1981. The Annual General Meeting of the Company will be held on 4 March 1985.

Review of Activities

The principal activities of the Company and its subsidiaries are property investment and development. There have been no significant changes in the Company's activities during the year.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results

The turnover for the year 1984 amounted to £6,589 (1983 £6,589) and the profit on ordinary activities after taxation amounted to £52,327 (1983 loss - £38,923) (see page 3).

Dividend

The directors do not recommend the payment of any dividend for the year.

Tangible Fixed Assets - Land and Buildings

The movements in land and buildings are set out in note 7 to the accounts.

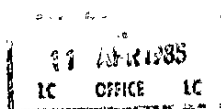
Directors

The names of the directors at the date of this report are:

M. L. FENTON-JONES (EXECUTIVE CHAIRMAN)

I.D.MATHIESON (MANAGING DIRECTOR)	G.B.FORBES
J.C.KIRK (DEPUTY MANAGING DIRECTOR)	C.R.HARRIS
M.A.EVANS	J.I.INBOURN
W.K.EVANS	R.I.SLOAN C.B.E.

On 1 January 1984 Mr.M.A.Evans was appointed a director and Mr.I.D.Mathieson was appointed Managing Director. Mr. C.B.Kennedy resigned as a director on 30 September 1984 and Mr.G.B.Forbes was appointed a director on 1 October 1984. The other directors served throughout the year.



REPORT AND ACCOUNTSDirectors' Interests

None of the directors has an interest in the shares of the Company, its subsidiaries or fellow subsidiaries.

Those interests of the directors and their families in the shares of the ultimate holding company, Commercial Union Assurance Company plc, (other than those directors' interests disclosed in the accounts of the ultimate holding company) that require to be disclosed under section 16(1) (e) of the Companies Act 1967 are set out below:-

Beneficially owned ordinary shares of 25p each, fully paid		
	31 December 1984	1 January 1984 (or date of appointment)
M.A. Evans	13,812	13,706
G.B. Forbes (appointed 1 October 1984)	369	369
J.C. Kirk	697	535
I.D. Mathieson	1,281	1,208

Reappointment of Auditors

It will be proposed at the Annual General Meeting that the retiring Auditors, Coopers & Lybrand, be reappointed as Auditors to the Company to hold office for the period prescribed by section 14(1) of the Companies Act 1976 and that the directors be authorised to fix the amount of their remuneration.

4 March 1985
St. Helen's,
1 Undershaft,
London EC3P 3DQ.

By Order of the Board
R. S. ASPINWALL
Secretary

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COMMERCIAL UNION PROPERTIES LIMITED

3.

PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 DECEMBER 1984

	1984 £	1983 £
Turnover (note 1a)	6,589	6,589
Cost of sales	(380)	(660)
Gross profit	<u>6,209</u>	<u>5,929</u>
Administrative expenses	(1,010)	(5,277)
Foreign exchange gains/(losses)(note 1e)	22,835	(12,327)
Interest receivable (note 5)	(4,876)	81,783
Amounts written off investments (note 8)	101,400	(103,002)
Movement in net participation in overseas trading properties (note 9)	(71,900)	(16,540)
	<u>46,449</u>	<u>(55,363)</u>
Profit (1983 - loss) on ordinary activities before taxation	52,658	(49,434)
Tax on loss on ordinary activities (notes 1d & 6)	<u>(331)</u>	<u>10,511</u>
Profit (1983 - loss) on ordinary activities after taxation	52,327	(38,923)
Accumulated losses (1983 - retained profits) brought forward	(25,755)	13,168
Retained profits (1983 - accumulated losses) carried forward	<u><u>26,572</u></u>	<u><u>(25,755)</u></u>

The notes and signatures on pages 6 to 10 are an integral part of these accounts.

Auditors' report - page 10.

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COMMERCIAL UNION PROPERTIES LIMITED

4.

BALANCE SHEET

AT 31 DECEMBER 1984

	1984 £	1983 £
FIXED ASSETS		
Tangible assets		
Land and buildings (notes 1b and 7)	129,000	135,000
Investments		
Shares in group companies (note 1c and 8)	1,351,974	1,250,534
Net participation in overseas trading properties (note 9)	358,410	64,062
	<u>1,839,384</u>	<u>1,449,596</u>
CURRENT ASSETS		
Debtors		
Amounts owed by group companies (note 10)	91,865,633	91,824,713
Cash at bank and in hand	-	3,366
	<u>91,865,633</u>	<u>91,828,079</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Amounts owed to group companies (note 10)	89,464,975	89,083,960
U.K. corporation tax payable (note 1d)	42,207	42,207
	<u>(89,507,182)</u>	<u>(89,126,167)</u>
NET CURRENT ASSETS	2,358,451	2,701,912
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,197,835</u>	<u>4,151,508</u>
CAPITAL AND RESERVES		
Called up share capital (note 11)	3,087,573	3,087,573
Share premium account	16,808	16,808
Revaluation reserve (notes 1b and 12)	63,108	69,108
Other reserves: Capital reserve (notes 1b and 13)	1,003,774	1,003,774
Profit and loss account	26,572	(25,755)
	<u>4,197,835</u>	<u>4,151,508</u>

The notes and signatures on pages 6 to 10 are an integral part of these accounts.

