

CRANBURY INVESTMENT COMPANY LIMITED

COMPANY REGISTRATION NUMBER 753527

AUDITORS' REPORT TO CRANBURY INVESTMENT COMPANY LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements set out on pages 2 to 4 together with the financial statements of the company for the year ended 30th September 1997 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors


The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

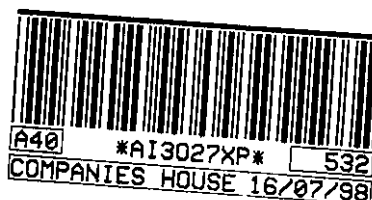
We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. properly prepared from those financial statements. The scope of our The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 2 to 4 are properly prepared in accordance with those provisions.


Spofforths
Chartered Accountants and Registered Auditor
1 South Street
Chichester
West Sussex
PO19 1EH

Date: 13th May 1998



CRANBURY INVESTMENT COMPANY LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER 1997

| | | 1997 | 1996 |
|---|-------|--------------------|--------------------|
| | Notes | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 2 | 3,762,250 | 3,762,398 |
| Investments | 3 | 10,021,618 | 8,551,103 |
| CURRENT ASSETS | | | |
| Debtors | | 240,035 | 136,185 |
| Investments | | 648,374 | 8,642 |
| Cash at bank and in hand | | 853,746 | 456,256 |
| | | <u>1,742,155</u> | <u>601,083</u> |
| CURRENT LIABILITIES | | | |
| Creditors-amounts falling due within one year | | <u>4,093,933</u> | <u>3,040,752</u> |
| NET CURRENT (LIABILITIES) | | <u>(2,351,778)</u> | <u>(2,439,669)</u> |
| NET ASSETS | | <u>£11,432,090</u> | <u>£ 9,873,832</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 4 | 1,000,100 | 1,000,100 |
| Revaluation reserve | | 6,783,482 | 5,594,451 |
| Profit and loss account | | 3,648,508 | 3,279,281 |
| SHAREHOLDERS FUNDS | | <u>£11,432,090</u> | <u>£ 9,873,832</u> |

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board


N D P Chamberlayne-Macdonald

Date: 5th May 1998

CRANBURY INVESTMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1997

1. ACCOUNTING POLICIES

a) Accounting convention

These financial statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments and investment properties.

b) Quoted investments

Quoted investments are stated at mid-market value at the year end. Surpluses and deficits arising on revaluation are transferred to the revaluation reserve.

c) Investment in associated undertaking

An associated undertaking is an undertaking in which the company has a participating interest and over whose operating and financial policy it exercises a significant influence, but which is not a subsidiary.

d) Investment properties

In accordance with Statement of Standard Accounting Practice No 19, investment properties are stated at the directors' estimate of open market value for existing use and no depreciation is charged thereon. Aggregate surplus or deficit is transferred to a revaluation reserve. In the opinion of the directors it is necessary to adopt this accounting policy for the accounts to show a true and fair view. It is not practical to quantify the depreciation which would otherwise have been charged.

e) Turnover

Turnover represents gross investment income, and the net historic gains or losses on investments sold during the year.

f) Deferred taxation

Provision is not made for deferred taxation unless there is a reasonable probability of payment in the foreseeable future.

g) Taxation

No payment is made by group companies making taxable profits to those incurring losses for taxation purposes which are surrendered by way of group relief.

2. FIXED ASSETS

| | <u>Total</u> £ |
|--|-------------------|
| Cost: | |
| At 1st October 1996 | 3,762,398 |
| Disposals | (148) |
| | <hr/> |
| At 30th September 1997 | 3,762,250 |
| | <hr/> |
| Net book value at 30th September 1997 | £3,762,250 |
| | <hr/> |
| Net book value at 30th September 1996 | £3,762,398 |
| | <hr/> |

CRANBURY INVESTMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1997
(continued)

3. INVESTMENTS

| | <u>Total</u> |
|------------------------|--------------------|
| Cost: | £ |
| At 1st October 1996 | 8,551,103 |
| Additions | 1,336,998 |
| Revaluation in year | 1,189,031 |
| Disposals | (1,055,514) |
| At 30th September 1997 | <u>£10,021,618</u> |
| Net book value at | |
| 30th September 1997 | <u>£10,021,618</u> |
| Net book value at | |
| 30th September 1996 | <u>£8,551,103</u> |

If investments had not been revalued they would have been stated at a cost of £3,842,676 (1996 - £3,561,192).

Included in investments is an investment in an associated company, Perbury Limited, a company incorporated in England whose accounting date is 31st July and whose principle activity is providing management and other services to it's subsidiary undertakings which are engaged in building and contracting. The company owns 383,885 ordinary £1 shares, representing 48.45% of the issued ordinary share capital. The original cost was £383,885. The aggregate capital plus reserves of Perbury Limited at 31st July 1997 was £9,119,749 (1996 £8,266,469) and it's profit for the year was £1,053,280 (1996 £407,439).

4. SHARE CAPITAL

| | <u>Authorised</u> | <u>Allotted, Issued and fully paid</u> | |
|-----------------------------------|--------------------|--|-------------------|
| | | 1997 | 1996 |
| Ordinary equity shares of £1 each | <u>£ 1,500,000</u> | <u>£1,000,100</u> | <u>£1,000,100</u> |

5. ULTIMATE PARENT COMPANY

The ultimate parent company is Cranbury (Holdings) Limited, registered in England.