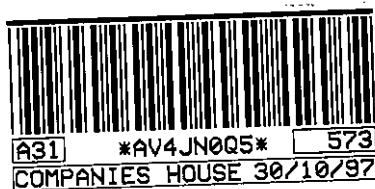


City Property (Thetford) Limited

Report and Financial Statements

Year Ended
31 December 1996

278121



BDO Stoy Hayward
Chartered Accountants

CITY PROPERTY (THETFORD) LIMITED

Annual report and financial statements for the year ended 31 December 1996

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Directors

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Directors

A J Wickins
D P A Smith FCA

Secretary and registered office

D P A Smith FCA, Portfield Garage, Quarry Lane, Chichester, West Sussex PO19 2NX

Company number

2781721

Auditors

BDO Stoy Hayward, 8 Baker Street, London W1M 1DA

CITY PROPERTY (THETFORD) LIMITED

Report of the directors for the year ended 31 December 1996

The directors present their report together with the audited financial statements for the year ended 31 December 1996.

Results and dividends

The profit and loss account is set out on page 4 and shows the result for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is property investment. The directors consider the results for the period once again to be disappointing but the slight improvement recorded in turnover is expected to continue in the coming year as a result of an upturn in demand for renting of commercial property.

There have been no events since the balance sheet date which materially affect the position of the company.

Fixed assets

The freehold property was revalued at the year end (see note 8).

The directors consider that the open market value of the freehold investment property at 31 December 1996 was £2,842,000 (1995 - £3,104,686).

Directors

The directors of the company during the year, neither of whom had any interest in the ordinary share capital of the company, were:

A J Wickins
D P A Smith FCA

A J Wickins and D P A Smith are directors of the company's parent company, City Property (Holdings) Limited, and their interests in the share capital of that company are disclosed in its directors' report.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

CITY PROPERTY (THETFORD) LIMITED

Report of the directors for the year ended 31 December 1996 *(Continued)*

Directors' responsibilities *(continued)*

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.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



D P A Smith FCA
Secretary

Date: 24th October 1997

CITY PROPERTY (THETFORD) LIMITED

Report of the auditors

To the shareholders of City Property (Thetford) Limited

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 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.

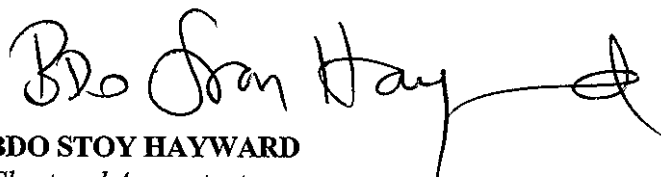
Basis of opinion

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 as at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London

Date: 24 October 1997

CITY PROPERTY (THETFORD) LIMITED**Profit and loss account for the year ended 31 December 1996**

	Note	1996 £	1995 £
Turnover	2	326,077	308,596
Cost of sales		34,003	24,996
		<hr/>	<hr/>
Gross profit		292,074	283,600
Administrative expenses		336,478	15,506
		<hr/>	<hr/>
		(44,404)	268,094
Other operating income		80,000	-
		<hr/>	<hr/>
Operating profit		35,596	268,094
Interest receivable	4	100,135	100,111
Interest payable	5	423,605	400,484
		<hr/>	<hr/>
Loss on ordinary activities before and after taxation	6,16	(287,874)	(32,279)
		<hr/>	<hr/>

All amounts relate to continuing activities

The notes on pages 7 to 12 form part of these financial statements

CITY PROPERTY (THETFORD) LIMITED**Reconciliation of movements in shareholders' funds for the year ended 31 December 1996**

	1996 £	1995 £
Loss for the financial year	(287,874)	(32,279)
Amounts written off value of investment properties	(262,686)	-
	<hr/>	<hr/>
	(550,560)	(32,279)
Shareholders' funds at 1 January 1996	412,671	444,950
	<hr/>	<hr/>
Shareholders' funds at 31 December 1996	<u>(137,889)</u>	<u>412,671</u>

