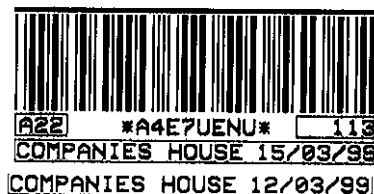


NC (RES) LIMITED 03103400
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1998



Saffery Champness
CHARTERED ACCOUNTANTS

NC (RES) LIMITED

CONTENTS

Page

1	Company Information
2 - 3	Directors' Report
4	Auditors' Report
5	Profit and Loss Account and Statement of Total Recognised Gains and Losses
6	Balance Sheet
7 - 9	Notes to the Financial Statements

COMPANY INFORMATION

DIRECTORS

R E Gibson
A J Gordon
E H Ross

SECRETARIES

Park Circus (Secretaries) Ltd

REGISTERED OFFICE

1 Portland Place
London
W1N 3AA

AUDITORS

Saffery Champness
40 Melville Street
Edinburgh
EH3 7TW

BANKERS

The Royal Bank of Scotland Plc
7 Burlington Gardens
London
W1A 3DD

Anglo Irish Bank Corporation plc
55 Gracechurch Street
London
EC3V 0EE

REGISTERED NUMBER

3103400

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 1998.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit and 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.

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision and letting of residential property.

RESULTS AND DIVIDENDS

The loss for the year amounts to £131,727 (1997 £315,566 loss) after taxation and is dealt with as shown in the profit and loss account. The directors propose that no dividend be paid.

DIRECTORS

The directors who served during the year were as follows:

M J Chicken	(Resigned 12 December 1997)
R E Gibson	(Appointed 12 December 1997)
T M Ginn	(Resigned 30 March 1998)
A J Gordon	
E H Ross	

None of the directors had any interest in the share capital of the company during the year.

DIRECTORS' REPORT (continued)

AUDITORS

Saffery Champness have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the General Meeting.

SMALL COMPANIES

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

By order of the Board



.....
PARK CIRCUS (SECRETARIES) LTD
Secretaries

15 December, 1998

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of the 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 state of affairs of the company as at 31 May 1998 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities.



Chartered Accountants
Registered Auditors

40 Melville Street
Edinburgh
EH3 7TW

17 December, 1998

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 1998

		1998	1997
	Notes		
TURNOVER	2	436,819	395,841
Cost of Sales		(166,543)	(192,184)
GROSS PROFIT		270,276	203,657
Administration expenses		(181,053)	(267,070)
OPERATING PROFIT/(LOSS)		89,223	(63,413)
Interest receivable		10,235	5,358
Interest payable	4	(231,185)	(257,511)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(131,727)	(315,566)
Taxation	5	-	-
LOSS FOR THE YEAR	11	<u>£(131,727)</u>	<u>£(315,566)</u>
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Loss for the year		(131,727)	(315,566)
Unrealised surplus on revaluation of properties		39,627	164,075
Total recognised gains and losses relating to the year		<u>£(92,100)</u>	<u>£(151,491)</u>

The notes on pages 7 to 9 form part of these financial statements.

BALANCE SHEET
AT 31 MAY 1998

	Notes	1998	1997
FIXED ASSETS			
Tangible assets	6	4,740,687	5,386,912
CURRENT ASSETS			
Debtors	7	52,237	145,589
Cash at bank and in hand		<u>340,725</u>	<u>171,966</u>
		392,962	317,555
CREDITORS:			
Amounts falling due within one year	8	<u>(3,220,049)</u>	<u>(3,294,944)</u>
NET CURRENT LIABILITIES		(2,827,087)	(2,977,389)
CREDITORS:			
Amounts falling due in more than one year	9	<u>(2,170,390)</u>	<u>(2,574,213)</u>
		<u>£(256,790)</u>	<u>£(164,690)</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account	11	(490,894)	(359,167)
Revaluation reserve	12	<u>234,102</u>	<u>194,475</u>
SHAREHOLDERS FUNDS - EQUITY	13	<u>£(256,790)</u>	<u>£(164,690)</u>

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

Approved by the Board of Directors on *15 December*, 1998.



.....
R E GIBSON
Director

The notes on pages 7 to 9 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1998

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention (modified for the valuation of properties), and in accordance with applicable accounting standards.

