

DIRECTORS REPORT

The director submits his report and the accounts for the period since incorporation on 4th October 1996 to 31st December 1997.

PRINCIPAL ACTIVITIES

The principal activity is that of the management and maintenance of certain of the communal areas of Chaucer Business Park, Watery Lane, Kemings, Sevenoaks, Kent.

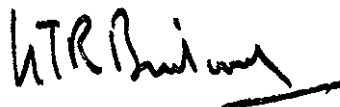
DIRECTORS AND THEIR INTERESTS

The directors who served during the period and their interests, including those of their wives and infant children in the share capital of the company were as follows:

	<u>31st December 1997</u>	<u>On Appointment</u>
Severnside Nominees Limited (resigned 15th October 1996)	- *	-
D R Workman (appointed 15th October 1996)	-	-

\* at date of resignation

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

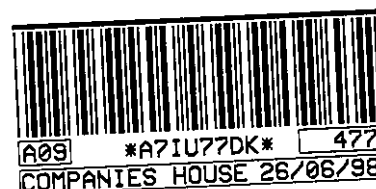


By Order of the Board

G T R BIRDWOOD

Secretary

27th May 1998



PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER 1997

	<u>£</u>
<u>TURNOVER</u>	41,798
Cost of Sales - Property maintenance expenditure	(40,811)
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<u>GROSS PROFIT</u>	987
Administrative Expenses	(995)
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<u>OPERATING (LOSS)</u>	(8)
Interest receivable	11
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<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	3
TAXATION:	
UK Corporation Tax on interest income	(3)
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BALANCE SHEET AS AT 31ST DECEMBER 1997

	<u>£</u>
<u>CURRENT ASSETS</u>	
Stock	756
Debtors - Trade	69,212
- Other	1,617
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	71,585
Cash at Bank	2,538
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	74,123
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<u>CREDITORS: Amounts falling due</u> within one year	
Trade creditors	14,224
Taxation & Social Security - VAT	7,599
Other creditors	4,500
Accruals and deferred income	47,798
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	74,121
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<u>NET CURRENT ASSETS</u>	2
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<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>	2
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<u>CAPITAL AND RESERVES</u>	
Called Up Share Capital (Note 1)	2
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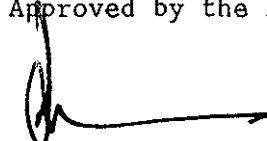
These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Small Entities.

The directors are satisfied that the company is entitled to exemption under Section 249A(1) of the Companies Act 1985 and that no member or members have requested an audit pursuant to Section 249B(2) of the Act.

The directors acknowledge their responsibilities for: .

- (i) ensuring that the company keeps proper accounting records which comply with Section 221 of the Companies Act 1985; 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 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

Approved by the Board on 27th May 1998



D R WORKMAN

DIRECTORS RESPONSIBILITIES AND ACCOUNTING POLICIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In respect of preparation of the financial statements:

The directors are required by company law 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.

ACCOUNTING POLICIES

Accounting Convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents service charge contributions excluding VAT which equate to expenditure incurred.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31ST DECEMBER 19971. SHARE CAPITAL

Authorised:

2 Founders Shares of £1 each	2
998 Ordinary Shares of £1 each	998
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	1,000
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Allotted, Issued and Fully Paid:

2 Founders Shares of £1 each	2
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The two Founders Shares were issued on 24th October 1996 at par for cash.

2. RELATED PARTY TRANSACTIONS

The sole director D R Workman is a partner in Workman & Partners who have provided property management services to the company during the period. A fee of £4,605 was charged for these services which was owing at the period end and is included in trade creditors.

Characin Developments (Chaucer) Limited a company controlled by S A Bland the company's controlling shareholder is the developer and part occupier of the properties managed by the company. As a consequence it contributes £6,417 of the turnover and at the year end owed £15,401 (including 1998 interim service charge) which is included in trade debtors.

3. CONTROL

Throughout the period from 24th October 1996 the company was controlled by S A Bland.