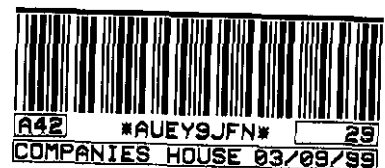


HARROW VILLAGE DEVELOPMENTS LIMITED

**Directors' Report and Financial Statements
for the year ended 30 September 1998**

**Peter Holden & Partners
Chartered Accountants
Registered Auditors
38a Station Road
North Harrow
Middlesex
HA2 7SE**



Company No. 2256298 (England and Wales)

HARROW VILLAGE DEVELOPMENTS LIMITED

Company Information

Directors

W A Jury
Mrs J F Jury

Secretary

Mrs J F Jury

Company Number

2256298 (England and Wales)

Registered Office

'Lynwood'
Lynwood Avenue
Epsom
Surrey

Auditors

Peter Holden & Partners
Chartered Accountants
Registered Auditors
38a Station Road
North Harrow
Middlesex
HA2 7SE

HARROW VILLAGE DEVELOPMENTS LIMITED

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The following page does not form part of the statutory accounts:

Trading and Profit and Loss Account	8
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HARROW VILLAGE DEVELOPMENTS LIMITED

Directors' Report for the year ended 30 September 1998

The directors present their report and the financial statements for the year ended 30 September 1998.

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 and of the profit or 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;
- 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.

Review of business

The company did not trade during the year.

Results and dividends

The loss for the year amounted to £2,619 (1997 - £10,453). The directors do not recommend the payment of a dividend for the year (1997 - nil).

Future developments

The directors are considering the future of the company.

Directors

The directors at 30 September 1998 and their interests in the share capital of the company were as follows:-

	At 30 September 1998 £1 ordinary shares	At 1 October 1997 £1 ordinary shares
P A Cragg (resigned 29.6.98)	-	-
I Koumi (" ")	-	-
S R Murrell(" ")	-	-
W A Jury (appointed 29.6.98)	4,273,400	-
J F Jury (" ")	-	-

Share capital

The capital of the company was increased in the year by £18,300 by way of issue of 18,300 ordinary shares.

HARROW VILLAGE DEVELOPMENTS LIMITED

Directors' Report for the year ended 30 September 1998

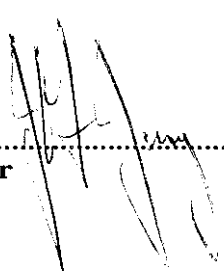
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Auditors

The auditors, Peter Holden & Partners, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on *1st September 1999* and signed on its behalf.

.....
J F Jury - Director



HARROW VILLAGE DEVELOPMENTS LIMITED

Auditors' Report to the Shareholders of Harrow Village Developments Limited

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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.

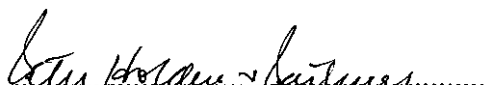
Basis of opinion

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 September 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Peter Holden & Partners
Chartered Accountants
Registered Auditors
38a Station Road
North Harrow
Middlesex
HA2 7SE

Dated: 1st September 1999.

HARROW VILLAGE DEVELOPMENTS LIMITED

Profit and Loss Account for the year ended 30 September 1998

	Notes	1998 £	1997 £
Turnover		-	-
Cost of sales		-	574
Gross loss		-	(574)
Administrative expenses		2,619	9,879
Loss on ordinary activities before taxation	2	(2,619)	(10,453)
Taxation		-	-
Retained loss for the year		(2,619)	(10,453)
Retained loss brought forward		(4,265,717)	(4,255,264)
Retained loss carried forward		(4,268,336)	(4,265,717)


The notes on pages 6 and 7 form part of these financial statements.

HARROW VILLAGE DEVELOPMENTS LIMITED

Balance Sheet as at 30 September 1998

	Notes	£	1998	£	£	1997	£
Current assets							
Debtors	4	2,410			3,653		
Cash at bank		4,349			-		
		<u>6,759</u>			<u>3,653</u>		
Creditors: amounts falling due within one year	5	<u>1,695</u>			<u>14,270</u>		
Net current assets/(liabilities)			5,064			(10,617)	
			<u>5,064</u>			<u>(10,617)</u>	
			=====			=====	
Capital and reserves							
Called up share capital	6		4,273,400			4,255,100	
Profit and loss account - (adverse)			<u>(4,268,336)</u>			<u>(4,265,717)</u>	
Shareholders' funds			<u>5,064</u>			<u>(10,617)</u>	
			=====			=====	

The financial statements were approved by the board on 1st September 1999 and signed on its behalf.



W A Jury - Director

HARROW VILLAGE DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 30 September 1998

1. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

2. Operating loss

The operating loss is stated after charging:

	1998 £	1997 £
Auditors' remuneration - audit work	360	360
- non-audit services	205	97
	=====	=====

3. Directors' emoluments

None of the directors received any emoluments during the year (1997 - Nil).

4. Debtors

	1998 £	1997 £
Due within one year		
Other debtors	2,410	3,653
	=====	=====

5. Creditors: amounts falling due within one year

	1998 £	1997 £
Trade creditors	940	-
Amounts owed to group undertakings	-	13,910
Accruals and deferred income	755	360
	-----	-----
	1,695	14,270
	=====	=====

HARROW VILLAGE DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 30 September 1998

6. Share capital

	1998 £	1997 £
Authorised		
Ordinary shares of £1 each	4,305,100 =====	4,255,100 =====
Allotted, called up and fully paid		
Ordinary shares of £1 each	4,273,400 =====	4,255,100 =====
New share capital subscribed included above:		
18,300 ordinary shares of £1 each	18,300 =====	- =====

7. Reconciliation of movement in shareholders' funds

	1998 £	1997 £
Loss for the year	(2,619)	(10,453)
Shareholders' funds at 30 September 1997	(10,617) -----	(164) -----
	(13,236)	(10,617)
New share capital subscribed	18,300 -----	- -----
Shareholders' funds at 30 September 1998	5,064 =====	(10,617) =====

8. Related party transaction

During the year the company made a loan to Archway Homes Ltd, an associated company. The amount outstanding at the year end was £2,148.