The notes on pages 7 to 12 form part of these financial statements

CITY PROPERTY (THETFORD) LIMITED

Balance sheet at 31 December 1996

	Note	1996	1995
		£	£
Fixed assets			
Tangible assets	8	2,846,862	3,110,521
Current assets			
Debtors:			
- due within one year	9	188,266	106,994
- due after one year	10	908,843	908,843
Cash at bank		61,906	34,171
		<u>1,159,015</u>	<u>1,050,008</u>
Creditors: amounts falling due within one year	11	<u>450,359</u>	<u>365,327</u>
Net current assets		<u>708,656</u>	<u>684,681</u>
Total assets less current liabilities		<u>3,555,518</u>	<u>3,795,202</u>
Creditors: amounts falling due after more than one year	12	<u>3,693,407</u>	<u>3,382,531</u>
		<u>(137,889)</u>	<u>412,671</u>
Equity shareholders' funds			
Called up share capital	14	20	20
Revaluation reserve	15	268,056	530,742
Profit and loss account	16	(405,965)	(118,091)
		<u>(137,889)</u>	<u>412,671</u>

The financial statements were approved by the Board on



D P A Smith FCA
Director

The notes on pages 7 to 12 form part of these financial statements

CITY PROPERTY (THETFORD) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1996

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover which is net of value added tax represents rents collected.

Investment property

Investment properties are included in the balance sheet at open market value and are not depreciated.

Any increase in the value of the properties is credited to a revaluation reserve. Where a permanent diminution in value does not occur in excess of the revaluation reserve the balance will be charged to the profit and loss account in the period in which it arises.

The effect of not depreciating property and thus departing from the Companies Act 1985 has not been quantified because it is impractical to do so and in the opinion of the directors would be misleading.

The directors consider that this accounting policy results in the financial statements giving a true and fair view.

Depreciation

Depreciation is provided to write-off the cost, less estimated residual values, of all fixed assets, except the freehold investment property, over their expected useful lives. It is calculated on the original cost at the following rates:

Fixtures and fittings	- 12½ per annum
-----------------------	-----------------

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

2 Turnover and loss before taxation

Turnover and loss on ordinary activities before tax is attributable entirely to the company's principal activity carried out wholly within the United Kingdom.

3 Employees

The company had no employees other than directors. The directors did not receive any remuneration for the year.

CITY PROPERTY (THETFORD) LIMITEDNotes forming part of the financial statements for the year ended 31 December 1996 (*Continued*)

4	Interest receivable	1996 £	1995 £
	From fellow subsidiary undertakings	100,111	100,111
	Other	24	-
		<hr/>	<hr/>
		100,135	100,111
		<hr/>	<hr/>
 5	 Interest payable		
	On bank loans and overdrafts	351,605	328,484
	On other loans	72,000	72,000
		<hr/>	<hr/>
		423,605	400,484
		<hr/>	<hr/>
 6	 Loss on ordinary activities before taxation		
	This is arrived at after charging:		
	Depreciation	973	973
	Loan re-financing premium	320,198	-
	Auditors' remuneration	1,200	1,100
		<hr/>	<hr/>
 7	 Taxation on results from ordinary activities		
	No charge to taxation arises on the results for the year.		

CITY PROPERTY (THETFORD) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1996 (*Continued*)

8 Tangible assets	Freehold investment properties £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>			
At 1 January 1996	3,104,686	7,781	3,112,467
Revaluation	(262,686)	-	(262,686)
	<hr/>	<hr/>	<hr/>
At 31 December 1996	2,842,000	7,781	2,849,781
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 1996	-	1,946	1,946
Charge for year	-	973	973
	<hr/>	<hr/>	<hr/>
At 31 December 1996	-	2,919	2,919
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 1996	2,842,000	4,862	2,846,862
	<hr/>	<hr/>	<hr/>
At 31 December 1995	3,104,686	5,835	3,110,521
	<hr/>	<hr/>	<hr/>

The freehold investment properties are stated in the financial statements at an open market valuation undertaken by the directors of the company on 31 December 1996. The historical cost of the properties, including additions, was £2,573,944.

