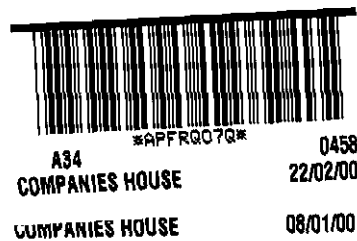


TANKERTON GRAND PAVILION (1998) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 1999



TANKERTON GRAND PAVILION (1998) LIMITED

COMPANY INFORMATION

Directors	R Gough Miss V G Pelosi
Secretary	Mrs M V Wren
Company Number	3613219
Registered Office	212 Tankerton Road Whitstable Kent CT5 2AU
Auditors	Opass Billings Wilson & Honey Numeric House 98 Station Road Sidcup Kent DA15 7BY
Solicitors	Furley Page Fielding & Barton 212 Tankerton Road Whitstable Kent CT5 2AU
Bankers	Barclays Bank plc 130 Tankerton Road Tankerton Kent CT5 2AN

TANKERTON GRAND PAVILION (1998) LIMITED

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TANKERTON GRAND PAVILION (1998) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST AUGUST 1999

The directors present their report together with the audited financial statements for the period ended 31st August 1999.

Principal Activities

The Company was incorporated on the 11 August 1998. During the period, the company's principal activity was that of the management of Tankerton Grand Pavilion.

Directors

The directors who served during the period and their beneficial interests in the company's issued share capital were:

	31st August 1999
R Gough	1
Miss V G Pelosi	1

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the company's affairs and of the profit or loss for that period. In preparing these 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 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.

TANKERTON GRAND PAVILION (1998) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST AUGUST 1999

Auditors

A resolution to reappoint Opass Billings Wilson & Honey Chartered Certified Accountants as auditors will be put to the members at the Annual General Meeting.

Small company exemptions

The report of the Directors' has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved by the board on 27th NOVEMBER 1999,



R Gough,
Director

AUDITORS' REPORT TO THE

SHAREHOLDERS OF TANKERTON GRAND PAVILION (1998) 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 the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

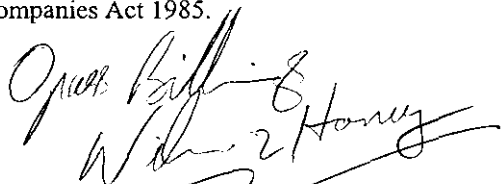
Basis of Opinion

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 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 the 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 31st August 1999 and of its surplus for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Opas Billings-Wilson & Honey
Registered Auditors

Numeric House
98 Station Road
Sidcup
Kent

DA15 7BY

Dated: 27th November 1999

TANKERTON GRAND PAVILION (1998) LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD 1ST JANUARY 0 TO 31ST AUGUST 1999

	Notes	1999
		£
Income		8,240
Administrative Expenses		2,437
Operating Surplus		5,803
Interest Receivable		43
Surplus on Ordinary Activities before Taxation		5,846
Tax on profit on investing activities		9
Surplus for the Financial Period		5,837

TANKERTON GRAND PAVILION (1998) LIMITED

BALANCE SHEET

AS AT 31ST AUGUST 1999

	Notes	£	1999 £
Fixed Assets			
Tangible assets	2		24,037
Current Assets			
Cash at bank and in hand		4,401	
		<u>4,401</u>	
Creditors: Amounts Falling Due Within One Year	3	<u>3,585</u>	
Net Current Assets			<u>816</u>
Total Assets Less Current Liabilities			<u>24,853</u>
Creditors: Amounts Falling Due After More Than One Year	4		<u>19,000</u>
			<u>5,853</u>
Capital and Reserves			
Share capital	5		16
Income and Expenditure account			<u>5,837</u>
Shareholders' Funds			<u>5,853</u>

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

These financial statements were approved by the board on 27th NOVEMBER 1999


R Gough
Director

TANKERTON GRAND PAVILION (1998) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST AUGUST 1999

1 Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

Turnover

Turnover is the total amount receivable by the company for management fees and ground rents.

2 Tangible Fixed Assets

	Freehold Land and Buildings	Total
Cost	£	£
Additions	24,037	24,037
At 31st August 1999	24,037	24,037
Net Book Value		
At 31st August 1999	24,037	24,037

The above represents the cost of acquisition including legal fees of the freehold interest in the Grand Pavilion, Marine Parade, Tankerton.

3	Creditors: Amounts Falling Due Within One Year	1999
		£
	Residents loans	2,000
	Corporation tax	9
	Residents loans - contributions to legal fees	1,400
	Accruals and deferred income	176
		3,585

4	Creditors: Amounts Falling Due After One Year	1999
		£
	Residents Loans	19,000

The loans due are due to the residents. Each of the sixteen residents has loaned the Company £1437.50. The loans are subject to a loan note agreement whereby the loans are to be repaid by the Company at a rate of £125 per year per resident being the ground rent due under the residents leases. The Company waives its annual rental entitlement as a means of discharging its repayment obligation to each resident.

TANKERTON GRAND PAVILION (1998) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST AUGUST 1999

5	Share Capital	1999
		£
	Authorised	
	16 Ordinary shares of £1.00 each	16
		<hr/>
	Allotted	
	16 Allotted, called up and fully paid ordinary shares of £1.00 each	16
		<hr/>

TANKERTON GRAND PAVILION (1998) LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD TO 31ST AUGUST 1999

		1999
	£	£
Income		
Management charges receivable		6,240
Ground rents receivable		2,000
		<u>8,240</u>
Interest Receivable		
Bank deposit interest	43	
		<u>43</u>
		8,283
Less Expenditure		
Light and heat	83	
Telephone	17	
Printing, postage and stationery	37	
Insurance	906	
Company formation costs	248	
Audit fee	176	
Repairs and renewals	386	
Cleaning and gardening	465	
General expenses	119	
		<u>2,437</u>
Net Surplus for the Period		<u><u>5,846</u></u>