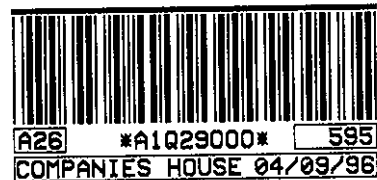


CEDARVALE LIMITED

Company Registration No: 2220037

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995



CEDARVALE LIMITED

DIRECTORS' REPORT

The Directors present their Report and the Financial Statements of the Company for the year ended 31 December 1995.

Principal activity and future developments

The Company's principal activity continues to be property development, which is carried out through a share in the Ashford Great Park Partnership.

Results and dividends

The Company's results are set out in the Profit and Loss Account on page 4.

The Company paid a dividend of £32,000 (1994: £nil). The loss for the year of £43,758 (1994: loss of £50,426) has been deducted from reserves.

Directors

The Directors of the Company, who held office throughout the year, were:

A C Brown
M S Fenchelle
R J Nabarro

No Directors held any beneficial interests in the share capital of the Company, nor of any other companies for which the Church Commissioners are the ultimate holding body, at 31 December 1995 or at any time during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

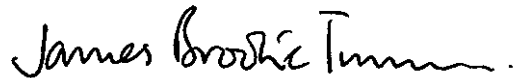
Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:-

- 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.

CEDARVALE LIMITED

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 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.

By Order of the Board

A handwritten signature in black ink, reading "James Brooke Turner". The signature is written in a cursive, flowing style.

J BROOKE TURNER
Secretary

23 February 1996

CEDARVALE LIMITED

AUDITORS' REPORT TO THE MEMBERS OF CEDARVALE LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared on the basis of the accounting policies set out on page 6.

Respective responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of the 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.

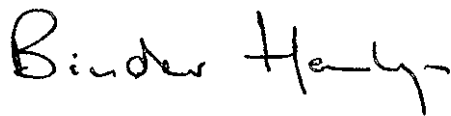
Basis of opinion

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 at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BINDER HAMLYN

Chartered Accountants
Registered Auditors
20 Old Bailey
London EC4M 7BH

23 February 1996

CEDARVALE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995**

	Notes	1995 £	1994 £
TURNOVER: Share of partnership profit	5	14,366	9,062
Administrative expenses		(13,855)	(35,323)
Charitable donation		0	(21,076)
OPERATING PROFIT/(LOSS)		511	(47,337)
Interest payable to group undertaking		(2,158)	0
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(1,647)	(47,337)
Tax on loss on ordinary activities	4	(10,111)	(3,089)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(11,758)	(50,426)
Dividend paid		(32,000)	0
DEFICIT FOR THE YEAR	11	(43,758)	(50,426)

The turnover and expenses all relate to continuing operations, none of which were acquired in the year.

The Company has no recognised gains and losses other than those stated above. Consequently, a statement of total recognised gains and losses has not been included in the financial statements.

There is no difference between the loss on ordinary activities before taxation and the deficit stated above, and their historical cost equivalents.

The notes on pages 6 to 10 form part of these financial statements.

CEDARVALE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Investment in partnership	5	49,228,703	49,251,429
CURRENT ASSETS			
Debtors	7	115,824	113,593
Cash at bank		0	100
		115,824	113,693
CREDITORS: Amounts falling due within one year	8	(48,505,139)	(48,521,976)
NET CURRENT LIABILITIES		(48,389,315)	(48,408,283)
TOTAL ASSETS LESS CURRENT LIABILITIES		839,388	843,146
CREDITORS: Amounts falling due after one year			
Convertible debt	9	(40,000)	0
NET ASSETS		799,388	843,146
CAPITAL AND RESERVES			
Called up share capital	10	800,100	800,100
Profit and loss account	11	(712)	43,046
EQUITY SHAREHOLDERS' FUNDS	12	799,388	843,146

On behalf of the Board who approved the financial statements on 23 February 1996

Director *M.S. Fenchelle*

The notes on pages 6 to 10 form part of these financial statements.

CEDARVALE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

1. Accounting policies

Accounting conventions

The financial statements have been prepared on the historical cost basis of accounting and in accordance with applicable accounting standards which have been consistently applied throughout the year.

Investment in partnership

The investment in the Ashford Great Park Partnership is such that the Company enjoys joint ownership of the partnership's assets and has joint and several liability in respect of all liabilities incurred by the partnership. The partners have agreed to share the profits and losses of the partnership in accordance with the terms of the partnership agreement.

Borrowing from the Company's ultimate holding body made by way of capital advances was used to finance the acquisition and development of the Company's interest in the partnership's property. Interest on this borrowing was capitalised in the Company's financial statements.

