

Chelsea Village Limited

Report of the Auditors

To the directors of Chelsea Village Limited

We have audited the balance sheet and related notes on pages 3 to 16.

Respective responsibilities of directors and auditors

The company's directors are responsible for the preparation of the balance sheet.

It is our responsibility to form an independent opinion, based on our audit 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. It also includes an assessment of the significant estimates and judgements made by the directors, 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 balance sheet is free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited in respect of (i) guarantees given by the company to third parties regarding specific financial obligations of its subsidiaries, and (ii) the profits or losses of its subsidiaries in the period ended 14th March 1996 and the net asset value of its subsidiaries at that date. There were no other satisfactory audit procedures that we could adopt to ascertain the value of the guarantees given at 14th March 1996.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the balance sheet.

Qualified opinion arising from limitation of audit scope

Except for any adjustments that might have been necessary had we been able to obtain sufficient evidence concerning contingent liabilities -and the profits or losses and net asset values at the company's subsidiary companies, in our opinion the balance sheet gives a true and fair view of the state of the company's affairs at 14th March 1996 and has been properly prepared in accordance with the provisions of the Companies Act 1985, which would have applied had the balance sheet been prepared for a financial year of the company.



Chelsea Village Limited

Report of the Auditors

To the directors of Chelsea Village Limited (cont'd)

In respect alone of the limitation on our work relating to contingent liabilities and the profits or losses and net asset values at the company's subsidiary companies, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

The matters giving rise to our qualification are not material for the purpose of determining, by reference to this balance sheet, whether at the balance sheet date the amount of the Company's net assets was not less than the aggregate of its called up share capital and undistributable reserves.

Hargreaves, Brown & Benson

**Hargreaves Brown & Benson
Chartered Accountants and
Registered Auditor**

**Colne
Lancashire**

19th March 1996