

REPORT OF THE DIRECTORS

The Directors present their report and financial statements for the year ended 31st December 1998.

DIRECTORS

The Directors who held office during the year were:

B D Schreier
G Schreier (deceased 12 February 1998)
E Lewis

PRINCIPAL ACTIVITY

The Company traded as a property investment company during the year.

DIRECTORS' INTERESTS

None of the Directors had any interest in the share capital of the Company at the beginning and end of the year. Their interests in the share capital of the ultimate parent company are shown in the Directors' report of that Company.

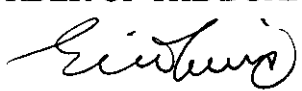
DIVIDEND

The Directors do not recommend the payment of a dividend.

AUDITORS

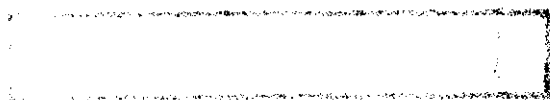
Blick Rothenberg have expressed their willingness to continue in office as auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD


ERIC LEWIS
Director

13th July 1999





MILERUN LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS Year ended 31st December 1998

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 its profit or loss for that year. 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 disclosed and explained in the financial statements;
- 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. The Directors 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
MILERUN LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, 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 financial 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 statement of the company's affairs at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BLICK ROTHENBERG
Chartered Accountants
Registered Auditor

26 July 1999
12 York Gate
Regent's Park
London
NW1 4QS

MILERUN LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31st December 1998

	Note	Year ended 31.12.98 £	Year ended 31.12.97 £
TURNOVER	2	16,191	4,067
NET OPERATING EXPENSES	3	4,353	5,852
		—	—
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		11,838	(1,785)
LOSS ON SALE OF PROPERTY		(94,121)	-
TAX ON PROFIT ON ORDINARY ACTIVITIES	4	(419)	-
		—	—
LOSS FOR THE YEAR		(82,702)	(1,785)
		—	—

MILERUN LIMITED

BALANCE SHEET
as at 31st December 1998

		<u>1998</u>		<u>1997</u>	
	Note	£	£	£	£
FIXED ASSETS	5		135,910		639,210
CURRENT ASSETS					
Debtors	6	241,353		13,642	
Cash at Bank		169		825	
		<u>241,522</u>		<u>14,467</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	7				
		<u>2,400</u>		<u>195,943</u>	
NET CURRENT ASSETS			<u>239,122</u>		<u>(181,476)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>375,032</u>		<u>457,734</u>
CAPITAL AND RESERVES - EQUITY INTERESTS					
Called up share capital	8		2		2
Profit and loss account			375,030		457,732
			<u>375,032</u>		<u>457,734</u>



Eric Lewis
DIRECTOR

Approved by the Board on 13th July 1999

MILERUN LIMITED
for the year ended 31st December 1998

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year ended 31.12.98 £	Year ended 31.12.97 £
Loss for the year	<u>(82,702)</u>	<u>(1,785)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There were no material differences between the reported profit on ordinary activities before taxation and the historical cost profit for the year. Similarly, there were no such adjustments in respect of 1997.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31.12.98 £	Year ended 31.12.97 £
Loss for the year	(82,702)	(1,785)
Opening shareholders' funds	457,734	459,519
	<hr/>	<hr/>
Closing shareholders' funds	375,032	457,734
	<hr/>	<hr/>

MILERUN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1998

1. **ACCOUNTING POLICIES**

(a) **Basis of preparation**

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

(b) **Deferred taxation**

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is expected that taxation will be payable.

(c) **Investment properties**

Investment properties are stated at cost and not at market value as required by Statement of Standard Accounting Practice No. 19 as the Directors consider that the cost of revaluation would be of no benefits to members.

(d) **Depreciation**

Depreciation of freehold buildings is provided on a straight line basis at the rate of 2% per annum.

2. **Turnover**

Turnover represents the Company's share of rent receivable in the United Kingdom during the year.

3. **NET OPERATING EXPENSES**

	1998 £	1997 £
Property outgoings	4,501	5,852
LESS: Interest received	148	-
	<u>4,353</u>	<u>5,852</u>

4. **TAX ON PROFIT ON ORDINARY ACTIVITIES**

Corporation tax for the year at a rate of 31%	419	-
	<u> </u>	<u> </u>

MILERUN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

5. **FIXED ASSETS**

Freehold land and buildings £

COST

Balance brought forward	645,010
Disposals	<u>500,400</u>
Balance carried forward	<u>144,610</u>

DEPRECIATION

Balance brought forward	5,800
Charge for year	<u>2,900</u>
Balance carried forward	<u>8,700</u>

Net book value - 31st December 1998	<u>135,910</u>
Net book value - 31st December 1997	<u>639,210</u>

1998	1997
£	£

6. **DEBTORS - Amounts falling due within one year**

Amounts recoverable	5,160	13,642
Amounts owed by parent undertaking	<u>236,193</u>	-
	<u>241,353</u>	<u>13,642</u>

7. **CREDITORS - Amounts falling due within one year**

Corporation tax	-	1,909
Deposits	2,400	2,900
Amount owed to parent undertaking	-	191,134
	<u>2,400</u>	<u>195,943</u>

8. **CALLED UP SHARE CAPITAL**

Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
2 Ordinary £1 shares	<u>2</u>	<u>2</u>

9. **CONTROL**

The parent undertaking of the only group of undertakings for which Group financial statements are drawn up and of which the company is a member is CP Holdings Limited, incorporated in England. Copies of these group accounts are available to the public from Companies House, Crown Way, Cardiff CF4 3UZ.

The Directors regard CP Holdings Limited as the ultimate parent company and B D Schreier as the ultimate controlling party.

MILERUN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1998

10. **RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption under FRS8 not to disclose transactions with Group companies.