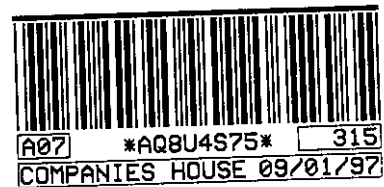


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996
FOR
ABTRUST ACCUMULATOR PLC**



ABTRUST ACCUMULATOR PLC

**INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

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ABTRUST ACCUMULATOR PLC

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

DIRECTORS: E K Ford
J G Wright
A A Laing
D S Robinson

SECRETARY: E McDaid

REGISTERED OFFICE: Hobson House
155 Gower Street
London
WC1E 6BJ

REGISTERED NUMBER: 02829451

AUDITORS: Sedley Richard Laurance Voulters
Chartered Accountants
& Registered Auditor
23 Bridford Mews
Off Devonshire Street
London
W1N 1LQ

ABTRUST ACCUMULATOR PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1996

The directors present their report with the financial statements of the company for the year ended 30 September 1996.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property investment.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company operates within a clearly identified property sector. The company's policy is to enhance its value by developing and retaining residential units for letting under assured tenancies in accordance with the Business Expansion Scheme regulations.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 1996.

FIXED ASSETS

The investment property was revalued at 30 September 1996. The valuation of £2,760,500 which was £68,500 higher than the former net book value, has been incorporated in the accounts.

DIRECTORS

The directors during the year under review were:

E K Ford
J G Wright
A A Laing
D S Robinson

The beneficial interests of the directors holding office on 30 September 1996 in the issued share capital of the company were as follows:

	30.9.96	1.10.95
Ordinary 50p shares		
E K Ford	2	2
J G Wright	-	-
A A Laing	40,000	40,000
D S Robinson	-	-

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 judgments 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 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.

ABTRUST ACCUMULATOR PLC

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

AUDITORS

Sedley Richard Laurence Voulters were appointed auditors to the company in October 1996. In accordance with section 385 of the Companies Act 1985, a resolution proposing their reappointment as auditors to the company will be put to the annual general meeting.

ON BEHALF OF THE BOARD:



.....
E McDaid - SECRETARY

Dated: 5th DECEMBER 1996

ABTRUST ACCUMULATOR PLC

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF ABTRUST ACCUMULATOR PLC

We have audited the financial statements on pages five to fifteen which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page eleven.

Respective responsibilities of directors and auditors

As described on page two the company's directors are 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 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 30 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Sedley Richard Laurence Voulters

Sedley Richard Laurence Voulters
Chartered Accountants
& Registered Auditor
23 Bridford Mews
Off Devonshire Street
London
W1N 1LQ

Dated: 5th DECEMBER 1996

ABTRUST ACCUMULATOR PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

		<u>30.9.96</u>		<u>30.9.95</u>	
	Notes	£	£	£	£
TURNOVER	2		228,120		45,902
Cost of sales			<u>155,109</u>		<u>60,886</u>
GROSS PROFIT/(LOSS)			73,011		(14,984)
Administrative expenses			<u>24,150</u>		<u>21,211</u>
OPERATING PROFIT/(LOSS)	4		48,861		(36,195)
Interest receivable and similar income	5		<u>1,991</u>		<u>2,250</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			50,852		(33,945)
Tax on profit/(loss) on ordinary activities	6		<u>-</u>		<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION			50,852		(33,945)
Deficit brought forward:					
As previously reported		(79,051)		(10,118)	
Prior year adjustments	7	<u>-</u>		<u>(34,988)</u>	
As restated			<u>(79,051)</u>		<u>(45,106)</u>
DEFICIT CARRIED FORWARD			<u>£(28,199)</u>		<u>£(79,051)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

The notes form part of these financial statements

ABTRUST ACCUMULATOR PLC

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

	<u>30.9.96</u>	<u>30.9.95</u>
	£	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	50,852	(33,945)
Unrealised surplus on revaluation of investment property	<u>50,800</u>	<u>161,836</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	101,652	127,891
Prior year adjustment	<u>-</u>	<u>(34,988)</u>
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	<u><u>£101,652</u></u>	<u><u>£92,903</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

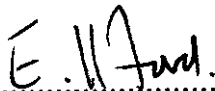
The notes form part of these financial statements


ABTRUST ACCUMULATOR PLC

**BALANCE SHEET
30 SEPTEMBER 1996**

		<u>30.9.96</u>		<u>30.9.95</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		2,760,500		2,692,000
CURRENT ASSETS:					
Debtors	9	28,916		30,548	
Cash at bank		<u>64,216</u>		<u>786</u>	
		93,132		31,334	
CREDITORS: Amounts falling due within one year	10	<u>58,551</u>		<u>47,605</u>	
NET CURRENT ASSETS/(LIABILITIES):			<u>34,581</u>		<u>(16,271)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			2,795,081		2,675,729
PROVISIONS FOR LIABILITIES AND CHARGES:	11		<u>70,200</u>		<u>52,500</u>
			<u>£2,724,881</u>		<u>£2,623,229</u>
CAPITAL AND RESERVES:					
Called up share capital	12		1,337,077		1,337,077
Share premium	13		1,203,367		1,203,367
Revaluation reserve	14		212,636		161,836
Profit and loss account			<u>(28,199)</u>		<u>(79,051)</u>
Shareholders' funds	15		<u>£2,724,881</u>		<u>£2,623,229</u>

