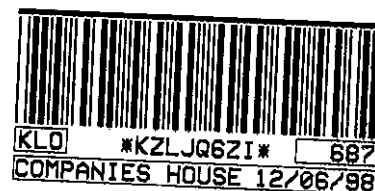


Company Number: 1460104

SILVERGRAD LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

CROUCH CHAPMAN  
Chartered Accountants  
62 Wilson Street  
London EC2A 2BU



SILVERGRAD LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

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SILVERGRAD LIMITED

COMPANY INFORMATION  
AS AT 30TH SEPTEMBER 1997

DIRECTOR	A. J. Langton
SECRETARY	R. E. Attwell
REGISTERED OFFICE	62 Wilson Street London EC2A 2BU
REGISTERED NUMBER	1460104
AUDITORS	Crouch Chapman Chartered Accountants 62 Wilson Street London EC2A 2BU

## SILVERGRAD LIMITED

### DIRECTOR'S REPORT

The director presents his annual report with the financial statements of the company for the year ended 30th September 1997.

#### PRINCIPAL ACTIVITIES

The principal activity of the company is property holding.

#### DIRECTOR AND HIS INTERESTS

The director in office in the year and his beneficial interest in the ultimate parent company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

	Number of Shares	
	1997	1996
A. J. Langton	-	-

The company is a wholly owned subsidiary of Aylesford Holdings Limited. The director has no beneficial interest in the shares of the company.

#### DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

#### CLOSE COMPANY

The company is a close company, as defined by the Income and Corporation Taxes Act 1988.

SILVERGRAD LIMITED

DIRECTOR'S REPORT

AUDITORS

The auditors, Crouch Chapman, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS

In preparing this report, the director has taken advantage of the special provisions of Part VII of the Companies Act 1985 relating to small companies.

62 Wilson Street  
London EC2A 2BU

Signed by:



.....  
R. E. Attwell  
Secretary

Date : 26 May 1998

SILVERGRAD LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND AUDITORS

As described in the director's report, the company's director is 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 director 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 as to whether 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.

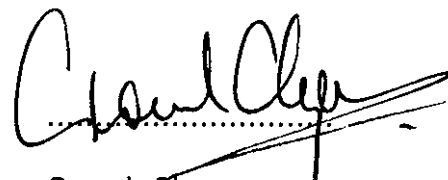
OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30th September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

62 Wilson Street  
London EC2A 2BU

Date :

8<sup>th</sup> June 1998



Crouch Chapman  
Chartered Accountants  
Registered Auditors

SILVERGRAD LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

	Notes	1997 £	1996 £
TURNOVER	1	25,000	25,000
Administrative expenses		<u>650</u>	<u>500</u>
OPERATING PROFIT	2	<u>24,350</u>	<u>24,500</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		24,350	24,500
Tax on profit on ordinary activities	3	<u>(5,479)</u>	<u>(6,002)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>18,871</u></u>	<u><u>18,498</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

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

SILVERGRAD LIMITED

BALANCE SHEET  
AT 30TH SEPTEMBER 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	4	483,118	483,118
CURRENT ASSETS			
Debtors	5	207,547	189,049
CREDITORS: amounts falling due within one year	6	(6,629)	(7,002)
NET CURRENT ASSETS		200,918	182,047
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>684,036</u>	<u>665,165</u>
CAPITAL AND RESERVES			
Called up share capital	7	200	200
Revaluation reserve	8	419,369	419,369
Profit and loss account	9	264,467	245,596
SHAREHOLDERS' FUNDS	10	<u>684,036</u>	<u>665,165</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved on 26 May 1998  
and signed by:



.....  
A. J. Langton  
Director

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



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

## 1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and are in accordance with applicable accounting standards.

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard number 8, not to disclose material transactions with related parties

## 2. OPERATING PROFIT

Operating profit is stated:	1997	1996
	£	£
After charging:		
Auditors' remuneration	650	500
	<u>        </u>	<u>        </u>

## 3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997	1996
	£	£
The taxation charge comprises:		
UK Corporation tax at 22.5% (1996 - 24.5%)	5,479	6,002
	<u>        </u>	<u>        </u>

SILVERGRAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

4. TANGIBLE FIXED ASSETS

	Freehold land and buildings £
Cost and valuation: 1 October 1996 and at 30 September 1997	<u>483,118</u>
	1996 £
Cost and valuation at 30th September 1997 is represented by:	
Cost	63,749
Valuation 1985	239,369
Valuation 1989	180,000
	<u>483,118</u>

No provision has been made in the accounts for depreciation of freehold buildings

5. DEBTORS

	1997 £	1996 £
Amounts owed by group undertakings	<u>207,547</u>	<u>189,049</u>
	<u>207,547</u>	<u>189,049</u>

6. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Corporation tax	5,478	6,002
Accruals and deferred income	1,151	1,000
	<u>6,629</u>	<u>7,002</u>

SILVERGRAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

7. SHARE CAPITAL

	1997 £	1996 £
Authorised:		
Equity interests:		
100 Ordinary shares of £1 each	100	100
100 Deferred shares of £1 each	100	100
	<u>200</u>	<u>200</u>
Allotted, called up and fully paid:		
Equity interests:		
100 Ordinary shares of £1 each	100	100
100 Deferred shares of £1 each	100	100
	<u>200</u>	<u>200</u>

8. REVALUATION RESERVE

	1997 £	1996 £
Balance at beginning of year	<u>419,369</u>	<u>419,369</u>

9. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
Retained profit at 1st October 1996	245,596	227,098
Profit for the year	<u>18,871</u>	<u>18,498</u>
Retained profit at 30th September 1997	<u>264,467</u>	<u>245,596</u>

SILVERGRAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	18,871	18,498
Opening shareholders' funds	<u>665,165</u>	<u>646,667</u>
Closing shareholders' funds	<u>684,036</u>	<u>665,165</u>
Represented by:-		
Equity interests	<u>684,036</u>	<u>665,165</u>

11. ULTIMATE PARENT COMPANY

The holding company is Aylesford Holdings Limited, a company registered in England. The ultimate holding company is Grange Nominees Limited, a company registered in Guernsey.