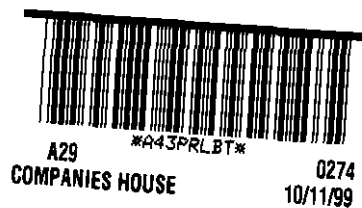


LANDHIRE LTD

DIRECTOR'S REPORT AND ACCOUNTS

***FOR THE YEAR ENDED
31ST DECEMBER 1998***



Company No. 2052434

LANDHIRE LTD

COMPANY INFORMATION

Director	Mr John Billing
Secretary	Mrs Linda Billing
Company Number	2052434
Registered Office	44 Shakespeare Road Hanwell London W7 1LR
Reporting Accountants	Campbell & Co Abacus House Manor Road Ealing London W13 0AS

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<i>The following pages do not form part of the statutory accounts:</i>	
Management Profit and Loss Account	10

LANDHIRE LTD

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1998

The director presents his report together with the accounts for the year ended 31st December 1998.

Principal Activities

The company's principal activity continued to be that of management, dealing and investment in properties and estates.

Director

The director who served during the year and his beneficial interest in the company's issued share capital was:

	Ordinary Shares	
	31st	1st
	December	January
	1998	1998
Mr John Billing	1	1

Political and Charitable Contributions

The company made no political or charitable contributions during the year.

Year 2000 Compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

Director's Responsibilities

Company law requires the director to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. In preparing these accounts the director is required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and enable him to ensure that the accounts comply with the Companies Act 1985. He is 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.

LANDHIRE LTD

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1998

Small company exemptions

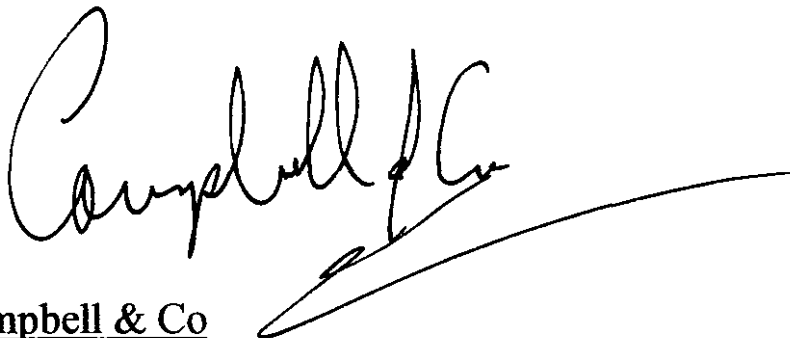
The report of the Director has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved on 23rd September 1999, and signed.



Mrs Linda Billing, Secretary
23rd September 1999

ACCOUNTANTS' REPORT TO THE DIRECTORS
ON THE UNAUDITED ACCOUNTS OF
LANDHIRE LTD

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31st December 1998, set out on pages 4 to 9, and you consider that the company is exempt from an audit and a report under Section 249A(1) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

A large, stylized handwritten signature in black ink, appearing to read 'Campbell & Co', with a long horizontal flourish extending to the right.

Campbell & Co
Accountants & Tax Consultants
Abacus House
Manor Road
Ealing
London
W13 0AS
Date: 23rd September 1999

LANDHIRE LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1998

	Notes	1998 £	1997 £
Turnover	2	23,690	22,927
Gross Profit		23,690	22,927
Administrative Expenses		3,354	4,245
Operating Profit	3	20,336	18,682
Interest Receivable		525	101
Profit on Ordinary Activities before Taxation		20,861	18,783
Tax on profit on ordinary activities	4	4,381	4,085
Profit for the Financial Year		16,480	14,698

