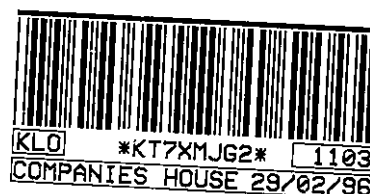


Chrysalis Properties Limited

Directors' report and financial statements

31 August 1995

Registered number 1056749



Chrysalis Properties Limited

Directors' report and financial statements

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Chrysalis Properties Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 1995.

Principal activities, trading review and future developments

The principal activity of the company is property dealing. The directors do not anticipate any change in these activities over the coming year.

Results and dividends

The loss for the year and transfer from reserves (*1994: profit and transfer to reserves*) are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend for the year under review (*1994: £nil*).

Directors

The directors of the company during the year were:

CN Wright
NRA Butterfield

At 31 August 1995 and 31 August 1994, none of the directors had any interest in the share capital of the company.

At 31 August 1995 and 31 August 1994, CN Wright and NRA Butterfield were also directors of Chrysalis Group plc, the ultimate parent company, and their share interests are stated in the directors' report of that company.

Auditors

In accordance with Section 386(1) of the Companies Act 1985 an elective resolution has been passed such that KPMG remain as auditors without the need for annual re-appointment.

By order of the board

CR Potterell
Secretary



London House
53-54 Haymarket
London
SW1Y 8RP

21 Feb 1996

Chrysalis Properties Limited

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 have 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.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of Chrysalis Properties Limited

We have audited the financial statements 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 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 31 August 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

27 Feb 1996

Chrysalis Properties Limited

Profit and loss account for the year ended 31 August 1995

| | <i>Note</i> | 1995 £ | 1994 £ |
|---|-------------|------------------|------------------|
| Turnover | 1 | 194,254 | 40,814 |
| Cost of sales | | (197,437) | (2,794) |
| Gross (loss)/profit | | (3,183) | 38,020 |
| Administrative expenses | | (3,804) | (884) |
| (Loss)/profit on ordinary activities before and after taxation | 2,3 | (6,987) | 37,136 |
| Accumulated losses brought forward | | (602,245) | (639,381) |
| Accumulated losses carried forward | | (609,232) | (602,245) |

The notes on pages 7 to 8 form part of these financial statements.

Chrysalis Properties Limited

Statement of total recognised gains and losses *for the year ended 31 August 1995*

There were no recognised gains or losses other than the retained profit for the year.

Reconciliation of movements in shareholders' funds *for the year ended 31 August 1995*

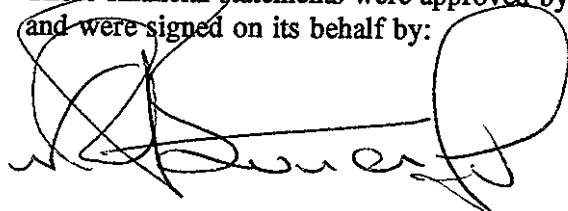
| | 1995 £ | 1994 £ |
|---------------------------------------|-----------|-----------|
| Shareholders' deficit brought forward | (602,145) | (639,281) |
| (Loss)/profit retained in the year | (6,987) | 37,136 |
| | <hr/> | <hr/> |
| Shareholders' deficit carried forward | (609,132) | (602,145) |
| | <hr/> | <hr/> |

Chrysalis Properties Limited

Balance sheet
at 31 August 1995

| | Note | 1995 | 1994 |
|---|------|------------------|------------------|
| | | £ | £ |
| Current assets | | | |
| Stock of properties | | - | 180,000 |
| Debtors | 4 | 265 | 458 |
| Cash at bank and in hand | | 5,590 | 3,534 |
| | | <u>5,855</u> | <u>183,992</u> |
| Creditors: amounts falling due within one year | 5 | (614,987) | (786,137) |
| Net liabilities | | <u>(609,132)</u> | <u>(602,145)</u> |
| Capital and reserves | | | |
| Called up share capital | 6 | 100 | 100 |
| Profit and loss account | | (609,232) | (602,245) |
| Shareholders' deficit - equity | | <u>(609,132)</u> | <u>(602,145)</u> |

These financial statements were approved by the board of directors on 21 Feb 1996 and were signed on its behalf by:



NRA Butterfield
Director

The notes on pages 7 to 8 form part of these financial statements.

Chrysalis Properties Limited

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following policies have been consistently applied.

Turnover

Turnover represents income from the sale of properties, fees received for changes of accessways and maintenance recharges to tenants.

Stock of properties

Properties are valued at the lower of cost and net realisable value. Acquisitions are recognised on exchange of contracts.

Deferred taxation

Deferred taxation is accounted for using the liability method in respect of all timing differences to the extent that it is probable that a liability or asset will crystallise.

2 Profit on ordinary activities before taxation

| | 1995 | 1994 |
|--|------|------|
| | £ | £ |
| <i>Profit on ordinary activities before taxation is stated after charging:</i> | | |
| Auditors' remuneration | 800 | 750 |

No directors received remuneration from the company. The company did not have any other employees.

Messrs CN Wright and NRA Butterfield received remuneration from Chrysalis Group plc which is disclosed in the financial statements of that company.

3 Taxation on profit on ordinary activities

No tax charge arises in the current year because of available tax losses.

Chrysalis Properties Limited

Notes (continued)

4 Debtors

| | 1995 | 1994 |
|-----------------|-------|-------|
| | £ | £ |
| Other debtors | 257 | 398 |
| Value added tax | 8 | 60 |
| | <hr/> | <hr/> |
| | 265 | 458 |
| | <hr/> | <hr/> |

5 Creditors: amounts falling due within one year

| | 1995 | 1994 |
|------------------------------------|---------|---------|
| | £ | £ |
| Amounts owed to group undertakings | 614,187 | 784,887 |
| Accruals and deferred income | 800 | 1,250 |
| | <hr/> | <hr/> |
| | 614,987 | 786,137 |
| | <hr/> | <hr/> |

6 Called up share capital

| <i>Equity</i> | 1995 | 1994 |
|---|-------|-------|
| | £ | £ |
| <i>Authorised, allotted, called up and fully paid</i> | | |
| Ordinary shares of £1 each | 100 | 100 |
| | <hr/> | <hr/> |

7 Cash flow statement

The company is exempt under Financial Reporting Standard 1 from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary of Chrysalis Group plc, in whose cash flow statement the cashflows of the company have been consolidated.

8 Ultimate parent company

The ultimate parent company is Chrysalis Group plc which is registered in England and Wales. The accounts of this company may be obtained from The Secretary, Chrysalis Group plc, The Chrysalis Building, Bramley Road, London, W10 6SP.

The parent company has informed the company that it is their present intention to provide such financial support as is required for its continued operations.