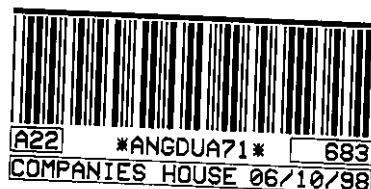


Registered no: 653109

Jarvis Property Company Limited
Annual report and accounts
for the year ended 31 March 1998



Jarvis Property Company Limited

Report and accounts for the year ended 31 March 1998

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Directors and advisors

Directors

R W Kendall
H Lafferty

Secretary

P A Kingdon

Auditors

Coopers & Lybrand
Harman House
1 George Street
Uxbridge
Middlesex
UB8 1QQ

Registered office

Frogmore Park
Watton-at-Stone
Hertford
SG14 3RU

Bankers

The Royal Bank of Scotland Plc
London Piccadilly Circus Branch
48 Haymarket
London
SW1Y 4SE

Solicitors

Nabarro Nathanson
50 Stratton Street
London
W1X 5FL

Eversheds
Senator House
85 Queen Victoria Street
London
EC4V 4JL

Directors' report for the year ended 31 March 1998

The directors present their report and the audited accounts for the year ended 31 March 1998.

Results and dividends

The profit for the year attributable to shareholders which has been dealt with in the accounts and which has been added to reserves is £35,000 (1997: £641,000). The directors do not recommend the payment of a final dividend (1997: £500,000) in respect of the year ended 31 March 1998.

Principal activities and review of the business

The principal activities of the Company are property dealing and development. The result for the year was satisfactory. For the future the directors will be seeking to optimise the opportunities available within its property assets and investments.

Directors and their interests

The directors of the company during the year were:

R W Kendall (appointed 1 April 1997)
H Lafferty

At 31 March 1998, none of the directors had any beneficial interest in the shares of the company. The interests of Mr H Lafferty in the shares of the ultimate parent undertaking, Jarvis plc, are disclosed in the accounts of that Company.

R W Kendall held 139,286 ordinary shares of 5p each in Jarvis plc (at date of appointment: 75,862) and also held the following options over ordinary shares of 5p each in Jarvis plc.

	1 April 1997	Granted in the period	Exercised in the period	31 March 1998	Exercise price	Market price at- date of exercise	Date from which exercisable	Expiry date
Executive share option scheme								
R W Kendall	17,467	-	17,467	-	36.5p	349p	November 1994	November 2001
	50,000	-	50,000	-	11.25p	349p	November 1997	November 2004
	-	6,462	-	6,462	277.5p	-	July 2000	July 2007
	-	93,538	-	93,538	277.5p	-	July 2000	July 2004

The gain on the exercise of share options by Mr R W Kendall during the period, calculated as the difference between the market price of the shares at the time of exercise (349p) and the price paid for the shares was £224,022.

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit and loss of the Company for that period. In preparing those accounts, the directors are required to select suitable accounting policies and then apply them consistently; to make judgements and estimates that are reasonable and prudent; to state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the accounts; and to prepare accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business. The directors confirm that the accounts comply with these requirements.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts 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.

Year 2000

The company continues to address the effects of the millenium date change on its business and is working closely with its key partners to ensure that Year 2000 compliance is achieved. The company has not yet fully determined the cost to it of achieving Year 2000 compliance.

Auditors

Our auditors Coopers & Lybrand merged with PricewaterhouseCoopers on 1 July 1998. A resolution to appoint the new firm PricewaterhouseCoopers as auditors to the company will be proposed at the forthcoming annual general meeting.

By order of the board



P A Kingdon

Secretary

21 September 1998

**Report of the auditors
to the members of Jarvis Property Company Limited**

We have audited the accounts on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

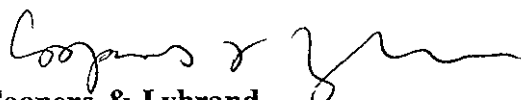
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 March 1998 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

London

21 September 1998

Profit and loss account for the year ended 31 March 1998

	Notes	Year ended 31 March 1998 £'000	15 months ended 31 March 1997 £'000
Turnover	2	57	1,561
Direct expenses		(7)	(181)
Gross profit		50	1,380
Operating expenses		-	(481)
Operating profit	6	50	899
Profit on transfer of investment		-	1,069
Interest payable and similar charges	5	-	(683)
Profit on ordinary activities before taxation		50	1,285
Tax on ordinary activities	7	(15)	(144)
Profit for the year		35	1,141
Dividends	8	-	(500)
Retained profit for the year	13	35	641

The results for the year above reflect the continuing operations of the Company.

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 material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheet at 31 March 1998

	Notes	31 March 1998 £'000	31 March 1997 £'000
Fixed assets			
Investments	9	835	1,551
		<u>835</u>	<u>1,551</u>
Current assets			
Properties held for resale and development		2,296	2,295
Debtors	10	1,779	1,806
Cash at bank and in hand		417	245
		<u>4,492</u>	<u>4,346</u>
Creditors: amounts falling due within one year	11	(167)	(772)
Net current assets		<u>4,325</u>	<u>3,574</u>
Total net assets		<u>5,160</u>	<u>5,125</u>
Capital and reserves			
Called up share capital	12	10	10
Revaluation reserve	13	-	231
Profit and loss account	13	5,150	4,884
Equity shareholders' funds	14	<u>5,160</u>	<u>5,125</u>

The accounts on pages 5 to 11 were approved by the board on
21 September 1998 and were signed on its behalf by:



H Lafferty
Director

21 September 1998

Notes to the accounts for the year ended 31 March 1998

1 Principal accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention modified by the revaluation of certain assets and in accordance with applicable accounting standards in the United Kingdom, except as explained below.

