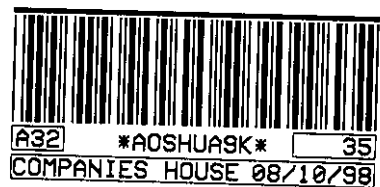


PRAE CLOSE ESTATES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1998



PRAE CLOSE ESTATES LIMITED

Directors

JC Talbot
A Allkins
P Boulton
D Jinks
E N Lowe
R E Hopkin

Secretary

J A Cadisch

Registered Office

2 Upper Station Road,
Radlett,
Hertfordshire WD7 8BX.

Company Number

2157924 (*England and Wales*)

Accountants

Nagler Wolfson,
2 Upper Station Road,
Radlett,
Hertfordshire WD7 8BX.

Bankers

Barclays Bank Plc.,
18 St. Peter's Street,
St. Albans,
Herts.

PRAE CLOSE ESTATES LIMITED

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PRAE CLOSE ESTATES LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report with the financial statements for the year ended 31st March 1998.

PRINCIPAL ACTIVITY

The company was formed to acquire the freehold land and dwellings situated at Prae Close, St. Albans, Hertfordshire and to provide services and maintain the communal parts but not to make any profit or loss.

DIRECTORS

The directors in office during the year and their beneficial interests in the issued ordinary share capital were as follows:

	<u>31.3.1998</u>	<u>31.3.1997</u>
JC Talbot	2	2
A Allkins	2	2
P Boulton	2	2
D Jinks	2	2
EN Lowe	2	2
RE Hopkin	2	2

All directors served throughout the year

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 the affairs of the company and of the profit of the company for that period.

In preparing those financial statements, the directors are required to:

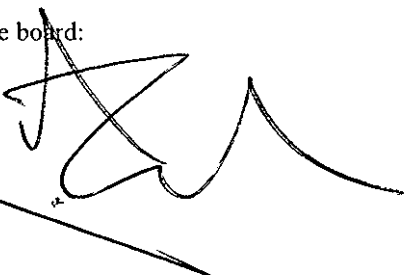
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

The report of the directors has 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:

JA Cadisch
Secretary

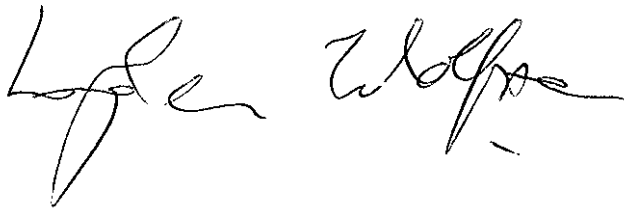


Dated: 21st September 1998

ACCOUNTANTS' REPORT ON THE UNAUDITED ACCOUNTS TO THE DIRECTORS

OF PRAE CLOSE ESTATES LIMITED

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31st March 1998, set out on pages 3 to 6 and you consider that the company is exempt from an audit and a report under section 249A(2) 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 handwritten signature in cursive script, appearing to read 'Nagler Wolfson', is written in black ink.

Nagler Wolfson,
Chartered Accountants,
2 Upper Station Road,
Radlett,
Herts WD7 8BX.

Date: 25th September 1998

PRAE CLOSE ESTATES LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1998

	Notes	1998 £	1997 £
Income	2	3,928	3,645
Direct costs		3,667	3,200
		-----	-----
		261	445
Administrative expenses		634	696
		-----	-----
Deficit	3	(373)	(251)
Corporation tax	4	(19)	17
		-----	-----
		(354)	(268)
Retained surplus brought forward		161	429
		-----	-----
(Deficit)/retained surplus carried forward		£(193)	£161
		=====	=====

There were no recognised gains and losses other than those recognised in the income and expenditure account.

The notes on pages 5 & 6 form part of these financial statements.

PRAE CLOSE ESTATES LIMITED

BALANCE SHEET AS AT 31ST MARCH 1998

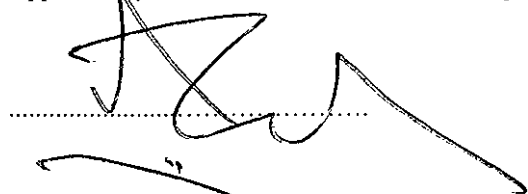
	<u>Notes</u>	1998	1997
		£	£
Fixed assets			
Legal fees	5	1,543	1,543
Current assets			
Debtors due within one year	6	990	880
Cash at bank and in hand		2,585	3,085
		-----	-----
		3,575	3,965
Creditors: amounts falling due within one year	7	251	287
		-----	-----
Net current assets		3,324	3,678
		-----	-----
		£4,867	£5,221
		=====	=====
Capital and reserves			
Called up share capital	8	5,060	5,060
Income and expenditure account	9	(193)	161
		-----	-----
Shareholders' funds	10	£4,867	£5,221
		=====	=====

In approving these financial statements as directors of the company we hereby confirm:

- (a) that for the year in question the company was entitled to the exemption conferred by section 249A(1) of the Companies Act 1985;
- (b) that no notice has been deposited at the registered office of the company pursuant to section 249B(2) requesting that an audit be conducted for the year ended 31st March 1998; and
- (c) that we acknowledge our responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with section 221, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year then ended and which otherwise comply with the provisions of the Companies Act relating to accounts, so far as applicable to the company.

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

Approved by the board of directors on 21st September 1998



The notes on pages 5 & 6 form part of these financial statements.

PRAE CLOSE ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1998

1. Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention and incorporate the results of the principal activity which is continuing.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. Income

Income represents the value of maintenance contributions, for the year.

3. Deficit

	1998 £	1997 £
The deficit is stated after charging:		
Accountant's remuneration	£235 ===	£235 ===

4. Taxation

	1998 £	1997 £
UK current year taxation		
UK corporation tax at 21% (1997 - 24%)	16	17
Overprovision for corporation tax in previous years	(35) ----	- ----
	£(19) ===	£17 ===

5. Tangible fixed assets

	Legal Fees
Cost:	
At 1 st April 1997 and 31 st March 1998	1,543 -----
Net book value:	
At 31 st March 1998	1,543 =====
At 31 st March 1997	1,543 =====

PRAE CLOSE ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1998

(Continued)

6. Debtors: amounts falling due within one year

	1998 £	1997 £
Trade debtors	£990 =====	£880 =====

7. Creditors: amounts falling due within one year

	1998 £	1997 £
Other creditors	£251 =====	£287 =====

8. Called up share capital

	1998 £	1997 £
Authorised, allotted, issued and fully paid		
44 Ordinary shares of £115 each	£5,060 =====	£5,060 =====

9. Reserves

	1998 £	1997 £
Income and expenditure account	161	429
Deficit for the year	(354)	(268)
	-----	-----
Balance at 31 st March 1998	£(193) =====	£161 =====

10. Reconciliation of movement in shareholders' funds

	1998 £	1997 £
Surplus/(deficit) for the year	(354)	(268)
Shareholders' funds at 1 st April 1997	5,221	5,489
	-----	-----
Shareholders' funds at 31 st March 1998	£4,867 =====	£5,221 =====