The Company recognises its share of the partnership's profits or losses on the basis of the profit-sharing and distribution arrangements agreed between the partners.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Cash flow statement

The Company is a wholly owned subsidiary of the Church Commissioners for England which publishes consolidated financial statements that include a consolidated cash flow statement. The cash flows of the Company are included in the consolidated group cash flow statement. Consequently the Company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

2. Employees

The average weekly number of employees during the year was nil (1994: nil).

CEDARVALE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995 (continued)

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	1995	1994
	£	£
Directors Emoluments	0	0
Auditors' remuneration in respect of:		
Audit	3,250	3,500
Over provision in prior years	(500)	0
Other Services	0	31,105

4. Tax on profit on ordinary activities

	1995	1994
	£	£
Corporation tax at 33% (1994: 33%)	6,211	3,089
Over provision in respect of prior years	(47)	0
Irrecoverable ACT	3,947	0

The Company has tax losses at 31 December 1995 of approximately £61 million available to be carried forward to future years.

5. Investment in partnership

This comprises an investment in the Ashford Great Park Partnership (of 1 Millbank, London SW1P 3JZ).

The movement during the year is as follows:

	£
Cost at 1 January 1995	49,251,429
Capital withdrawn	(6,484)
Share of profit for the year	14,366
Cash distributed	(33,373)
	<u>49,225,938</u>
Items capitalised by the Company:	
Interest	<u>2,765</u>
Cost at 31 December 1995	<u>49,228,703</u>

CEDARVALE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995 (continued)

5. Investment in partnership (continued)

Included in the cost at 31 December 1995 is £17.74 million (1994: £17.74 million) of capitalised interest.

The financial statements of the partnership are dealt with on a consolidated basis in the group accounts prepared by the Church Commissioners for England. Consequently, the Company has taken advantage of the exemption conferred by Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993 from the requirements of those regulations.

6. Indemnity

The ultimate holding body, the Church Commissioners for England, has undertaken to indemnify the Company for any losses it may incur on the sale of its investment in the Ashford Great Park Partnership. In the event of sale proceeds (net of sale costs) being less than the carrying value of the investment in the partnership (including rolled-up interest) the Commissioners will waive repayment of any loan owed by the Company to the Church Commissioners. The amount to be waived will equal the difference between the carrying value of the investment and the net sale proceeds.

As a result, as at 31 December 1995:-

- (a) No provision is made against any diminution in value of the accumulated costs of the investment in the Ashford Great Park Partnership.
- (b) If the Company's investment in the Ashford Great Park Partnership was disposed of at an amount reflecting its share of the underlying net assets based on the audited financial statements of the partnership, at that date, under the indemnity the Church Commissioners would have waived repayments of its loan of £48.5 million owed by the Company to the Church Commissioners. In addition, the Church Commissioners would be required to make a further loan to the Company of £39.5 million, repayment of which would then be waived.

7. Debtors

	1995	1994
	£	£
Income tax receivable	2,231	0
Other debtors	113,593	113,593
	<u>115,824</u>	<u>113,593</u>

CEDARVALE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1995 (continued)****8. Creditors: Amounts falling due within one year**

	1995	1994
	£	£
Amounts owed to the ultimate holding body	48,489,961	48,484,132
Corporation tax payable	2,158	3,089
Other taxes and social security costs	0	7,500
Accruals and deferred income	13,020	27,255
	<u>48,505,139</u>	<u>48,521,976</u>

The amounts owed to the ultimate holding body do not bear interest, have no fixed repayment date and are unsecured.

9. Convertible debt

The Unsecured Convertible Loan Notes were issued to the Church Commissioners to finance medium term working capital requirements and are convertible at any time at par into ordinary shares at nominal value at the lender's option before 31 December 2002. These Notes constitute one class of debenture and may be redeemed at par by the company at any time. Interest is payable at 1% over LIBOR.

10. Called up share capital

	1995	1994
	£	£
Authorised ordinary shares of £1 each	861,000	801,000
Issued, called up and fully paid:		
Ordinary shares of £1 each	<u>800,100</u>	<u>800,100</u>

11. Profit and loss account

	1995	1994
	£	£
Balance at 1 January	43,046	93,472
Deficit for the year	(43,758)	(50,426)
Balance at 31 December	<u>(712)</u>	<u>43,046</u>

CEDARVALE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995 (continued)

12. Reconciliation of movements in shareholders' funds

	1995	1994
	£	£
Deficit for the financial year	(11,758)	(50,426)
Dividend paid	(32,000)	0
Net decrease in shareholders' funds	(43,758)	(50,426)
Opening shareholders' funds	843,146	893,572
Closing shareholders' funds	799,388	843,146

13. Ultimate holding body

The Company is wholly owned by the Church Commissioners for England, a body incorporated in Great Britain under the Church Commissioners Measure 1947 (as amended). Copies of the Church Commissioners' consolidated financial statements may be obtained from The Communications Department, Church Commissioners, 1 Millbank, London SW1P 3JZ.