9 Debtors: amounts falling due within one year	1996 £	1995 £
Trade debtors	42,512	45,614
Amount owed by parent undertaking	31,091	17,707
Amount owed by fellow subsidiary undertaking	80,000	33,000
Other debtors	13,911	10,333
Prepayments	730	340
Taxation recoverable	20,022	-
	<hr/>	<hr/>
	188,266	106,994
	<hr/>	<hr/>

CITY PROPERTY (THETFORD) LIMITEDNotes forming part of the financial statements for the year ended 31 December 1996 (*Continued*)

10 Debtors: amounts due after one year	1996	1995
	£	£
Amount owed by fellow subsidiary undertaking	908,843	908,843
	<hr/>	<hr/>
11 Creditors: amounts falling due within one year		
Taxation and social security	21,551	13,830
Accruals	377,201	285,278
Other loans (note 12)	51,607	66,219
	<hr/>	<hr/>
	450,359	365,327
	<hr/>	<hr/>
12 Creditors: amounts falling due after more than one year		
Other loan:		
Repayable 1-2 years	120,021	132,438
Repayable 2-5 years	231,499	397,313
Repayable after 5 years	2,541,887	2,052,780
Unsecured loan stock	800,000	800,000
	<hr/>	<hr/>
	3,693,407	3,382,531
	<hr/>	<hr/>

The element of the other loan repayable within one year is shown in note 12 above.

The other loan is repayable in equal quarterly instalments from 1996 for a period of 20 years, and is secured on the company's freehold investment property together with that of a related company. Interest on the other loan is calculated at 10.1%.

The unsecured loan stock is redeemable in full or part on the earlier of 8 June 1998 or such date as is fixed by the directors.

CITY PROPERTY (THETFORD) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1996 (*Continued*)

13 Deferred taxation	1996		1995	
	Unprovided £	Provided in accounts £	Unprovided £	Provided in accounts £
Sundry timing differences	(37,572)	-	(52,748)	-
Rolled over gain on property disposal	23,572	-	23,572	-
Property revaluation (note 15)	14,000	-	175,144	-
	<u>-</u>	<u>-</u>	<u>145,968</u>	<u>-</u>

The gain on disposal of the property during 1993 has been rolled over against future acquisitions and the same treatment will apply to any subsequent disposals of revalued properties.

14 Share capital	£1 Ordinary Shares		£1 Deferred Shares	
	1996 Number	1995 Number	1996 Number	1995 Number
Authorised	910	910	90	90
Issued, called up and fully paid	<u>20</u>	<u>20</u>	<u>-</u>	<u>-</u>

15 Revaluation reserve	1996 £	1995 £
Balance at 1 January 1996	530,742	530,742
Revaluation	(262,686)	-
	<u>268,056</u>	<u>530,742</u>

The amount of deferred taxation not provided in the revaluation surplus is shown in note 13.

16 Profit and loss account	1996 £	1995 £
Balance at 1 January	(118,091)	(85,902)
Retained loss for year	(287,874)	(32,279)
Cancellation of deferred shares	-	90
	<u>(405,965)</u>	<u>(118,091)</u>

CITY PROPERTY (THETFORD) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1996 (*Continued*)

17 Parent undertakings

The company's results are consolidated in the group accounts of its immediate parent company, City Property (Holdings) Limited, a company registered in England. Group accounts can be obtained from Portfield Garage, Quarry Lane, Chichester, West Sussex PO19 2NX.

The ultimate parent company at 31 December 1996 is considered by the directors to be Friday Investments Limited, a company which is incorporated in the Channel Islands.

18 Cashflow statement

The company has taken advantage of the exemption allowed under Financial Reporting Standard 1 not to produce a cashflow statement as it fulfils the requirements to qualify as a "small entity" under Sections 246 and 247 of the Companies Act 1985.