ON BEHALF OF THE BOARD:


.....
E K Ford - DIRECTOR


.....
D S Robinson - DIRECTOR

Approved by the Board on 5TH DECEMBER 1996

The notes form part of these financial statements

ABTRUST ACCUMULATOR PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

	<u>30.9.96</u>		<u>30.9.95</u>	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		61,439		(58,236)
Returns on investments and servicing of finance				
Interest received	<u>1,991</u>		<u>2,250</u>	
Net cash inflow from returns on investments and servicing of finance		1,991		2,250
Taxation				
Corporation Tax paid	<u>-</u>		<u>-</u>	
Tax received		-		-
Investing activities				
Purchase of tangible fixed assets	-		(2,477,664)	
Sale of tangible fixed assets	<u>-</u>		<u>2,477,664</u>	
Net cash inflow from investing activities		<u>-</u>		<u>-</u>
Net cash inflow/(outflow) before financing		-		-
Financing	<u>-</u>		<u>-</u>	
Net cash inflow from financing		<u>-</u>		<u>-</u>
Increase/(Decrease) in cash and cash equivalents		<u><u>£63,430</u></u>		<u><u>£(55,986)</u></u>

The notes form part of these financial statements

ABTRUST ACCUMULATOR PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1996

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	30.9.96 £	30.9.95 £
Operating profit/(loss)	48,861	(36,195)
Decrease/(Increase) in debtors	1,632	(30,546)
Increase in creditors	<u>10,946</u>	<u>8,505</u>
Net cash inflow/(outflow) from operating activities	<u>61,439</u>	<u>(58,236)</u>

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

Year ended 30 September 1996

	£
Balance at 1 October 1995	786
Net cash inflow	<u>63,430</u>
Balance at 30 September 1996	<u><u>64,216</u></u>

Year ended 30 September 1995

	£
Balance at 1 October 1994	56,772
Net cash outflow	<u>(55,986)</u>
Balance at 30 September 1995	<u><u>786</u></u>

3. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

Year ended 30 September 1996

	30.9.96 £	1.10.95 £	Change in year £
Cash at bank and in hand	<u>64,216</u>	<u>786</u>	<u>63,430</u>

Year ended 30 September 1995

	30.9.95 £	1.10.94 £	Change in year £
Cash at bank and in hand	<u>786</u>	<u>56,772</u>	<u>(55,986)</u>

4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

There were no changes in financing during the year ended 30 September 1996 nor during the year ended 30 September 1995.

The notes form part of these financial statements

ABTRUST ACCUMULATOR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover represents rental income receivable.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Investment Properties

In accordance with Statement of Standard Accounting Practice No.19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation is provided in respect of investment properties.

This is a departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated.

Such properties are not held for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view.

Depreciation is only one amongst many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The directors consider that this policy results in the accounts giving a true and fair view.

2. TURNOVER

The turnover and profit (1995 - loss) before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

	30.9.96	30.9.95
	£	£
Wages and salaries	<u>7,698</u>	<u>6,361</u>

The average monthly number of employees during the year was as follows:

	30.9.96	30.9.95
Directors	<u>4</u>	<u>4</u>

ABTRUST ACCUMULATOR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996

4. OPERATING PROFIT/(LOSS)

The operating profit (1995 - operating loss) is stated after charging:

	30.9.96	30.9.95
	£	£
Auditors' remuneration	<u>2,820</u>	<u>3,173</u>
Directors' emoluments	<u>7,698</u>	<u>6,361</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	30.9.96	30.9.95
	£	£
Bank interest received	<u>1,991</u>	<u>2,250</u>

6. TAXATION

No liability to UK Corporation tax arose on ordinary activities for the year ended 30 September 1996, (1995 - nil) due to excess management expenses available from previous years to be set off against current year profit.

Deferred tax arising on the revaluation of investment property has been set against the revaluation reserve in accordance with the prescribed treatment in Statement of Standard Accounting Practice No.15, Accounting for Deferred Tax.

7. PRIOR YEAR ADJUSTMENTS

	30.9.96	30.9.95
	£	£
Prior year adjustments	<u>-</u>	<u>34,948</u>

As stated in the offer document an annual fee of 1.25% of the amount subscribed, property administration fees and company secretarial fees are payable annually to Nordham Developments Limited. These fees were not incorporated in the accounts to 30 September 1994 as the development was not complete at that time and were only raised in June 1995 when the development was completed. The directors incorporated a prior year adjustment for fees which were due to 30 September 1994 as they believed it was not appropriate to show these fees in the year to 30 September 1995. There was no change to the overall figures at 30 September 1995.