LANDHIRE LTD

BALANCE SHEET

AS AT 31ST DECEMBER 1998

	Notes	£	1998 £	£	1997 £
<u>Fixed Assets</u>					
Tangible assets	5		193,557		194,747
<u>Current Assets</u>					
Debtors	6	2,441		4,640	
Cash at bank and in hand		34,364		13,452	
		36,805		18,092	
Creditors: Amounts Falling Due Within One Year	7	144,683		143,640	
Net Current Liabilities			(107,878)		(125,548)
Total Assets Less Current Liabilities			85,679		69,199
<u>Capital and Reserves</u>					
Share capital	8		2		2
Other reserves - equity			69,197		54,499
Profit and loss account			16,480		14,698
Shareholders' Funds			85,679		69,199

The director is of the opinion that the company is entitled to exemption from audit conferred by Subsection 1 of Section 249A of the Companies Act 1985 for the year ended 31st December 1998.

The director confirms that no member or members have requested an audit pursuant to Subsection 2 of Section 249B of the Companies Act 1985.

The director confirms that he is responsible for:

ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985,

and preparing accounts which give a true and fair view of the state of the affairs of the company as at the end of the financial year and of its results for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

LANDHIRE LTD

BALANCE SHEET

AS AT 31ST DECEMBER 1998

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

These accounts were approved by the board on 23rd September 1999 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'J. Billing', written over a horizontal line.

Mr John Billing
Director

LANDHIRE LTD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

1 Accounting Policies

Basis of Accounting

The Accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover is the total amount receivable by the company in respect of rental income, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land, by reducing balance method, over their expected useful lives. The rates and periods generally applicable are:

Fixtures and fittings	25%
-----------------------	-----

Deferred Taxation

No provision for deferred taxation is considered necessary

Investment Properties

Investment properties have been valued by the director and as the valuation is the same as original cost, there is no aggregate surplus or deficit to be transferred to a revaluation reserve for this accounting period.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

Turnover is attributable to the principal activity of the company.

3 Operating Profit

The operating profit is arrived at after charging or crediting:

	1998	1997
	£	£
Depreciation of owned assets	1,190	1,586
Pension contributions	-	-

LANDHIRE LTD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

4 Taxation

	1998	1997
Based on the profit for the year		
UK corporation tax at 21% (1997 24% / 21%)	4,381	4,085
	<u>4,381</u>	<u>4,085</u>

5 Tangible Fixed Assets

	Land & Buildings £	Fixtures & Fittings £	Total £
<u>Cost</u>			
At 1st January 1998	189,989	16,449	206,438
At 31st December 1998	189,989	16,449	206,438
<u>Depreciation</u>			
At 1st January 1998	-	11,691	11,691
Charge for the year	-	1,190	1,190
At 31st December 1998	-	12,881	12,881
<u>Net Book Value</u>			
At 31st December 1998	189,989	3,568	193,557
<i>At 31st December 1997</i>	<i>189,989</i>	<i>4,758</i>	<i>194,747</i>

6 Debtors

	1998 £	1997 £
Other debtors	2,441	4,640
	<u>2,441</u>	<u>4,640</u>

7 Creditors: Amounts Falling Due Within One Year

	1998 £	1997 £
Other creditors	6,255	5,853
Directors' loan accounts	138,428	137,787
	<u>144,683</u>	<u>143,640</u>

LANDHIRE LTD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

8	Share Capital	1998 £	1997 £
	<u>Authorised</u>		
	1,000 Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>
		<u>1,000</u>	<u>1,000</u>
	<u>Allotted</u>		
	2 Allotted, called up and fully paid ordinary shares of £1.00 each	<u>2</u>	<u>2</u>

LANDHIRE LTD

MANAGEMENT PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1998

	1998	1997
	£	£
Turnover	23,690	22,927
<u>Interest Receivable</u>		
Bank deposit interest	525	101
	525	101
	24,215	23,028
<u>Less Expenses</u>		
Rent and rates	125	475
Light, heat and power	116	-
Telephone	50	50
Printing, postage and stationery	30	30
Insurance	551	582
Accountancy	1,292	1,293
Bank charges & interest	-	199
Company House filing	-	30
Depreciation	1,190	1,586
	3,354	4,245
Net Profit for the Year	20,861	18,783