TANGIBLE FIXED ASSETS

Properties are revalued by directors in conjunction with external professional valuers, on the basis of open market value with vacant possession. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost is expected to be permanent, in which case it is recognised in the profit and loss account for the year. Cost of properties comprises direct costs and attributable overheads incurred until the property is occupied, including any costs of finance utilised.

TURNOVER

Letting income is accounted for on an accruals basis.

DEFERRED TAXATION

Provision is made, using the liability method, for taxation in respect of items where there is a timing difference between their treatment for accounts and taxation purposes if it is probable that a material tax liability or asset will crystallise in the foreseeable future.

2. TURNOVER

Turnover comprises primarily amounts receivable from letting activities for the period, wholly within the United Kingdom.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging/(crediting):-

	1998	1997
Director's remuneration	-	-
Loss on disposal of properties	<u>£19,818</u>	<u>£58,357</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 1998

4.	INTEREST PAYABLE	1998	1997
	Repayable within 5 years, not by instalments:		
	Bank loan interest	<u>£231,185</u>	<u>£257,511</u>

5. TAXATION

There is no tax charge based on the result for the year.

6. TANGIBLE FIXED ASSETS

	Freehold Properties	Leasehold Properties	Fixtures and Fittings	Total
COST/REVALUATION				
31 May 1997	5,356,500	9,500	47,843	5,413,843
Disposals	(664,940)	-	-	(664,940)
Revaluation of property	39,627	-	-	39,627
31 May 1998	<u>4,731,187</u>	<u>9,500</u>	<u>47,843</u>	<u>4,788,530</u>
DEPRECIATION				
31 May 1997	-	-	26,931	26,931
Charge for the year	-	-	20,912	20,912
31 May 1998	<u>-</u>	<u>-</u>	<u>47,843</u>	<u>47,843</u>
NET BOOK VALUE				
31 May 1998	<u>£4,731,187</u>	<u>£9,500</u>	<u>-</u>	<u>£4,740,687</u>
31 May 1997	<u>£5,356,500</u>	<u>£9,500</u>	<u>£20,912</u>	<u>£5,386,912</u>

The freehold properties have been valued at 31 May 1998 on the basis of open market value with vacant possession by various independent, qualified property valuers.

7.	DEBTORS	1998	1997
	Amounts owed by group undertakings	5,000	5,000
	Other debtors	12,376	111,046
	Prepayments & accrued income	<u>34,861</u>	<u>29,543</u>
		<u>£52,237</u>	<u>£145,589</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 1998

8.	CREDITORS: amounts falling due within one year	1998	1997
	Bank overdraft	-	9,453
	Amounts due to Group undertakings	3,175,602	3,255,276
	Other creditors	256	334
	Accruals & deferred income	44,191	29,881
		<u>£3,220,049</u>	<u>£3,294,944</u>
9.	CREDITORS: amounts falling due in more than one year		
	Bank loan	<u>£2,170,390</u>	<u>£2,574,213</u>
	The bank loan and bank overdraft is secured by the shares and property assets of the company. The loan is not repayable within one year provided the loan terms and conditions are fully adhered to.		
10.	CALLED UP SHARE CAPITAL - EQUITY	1998	1997
	Authorised:		
	100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
	Allotted, called up and fully paid:		
	2 ordinary shares of £1 each	<u>£2</u>	<u>£2</u>
11.	PROFIT AND LOSS ACCOUNT		
	1 June 1997	(359,167)	(43,601)
	Retained loss for the year	(131,727)	(315,566)
	31 May 1998	<u>£(490,894)</u>	<u>£(359,167)</u>
12.	REVALUATION RESERVE		
	1 June 1997	194,475	30,400
	Revaluation during year	39,627	164,075
	31 May 1998	<u>£234,102</u>	<u>£194,475</u>
13.	RECONCILIATION OF SHAREHOLDERS' FUNDS		
	Loss for the financial year	(131,727)	(315,566)
	Revaluation of property	39,627	164,075
	Net addition to shareholders' funds	(92,100)	(151,491)
	Opening shareholders' funds	(164,690)	(13,199)
	Closing shareholders' funds	<u>£(256,790)</u>	<u>£(164,690)</u>
14.	CAPITAL COMMITMENTS		

The company had no capital commitments at 31 May 1998.