



Peat Marwick McLintock

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Your ref

Our ref

AUDITORS' STATEMENT TO THE DIRECTORS OF
WHELMAR GROUP LIMITED PURSUANT TO
SECTION 43(3)(b) AND 43(3)(c) OF THE COMPANIES ACT 1985

We have examined the balance sheet of Whelmar Group Limited as at 30th September, 1988, attached hereto on pages 1 to 4.

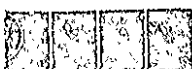
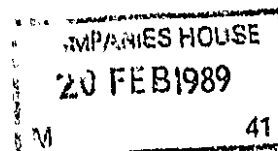
In our opinion, the balance sheet:-

- (a) complies with the applicable accounting provisions of the Companies Act, 1985;
- (b) gives a true and fair view of the state of the company's affairs at 30th September, 1988; and
- (c) shows that at 30th September, 1988 the amount of the company's net assets was not less than the aggregate of its called-up share capital and undistributable reserves.

Peat Marwick McLintock

21st December, 1988.

Peat Marwick McLintock



Member firm of
Peat Marwick McLintock

Authorised by the Institute of Chartered Accountants in England & Wales to carry on
Investment Business

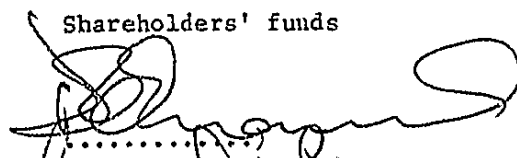
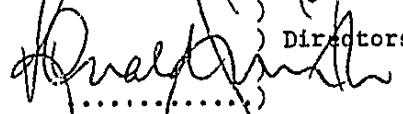
The address for the purposes of Section 4, Business Names Act 1985 is 1 Finsbury Dock,
Buckhurst, London EC4V 3PD at which a list of partners' names is available for inspection

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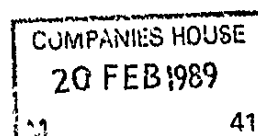
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WHELMAR GROUP LIMITED
BALANCE SHEET AT 30TH SEPTEMBER, 1988

	<u>Notes</u>	30th September 1988 <u>£000</u>	31st March 1988 <u>£000</u>
Fixed assets			
Tangible fixed assets	1	250	253
Investments	2	<u>8,808</u>	<u>8,808</u>
		9,058	9,061
		<hr/>	<hr/>
Current assets			
Debtors	3	1,546	1,280
Creditors: amount falling due within one year	4	<u>(689)</u>	<u>(430)</u>
Net current assets		857	850
		<hr/>	<hr/>
Total assets less current liabilities		9,915	9,911
Creditors: amounts falling due after more than one year	5	<u>(3,652)</u>	<u>(3,652)</u>
Net assets		<u>6,263</u>	<u>6,259</u>
Share capital and reserves			
Called up share capital	6	3,000	3,000
Share premium account		1,709	1,709
Profit and loss account		<u>1,554</u>	<u>1,550</u>
Shareholders' funds		<u>6,263</u>	<u>6,259</u>


.....
Directors

.....

21st December 1988



WHELMAR GROUP LIMITED
ACCOUNTING POLICIES

The following accounting policies have been adopted by the company in determining the amounts to be included in respect of items in the balance sheet.

a. Basis of Accounting.

The accounts have been prepared under the historical cost convention.

b. Depreciation.

Depreciation is provided on fixed assets at rates estimated to write off the relevant assets over their expected useful lives. The annual rates used are:-

Properties:	2% on a straight line basis
Plant and equipment:	10% on a straight line basis

c. Deferred Taxation.

Deferred taxation is provided on significant timing differences if such taxation is expected to become payable in the foreseeable future.

WHELMAR GROUP LIMITED
NOTES TO THE BALANCE SHEET AT 30TH SEPTEMBER, 1988

1. Tangible Fixed Assets

	<u>Freehold Land & Buildings</u> £000	<u>Plant & Machinery</u> £000	<u>Total</u> £000
Cost			
At 1st April 1988	246	17	263
Additions	-	-	-
Disposals	-	-	-
At 30th September 1988	246	17	263
Depreciation			
At 1st April 1988	6	4	10
Provided during the period	2	1	3
At 30th September 1988	8	5	13
Net book value at 30th September 1988	238	12	250

2. Investments

These comprise the following at cost:-

	<u>30th September 1988</u> £000	<u>31st March 1988</u> £000
Loan stock	6,370	6,370
Shares in subsidiaries	2,438	2,438
	8,808	8,808

The loan stock carries interest at 10% and is redeemable at par at the Company's option after 31st March, 1989 and at any time by tender or private bargain at the issuer's option. Any loan stock not so redeemed will be redeemed at par on 31st March, 1990.

The subsidiaries of the company are:-

	<u>Country of Registration</u>	<u>% of Ordinary Shares Held</u>
Whelmar (Chester) Limited	England	100
Whelmar (North Wales) Limited *	England	100
Cleveraim Limited *	England	100
Whelmar Developments Limited *	England	100

All of the above companies are incorporated in Great Britain.

*These companies are dormant and have not traded in the period.

WHELMAR GROUP LIMITED
NOTES TO THE BALANCE SHEET AT 30TH SEPTEMBER, 1988
(continued)

3. Debtors

	<u>30th September 1988</u> £000	<u>31st March 1988</u> £000
Amounts owed by subsidiaries	1,546	1,267
Advanced corporation tax	-	13
	<u>1,546</u>	<u>1,280</u>

4. Creditors:

Amounts falling due within one year:

Corporation tax	168	136
Advanced corporation tax	144	78
Proposed dividend	-	39
Bank overdraft	200	177
Amounts due to subsidiaries	<u>177</u>	<u>-</u>
	<u>689</u>	<u>430</u>

5. Creditors:

Amounts falling due after one year:

Deferred taxation	2	2
Amount due to subsidiary	<u>3,650</u>	<u>3,650</u>
	<u>3,652</u>	<u>3,652</u>

6. Share Capital

	<u>Authorised</u> £	<u>Issued & Fully Paid</u> £
Cumulative redeemable preference shares of £1 each (non voting)	2,500,000	2,500,000
Cumulative convertible preferred ordinary shares of £1 each	400,000	400,000
Ordinary shares of £1 each	<u>116,667</u>	<u>100,000</u>
At 30th September 1988	<u>3,016,667</u>	<u>3,000,000</u>
At 31st March 1988	<u>3,016,667</u>	<u>3,000,000</u>

The preference shares are redeemable at par at the Company's option in tranches of £500,000 or more on provision of four weeks notice to shareholders. Any preference shares not so redeemed will be subject to mandatory redemption at par in three equal tranches on 31st March, 1992, 1993 and 1994 or earlier if the shares of the company are listed on the Stock Exchange or traded in the Unlisted Securities Market.