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COMMERCIAL UNION PROPERTIES LIMITED

5.

SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1984

SOURCE OF FUNDS	1984 £	1983 £
Profit/(loss) on ordinary activities before taxation	52,658	(49,434)
Items not involving the movement of funds:		
Amounts written off investments	(101,400)	103,002
Write down in value of participation in overseas trading properties	71,900	16,540
Translation for the year on the above	(7,881)	(8,333)
<u>Total funds generated</u>	<u>15,277</u>	<u>61,775</u>
APPLICATION OF FUNDS		
Increase in investment in overseas trading property	358,407	172,269
Taxation paid	331	257
Dividend paid	-	55,246,000
	<u>358,738</u>	<u>55,418,526</u>
INCREASE/(DECREASE) IN WORKING CAPITAL:		
Amounts owed by group companies	40,920	(402,764)
Amounts owed to group companies	(381,015)	(54,953,681)
	(340,095)	(55,356,445)
Increase/(decrease) in cash and bank balances	(3,366)	(306)
<u>Total funds applied</u>	<u>15,277</u>	<u>61,775</u>

The notes and signatures on pages 6 to 10 are an integral part of these accounts.

Auditors' report - page 10.

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NOTES ON THE ACCOUNTS - 31 DECEMBER 1984

1. Accounting Policies

(a) Turnover

Turnover comprises rental income attributable to properties held for investment.

(b) Land and Buildings

Land and buildings, comprising properties held for investment, are valued annually at open market value (see note 7), and unrealised gains are credited to the revaluation reserve. No depreciation charge has been made on land and buildings held for investment, but there would have been no effect on the capital and reserves if it had been, as the value disclosed in the accounts for land and buildings would not be altered.

Realised profits, after taxation, on the sale of properties held for investment are credited to capital reserve. Such profits are calculated by reference to the original cost of the property, and any unrealised gains on previous years' valuations included in the opening revaluation reserve are reversed.

(c) Shares in group companies

Shares in group companies are shown at the lower of cost or directors' valuation, based on net asset value. Any resulting diminution in value or reversal thereof is charged/credited to profit and loss account.

(d) Taxation

The taxation relief in the profit and loss account and the provision for corporation tax in the balance sheet are based on the taxable profits for the year and include certain adjustments in respect of prior years.

Deferred taxation consists of the estimated taxation or relief from taxation, at expected rates, which is expected to arise in the foreseeable future. No amount is provided where a liability or relief is not expected to arise in the foreseeable future, and where timing differences are of a continuing nature.

(e) Exchange rates

Assets, liabilities and revenue transactions in non-sterling currencies are translated into sterling at the relevant rates of exchange ruling at 31 December. The gains/(losses) arising on translation of foreign currencies have been transferred to/(from) profit and loss account.

2. Directors' Emoluments

(a) Directors' emoluments, including pension contributions totalled £128,475 (1983 £162,647). These have been charged in the accounts of the holding company.

(b) Particulars of directors' emoluments excluding pension contributions were as follows:

Chairman's emoluments were £1,500 (1983 £1,500)

The highest paid director received £40,892 (1983 £46,365)

NOTES ON THE ACCOUNTS - 31 DECEMBER 1984 (continued)

Other directors by scale:

	1984	1983
Not exceeding £5,000	5	4
£5,001 - £10,000	1	2
£20,000 - £25,000	1	-
£25,001 - £30,000	-	1
£30,001 - £35,000	1	-
£35,001 - £40,000	-	1

3. Directors' interests in contracts

Mr. M. L. Fenton-Jones is interested in a consultancy agreement between the company and Michael Fenton-Jones & Associates of which Mr. Fenton-Jones is sole principal. The contract, which expires on 31 December 1986, subject to extension on terms to be agreed, relates to the provision of executive and management services to the company and the total fees paid during the year 1 January 1984 to 31 December 1984 were £12,250, exclusive of Value Added Tax.

4. Auditors' Remuneration

Auditors' remuneration is charged in the accounts of the holding company.

