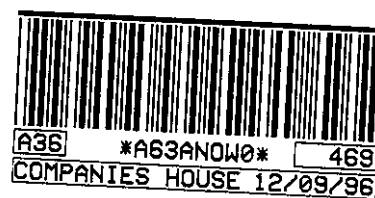


HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Registered No 960456

ACCOUNTS FOR THE YEAR TO 31 MAY 1996



HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present herewith the audited accounts for the year ended 31 May 1996.

Principal activities

The company's principal activities are the development and management of property and the leasing of motor vehicles.

Directors

The directors have not declared a dividend for the year ended 31 May 1996.

The directors of the company during the year ended 31 May 1996 were:

- R H Waddington
- G N Harvie
- C W Hayes

Director' interest in shares

The directors had no interest in the capital of the company during the year. The interests of R H Waddington and G N Harvie in the capital of the holding company, John Heathcoat & Company (Holdings) Limited, can be seen in the accounts of that company.

The interests of C W Hayes in the ordinary share capital of John Heathcoat & Company (Holdings) Limited at 31 May 1995 and 31 May 1996 are as follows:

	<u>Ordinary shares of £1</u>	
	1996	1995
C W Hayes	35,344	35,344

Close Company

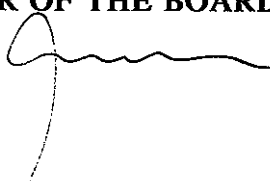
The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

Auditors

A resolution to re-appoint Coopers and Lybrand as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

C W Hayes
Secretary



26 July 1996

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

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 as at the end of the year and of the profit and 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.

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 Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention or detection of fraud and other irregularities.

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

**REPORT OF THE AUDITORS TO THE MEMBERS OF
HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED**

We have audited the financial statements on pages 4 to 7.

Respective responsibilities of directors and auditors

As described on the previous page, 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 Audited 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 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 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 May 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Midland House
Notte Street
Plymouth
Devon PL1 2EJ



26 July 1996

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR YEAR THE ENDED 31 MAY 1996

	Notes	Year ended 31 May 1996	Year ended 31 May 1995
		£	£
Income	2	59,763	27,886
Expenses	3	<u>32,037</u>	<u>7,374</u>
Trading Profit for the year		27,726	20,512
Corporation Tax payable	7	<u>5,528</u>	<u>5,128</u>
		22,198	15,384
Dividend paid		—	<u>14,000</u>
Retained profit for the year		<u>22,198</u>	<u>1,384</u>
Statement of retained profits/(losses)			
At start of year		2,237	853
Retained profit for the year		<u>22,198</u>	<u>1,384</u>
		<u>24,435</u>	<u>2,237</u>

There have been no movements in shareholders' funds other than the retained profit for the year.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

All of the profit for the year was derived from continuing operations.

The notes on pages 6-7 form part of these accounts

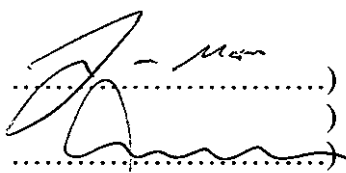
The Auditor's Report appears on page 3.

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

BALANCE SHEET AT 31 MAY 1996

	Notes	31 May 1996		31 May 1995	
		£	£	£	£
FIXED ASSETS					
TANGIBLE ASSETS			70,247		-
CURRENT ASSETS					
Sundry debtors	4		4,591		5,609
Cash at Bank			<u>348</u>		<u>2,186</u>
			4,939		7,795
CURRENT LIABILITIES					
Sundry creditors	5	45,221		428	
Provision for taxation		<u>5,528</u>		<u>5,128</u>	
			<u>50,749</u>		<u>5,556</u>
Net current assets			<u>(45,810)</u>		<u>2,239</u>
Total Assets less current liabilities			<u>24,437</u>		<u>2,239</u>
CAPITAL AND RESERVES					
Called up share capital	9	2		2	
Profit and loss account		<u>24,435</u>		<u>2,237</u>	
			<u>24,437</u>		<u>2,239</u>

Approved by the board on 26 July 1996


)
) Directors

The notes on pages 6 & 7 form part of these accounts. The Auditors' report appears on page 3.

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS AT 31 MAY 1996

1 Principal accounting policies

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

	1996	1995
	£	£
2 Income		
Rent receivable	42,402	27,886
Leasing charges	15,660	-
Gain on sale of fixed asset	<u>1,701</u>	<u>-</u>
	59,763	27,886
3 Expenses		
Professional Fees	485	85
Rent, rates and insurance	3,961	2,507
Heating oil	4,305	2,598
Repairs and maintenance	7,653	2,115
Depreciation	15,633	-
Sundries	<u>-</u>	<u>69</u>
	<u>32,037</u>	<u>7,374</u>
4 Sundry debtors		
Amounts owed by parent undertaking	-	5,000
Other debtors	<u>4,591</u>	<u>609</u>
	<u>4,591</u>	<u>5,609</u>
5 Sundry creditors		
Amounts owed to parent undertaking	44,250	-
Amounts owed to group undertaking	971	153
Other creditors including taxation and social security	<u>-</u>	<u>275</u>
	<u>45,221</u>	<u>428</u>

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS AT 31 MAY 1996

6 Tangible Fixed Assets

Plant & Machinery

Cost at 31 May 1995	-
Capital Expenditure	<u>94,929</u>
	94,929
Disposal	<u>10,351</u>
Cost at 31 May 1996	<u>84,578</u>
Depreciation at 31 May 1995	-
Charge against profit	<u>15,633</u>
	15,633
Disposal	<u>1,302</u>
Depreciation at 31 May 1996	<u>14,331</u>
Net Book Value at 31 May 1996	<u>70,247</u>

7 Taxation

Corporation Tax has been provided on profits for the year at the rate of 25%.

8 Emoluments

The company has no employees. The directors do not receive any emoluments in respect of their services to the company.

9 Called up share capital

Authorised	1996	1995
100 ordinary shares at £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
2 ordinary shares at £1 each	<u>2</u>	<u>2</u>

10 Ultimate Holding Company

The company's ultimate holding company is John Heathcoat & Company (Holdings) Limited which is registered in England and Wales.