As the Company is a wholly owned subsidiary of Jarvis plc, group accounts have not been prepared in accordance with Section 228 of the Companies Act 1985.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Properties held for resale and development

These properties are stated at the lower of cost or in the case of those previously held as fixed assets, at revalued amounts and net realisable value. Cost, in the case of properties under development, includes related development overheads and finance costs.

Cash flow statement

The Company is a wholly owned subsidiary of Jarvis plc and the cash flows of the Company are included in the consolidated cash flow statement of Jarvis plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 (revised) from publishing a cash flow statement.

Related party transactions

The Company is a wholly owned subsidiary undertaking of Jarvis plc and as such the Company has taken advantage under the terms of Financial Reporting Standard No. 8 not to disclose related party transactions which are eliminated on consolidation.

2 Turnover

Turnover, all of which arises from operations in the United Kingdom represents gross rental income receivable during the year.

3 Directors' remuneration

The remuneration of the directors are paid by the ultimate parent undertaking and their services to this company are of a non executive nature. Their remuneration is deemed to be wholly attributable to their services to the parent company.

4 Employee information

No one was directly employed by the Company during the period. Services were provided by employees of other group undertakings.

5 Interest payable and similar charges

	Year ended 31 March 1998 £'000	15 months ended 31 March 1997 £'000
Interest payable on bank loans and overdrafts	-	683

6 Operating profit

	Year ended 31 March 1998 £'000	15 months ended 31 March 1997 £'000
The operating profit is stated after charging: Operating leases - rent payable	-	59

The audit fee for the year ended 31 March 1998 was borne by another company within the group, and for the 15 months ended 31 March 1997 by the parent undertaking.

7 Taxation

	Year ended 31 March 1998 £'000	15 months ended 31 March 1997 £'000
Corporation tax on profit on ordinary activities at 31% (1997: 33%)	15	144

8 Dividends

	Year ended 31 March 1998 £'000	15 months ended 31 March 1997 £'000
Dividends on ordinary shares: No dividends have been declared during the year	-	500

9 Investments

	31 March 1998 £'000	31 March 1997 £'000
Shares at costs:		
Associated undertaking	835	835
Subsidiary undertakings	-	716
	<u>835</u>	<u>1,551</u>

The interest in the associated undertaking comprises 34.4% of the 101,000 ordinary £1 shares in Chapel Wharf Limited. Chapel Wharf Limited is engaged in property, investment and development. The company is unlisted and is registered in England and Wales.

The principal subsidiary undertakings at 31 March 1998 were:

Name of undertaking	Description of shares held
Jarvis Developments Limited	Ordinary £1 shares
Fairbeeck Limited	Ordinary £1 shares
Old Borough Holdings Limited	Ordinary £1 shares

All of the companies above are registered in Great Britain, operate in the United Kingdom and are 100% owned. None of the companies were trading at 31 March 1998.

10 Debtors

	31 March 1998 £'000	31 March 1997 £'000
Trade debtors	47	3
Amounts owed by group undertakings	1,711	1,803
Other debtors	3	-
Prepayments and accrued income	18	-
	<u>1,779</u>	<u>1,806</u>

11 Creditors: amounts falling due within one year

	31 March 1998 £'000	31 March 1997 £'000
Trade creditors	28	-
Corporation tax	96	144
Accruals and deferred income	-	128
Dividends payable	-	500
Other creditors	43	-
	<u>167</u>	<u>772</u>

There is a composite guarantee and legal mortgage over the property at Derby Road, Chesterfield which is held as security in relation to borrowings entered into by other group undertakings.

12 Called up share capital

	31 March 1998 £'000	31 March 1997 £'000
Authorised		
Ordinary shares of £1 each	10	10
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	10	10
	<u> </u>	<u> </u>

13 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 1 April 1997	231	4,884
Transfer of realised gain	(231)	231
Retained profit for the year	-	35
	<u> </u>	<u> </u>
At 31 March 1998	-	5,150
	<u> </u>	<u> </u>

14 Reconciliation of movements on shareholders' funds

	Year ended 31 March 1998 £'000	15 months ended 31 March 1997 £'000
Opening shareholders' funds	5,125	4,484
Profit for the financial period	35	641
Closing shareholders' funds	<u>5,160</u>	<u>5,125</u>

15 Contingent liabilities

The Company has guaranteed performance bonds in respect of contracts entered into by fellow subsidiary undertakings in the normal course of business. Guarantees given by the Company without limit, in respect of loans and overdrafts were £5,033,000 as at 31 March 1998 (1997: £8,233,000).

16 Ultimate parent undertaking

The Company's ultimate parent undertaking and ultimate controlling party is Jarvis plc, a Company registered in England and Wales, whose accounts may be obtained from the Secretary, Jarvis plc, Frogmore Park, Watton-at-Stone, Hertford, SG14 3RU.