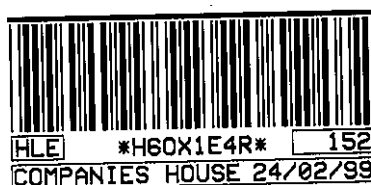


Ellis & Everard Services Limited

Directors' report and financial statements

30 April 1998

Registered number 1740707



Directors' report and financial statements

Contents

Directors' report	2
Statement of directors' responsibilities	3
Report of the auditors to the members of Ellis & Everard Services Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 1998.

Principal activity

The company does not trade.

Proposed dividends

The directors do not recommend the payment of a dividend (1997: £Nil).

Directors and directors' interests

The directors who held office throughout the year were:

JN Phillpotts

N Simpson

The directors who held office at the end of the financial year had the following interests in the shares of the ultimate parent company, Ellis & Everard plc, as recorded in the register of directors' share and debenture interests:

	1 May 1997	Share options granted	Share options exercised	30 April 1998
N Simpson				
Ordinary shares	-			-
Ordinary share options	40,500	5,000	-	45,500
Savings related share options	9,208	1,656	-	10,864

JN Phillpotts is also a director of the ultimate parent company, Ellis & Everard plc, therefore his interests in group undertakings are not required to be recorded in the register of directors' interests maintained by this company.

By order of the board



Stephen Brian Smith
Secretary

46 Peckover Street
Bradford
West Yorkshire
BD1 5BD
12 February 1999

Statement of directors' responsibilities

The following statement, which should be read in conjunction with the auditors' report set out on page 4, is made for the purpose of clarifying the respective responsibilities of the directors and auditors.

The directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year, and of the profit or loss 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 which are disclosed and explained in the financial statements;
- prepare the financial statements on the basis of a going concern where they have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

The directors are responsible for ensuring that proper accounting records are maintained 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. The directors are also responsible for the company's system of internal financial control which is designed to provide reasonable assurance of:

- the safeguarding of assets against unauthorised use or disposition;
- the prevention and detection of fraud and other irregularities;
- the reliability of financial information published both internally and externally.



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW

Report of the auditors to the members of Ellis & Everard Services Limited

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors

As described on page 3 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 April 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds

12 February 1999

Profit and loss account

for the year ended 30 April 1998

	<i>Note</i>	1998 £000	1997 £000
Release of provision	7	116	-
Profit on ordinary activities before taxation	2	116	-
Tax on profit on ordinary activities	4	(65)	-
Retained profit for the financial year		51	-
Retained profit brought forward		-	-
Retained profit carried forward		51	-

There were no recognised gains or losses in the current year (1997 : None) other than those reflected in the profit and loss account.

The profit and loss account is prepared on an unmodified historical cost basis.

The movement in shareholders' funds comprises the retained profit for the financial year as set out above.

Balance sheet

at 30 April 1998

	<i>Note</i>	1998 £000	1997 £000
Current assets			
Debtors	5	153	169
Cash at bank and in hand		-	19
		<hr/>	<hr/>
		153	188
Creditors: amounts falling due within one year	6	(102)	(88)
		<hr/>	<hr/>
Net current assets		51	100
Provisions for liabilities and charges	7	-	(100)
		<hr/>	<hr/>
Net assets		51	-
		<hr/>	<hr/>
Capital and reserves			
Called up equity share capital	8	-	-
Profit and loss account		51	-
		<hr/>	<hr/>
Shareholders' funds - equity		51	-
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 12 February 1999 and were signed on its behalf by:



Norman Simpson
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost accounting rules and in accordance with applicable UK accounting standards.

Cash flow statement

Under Financial Reporting Standard No. 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a company registered in England and Wales.

Advance corporation tax

Advance corporation tax is carried forward only to the extent that it is considered recoverable in the foreseeable future.

Deferred taxation

Provision is made for deferred taxation, on the liability method, to the extent that it is probable that a liability will crystallise in the foreseeable future.

2 Profit on ordinary activities before taxation

	1998 £000	1997 £000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit work	-	-
- non audit fees	-	-
Directors' emoluments including pension contributions (note 3)	-	-
	<hr/>	<hr/>

3 Employees

There were no employees of the Company in the year (1997: none) apart from the directors. No emoluments were paid to the directors in the year (1997: none).

Notes (continued)

4 Tax on profit on ordinary activities

	1998 £000	1997 £000
Based on the profit for the year:		
Corporation tax at 31% (1997: 33%)	20	-
Deferred taxation (note 7)	45	-
	<u>65</u>	<u>-</u>

5 Debtors

	1998 £000	1997 £000
Amounts owed by ultimate parent undertaking	153	165
Other debtors	-	1
Corporation tax recoverable	-	3
	<u>153</u>	<u>169</u>

6 Creditors: amounts falling due within one year

	1998 £000	1997 £000
Amounts owed to fellow subsidiary undertaking	78	78
Other creditors	-	1
Corporation tax	24	9
	<u>102</u>	<u>88</u>

7 Provisions for liabilities and charges

	Closure costs £000	Deferred taxation £000	Total £000
30 April 1997	145	(45)	100
(Credited)/charged to the profit and loss account	(116)	45	(71)
Utilised	(29)	-	(29)
	<u>-</u>	<u>-</u>	<u>-</u>
30 April 1998	-	-	-

The recognised asset for deferred taxation represents the full potential balance, derived as follows:

	1998 £000	1997 £000
Other timing differences	-	(45)
	<u>-</u>	<u>(45)</u>

Notes (continued)

8 Share capital

	1998	1997
	£	£
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

9 Ultimate parent company and parent undertaking of larger group of which the company is a member

The ultimate parent company is Ellis & Everard plc, a company incorporated in Great Britain and registered in England and Wales. Ellis & Everard plc is the only company which prepares group financial statements incorporating the financial statements of this company. These group financial statements are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

The immediate parent undertaking is Ellis & Everard (UK Holdings) Limited, which is registered in England and Wales.