5. Interest Receivable

	1984 £	1983 £
This comprises:		
Interest receivable from group companies	-	76,180
Bank interest	736	-
Interest receivable from other fixed asset investments	(5,612)	5,603
	<u>(4,876)</u>	<u>81,783</u>

6. Tax on loss on ordinary activities

The taxation charge of £331 (1983 relief of £10,511) shown in the profit and loss account is made up as follows:

	1984 £	1983 £
United Kingdom corporation tax based on the results for the year at 46.25% (1983 52%)	-	45,343
Overseas taxation	331	(55,854)
Taxation charge/(relief) in profit and loss account	<u>331</u>	<u>(10,511)</u>

No provision for deferred taxation is required in the accounts, as no liability is expected to arise in the foreseeable future. The potential amount of deferred taxation not expected to become a liability in the foreseeable future for which provision has not been made is £15,400 (1983 £21,000), and results principally from the revaluation of investment properties.

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NOTES ON THE ACCOUNTS - 31 DECEMBER 1984 (continued)

7. Tangible Fixed Assets: Land and Buildings

Land and buildings comprise properties held for investment.

The movements during the year in properties held for investment during the year were:-

	Leasehold less than 50 years unexpired £	Leasehold over 50 years unexpired £	Total £
Professional valuation at 1 January 1984	90,000	45,000	135,000
Unrealised gains/(losses) arising from valuation of properties at 31 December	2,000	(8,000)	(6,000)
Professional valuation at 31 December 1984	92,000	37,000	129,000
Cost at 31 December 1984	46,313	19,579	65,892

The valuation of properties carried out as at 31 December 1984 was undertaken by qualified members of staff reporting to the Managing Director of the company who is a Fellow of the Royal Institution of Chartered Surveyors.

8. Shares in Group Companies

(a) At 31 December 1984 the Company's principal subsidiaries, all of which are wholly owned and carry on the business of property investment and trading were:

Incorporated in England:

Direct holdings:

Commercial Union Properties (UK) Limited - 5,000,000 ordinary 10p shares.
Cost £1,250,000.

Commercial Union Properties (Investments) Limited - 100 ordinary £1 shares
and 100 deferred £1 shares. Cost £101,972.

Indirect holding through Commercial Union Properties (Investments) Limited:
Holloways' Properties Limited - 5,402,676 ordinary 25p shares. Cost
£53,833,462.

(b) Shares in group companies appearing in the balance sheet on page 4 comprises:

Shares in group companies at cost	£
Amounts written off to 31 December 1983	1,353,320
Translation adjustment to 31 December 1983	(102,974)
	188
Balance at 1 January 1984	1,250,534
Translation adjustment during the year	40
Amounts written off during the year	101,400
	101,440
Balance at 31 December 1984	1,351,974

NOTES ON THE ACCOUNTS - 31 DECEMBER 1984 (continued)

(c) In the opinion of the directors the value of the Company's investments in its subsidiaries is, in the aggregate, not less than the amount at which it is stated in the balance sheet.

(d) Group accounts have not been submitted as the Company is a wholly owned subsidiary of Commercial Union Assurance Company plc.

9. Net participation in overseas trading properties

This represents the 50% participation in SCI France Evry, being loans and partnership capital which are denominated in French Francs. The net participation is carried in the balance sheet at the underlying valuation. Movements in the net participation are as follows:

	1984 £	1983 £
Cost of investment	2,674,649	2,502,380
Translation adjustment in previous years	254,755	246,422
Amounts written off in previous years	(2,865,342)	(2,848,802)
	<hr/>	<hr/>
Participation at 1 January	64,062	(100,000)
Translation adjustment for the year	7,841	8,333
Loans and interest advanced during the year	358,407	172,269
Amounts written off during the year	(71,900)	(16,540)
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Participation at 31 December	<u>358,410</u>	<u>64,062</u>

10. Amounts owed by/to group companies

These amounts include £91,865,633 (1983 £91,824,713) owed by and £712,831 (1983 £739,695) owed to the Company's subsidiaries.

11. Called up share capital:

	Ordinary shares of 25p each	
	1984	1983
	£	£
Authorised: 12,500,000 shares	3,125,000	3,125,000
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Allotted, called up and fully paid: 12,350,292 shares	3,087,573	3,087,573
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12. Revaluation Reserve

The movements in the revaluation reserve during the year were as follows:-

	£
Balance at 1 January 1984	69,108
Unrealised losses arising from valuation of investment properties at 31 December 1984	(6,000)
Balance at 31 December 1984	<u>63,108</u>

There has been no movement in the capital reserve during the year.

The ultimate holding company is Commercial Union Assurance Company plc (Incorporated in England).

 Director
 Director
 Secretary
 London

We have audited the accounts on pages 3 to 10 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets.

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 December 1984 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

Coopers & Lybrand
Chartered Accountants

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