ABTRUST ACCUMULATOR PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

8. TANGIBLE FIXED ASSETS

Freehold
Investment
properties

£

VALUATION:

At 1 October 1995

2,692,000

Surplus on revaluation

68,500

At 30 September 1996

2,760,500

NET BOOK VALUE:

At 30 September 1996

2,760,500

At 30 September 1995

2,692,000

The investment property was valued at 30 September 1996 by David Gilchrist & Co., Chartered Surveyors. David Gilchrist & Co. have confirmed that these valuations are considered fair and representative of an open market value at 30 September 1996.

The net book value of investment properties determined under the historical cost convention is £2,477,664.

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

30.9.96
£

30.9.95
£

Prepayments

28,914

30,546

Share capital unpaid

2

2

28,916

30,548

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

30.9.96
£

30.9.95
£

Trade creditors

4,202

1,175

Accrued expenses

54,349

46,430

58,551

47,605

11. PROVISIONS FOR LIABILITIES AND CHARGES

30.9.96
£

30.9.95
£

Deferred taxation

70,200

52,500

ABTRUST ACCUMULATOR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996

			Deferred taxation £	
	Balance at 1 October 1995		52,500	
	Deferred tax arising on revaluation of investment property at 25%		<u>17,700</u>	
	Balance at 30 September 1996		<u>70,200</u>	
12.	CALLED UP SHARE CAPITAL			
	Authorised:			
	Number:	Class:	Nominal value:	30.9.96 £
	10,000,000	Ordinary	50p	<u>5,000,000</u>
				30.9.95 £
				<u>5,000,000</u>
	Allotted, issued and fully paid:			
	Number:	Class:	Nominal value:	30.9.96 £
	2,674,154	Ordinary	50p	<u>1,337,077</u>
				30.9.95 £
				<u>1,337,077</u>
13.	SHARE PREMIUM			
			30.9.96 £	30.9.95 £
	Brought forward		<u>1,203,367</u>	<u>1,203,367</u>
14.	REVALUATION RESERVE			
			30.9.96 £	30.9.95 £
	Brought forward		161,836	-
	Surplus on revaluation of investment property		68,500	214,336
	Deferred tax arising on revaluation of investment property(see note 11)		<u>(17,700)</u>	<u>(52,500)</u>
			<u>212,636</u>	<u>161,836</u>

ABTRUST ACCUMULATOR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.9.96	30.9.95
	£	£
Profit/(Loss) for the financial year	50,852	(33,945)
Other recognised gains and losses relating to the year (net)	<u>50,800</u>	<u>161,836</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	101,652	127,891
Opening shareholders' funds	<u>2,623,229</u>	<u>2,495,338</u>
CLOSING SHAREHOLDERS' FUNDS	<u>2,724,881</u>	<u>2,623,229</u>
Equity interests	<u>2,724,881</u>	<u>2,623,229</u>

16. RELATED PARTY TRANSACTIONS

J G Wright and D S Robinson, directors of the company, are also directors of Nordham Developments Limited.

Included in cost of sales are property management fees of £65,430 (1995 - £44,469) paid to Nordham Developments Limited for the provision of property management services.

Included in overhead expenditure are company secreterial fees of £5,875 (1995- £5,581) paid to Nordham Developments Limited for the provision of company secreterial services.

In addition, Nordham Developments Limited acquired 10,000 Ordinary shares of 50p each from an existing shareholder during the year to 30 September 1995.

ABTRUST ACCUMULATOR PLC

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

	<u>30.9.96</u>		<u>30.9.95</u>	
	£	£	£	£
Income:				
Rental income		228,120		45,902
Cost of sales:				
Property management fees	143,550		58,707	
Property maintenance	<u>11,559</u>		<u>2,179</u>	
		<u>155,109</u>		<u>60,886</u>
GROSS PROFIT/(LOSS)		73,011		(14,984)
Other income:				
Bank interest received		<u>1,991</u>		<u>2,250</u>
		75,002		(12,734)
Expenditure:				
Directors' remuneration	7,698		6,361	
Stationery & advertising	628		498	
Travel expenses	520		543	
Insurance	2,363		1,110	
Sundry expenses	617		20	
Auditors remuneration	2,820		3,173	
Accountancy	3,173		3,466	
Company secretarial fees	5,875		5,581	
Legal & professional fees	<u>400</u>		<u>454</u>	
		<u>24,094</u>		<u>21,206</u>
		50,908		(33,940)
Finance costs:				
Bank charges		<u>56</u>		<u>5</u>
NET PROFIT/(LOSS)		<u><u>£50,852</u></u>		<u><u>£(33,945)</u></u>

This page does not form part of the statutory financial statements