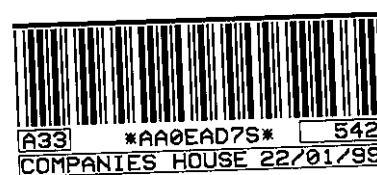


KNIGHT & CO (SERVICES) LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1998**

COMPANY NUMBER 617618



KNIGHT & CO (SERVICES) LIMITED

DIRECTORS AND REGISTERED OFFICE

Directors: John Whittaker (Chairman)
Robert E. Hough LL.B
Peter A. Scott FCCA
Paul P. Wainscott ACIS

Secretary: Paul P. Wainscott ACIS

**Registered
Office:** Quay West
Trafford Wharf Road
Manchester
M17 1PL

**Registered
Number:** 617618

KNIGHT & CO (SERVICES) LIMITED

DIRECTORS REPORT

for the year ended 31st March 1998

The directors submit their report together with the financial statements for the year ended 31st March 1998.

Activities and Business Prospects

The company has remained dormant throughout the financial year. The directors expect the company to remain dormant for the foreseeable future.

Directors and their Interests in Shares

The directors who held office during the financial year were:

J. Whittaker
R.E. Hough
P.A. Scott
P.P. Wainscott

None of the above directors held any interests in shares of the company during the financial year.

The above directors are directors of the intermediate holding company, Peel Holdings p.l.c., in whose accounts their beneficial interests in shares of that company, companies within the Peel Holdings p.l.c. group and the ultimate holding company, Tokenhouse Holdings Limited, are disclosed.

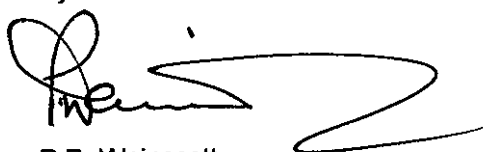
Directors' Responsibilities

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 anytime 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.

By order of the Board



P.P. Wainscott

30th June 1998

KNIGHT & CO (SERVICES) LIMITED

BALANCE SHEET

as at 31st March 1998

	Note	1998 £	1997 £
Current liabilities			
Amount owed to group undertaking		(1,752,402)	(1,752,402)
Financed by Capital and Reserves			
Called up share capital	4	50,000	50,000
Profit and loss account		(1,802,402)	(1,802,402)
Shareholders funds		(1,752,402)	(1,752,402)

Shareholders' funds comprise amounts attributable to equity interests.

The company is dormant, and pursuant to Section 250 of the Companies Act 1985 it was resolved that the company should not produce audited financial statements.

Approved by the board of directors on 30th June 1998.

P.A. Scott



Director

The statement of accounting policies and the notes on pages 4 and 5 form an integral part of these financial statements.

KNIGHT & CO (SERVICES) LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31st March 1998

1. Accounting Policies

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with Section 226 and Schedule 4 of the Companies Act 1985.

Going Concern

The intermediate holding company, Peel Holdings p.l.c., has confirmed it will continue to give financial support.

Compliance with Accounting Standards

The financial statements have been prepared in accordance with applicable accounting standards.

As the company has remained dormant throughout the financial year there has been no profits and losses or other gains and losses during the year. Consequently, a Statement of Total Recognised Gains and Losses, Notes of Historical Cost Profits and Losses and a Reconciliation of Movements in Shareholders' Funds as required by Financial Reporting Standard No.3 are not applicable and have not been included within the Financial Statements.

Cash Flow Statement

The financial statements do not include a cash flow statement as the company is a wholly owned subsidiary undertaking of the Peel Holdings p.l.c. group of companies.

Peel Holdings p.l.c. is a company incorporated and registered in England which produces group financial statements in accordance with the Companies Act 1985, which include a consolidated group cash flow statement.

2. Profit and Loss Account

The company has remained dormant throughout the financial year. Consequently, the company has no profit and loss account.

3. Particulars of Staff and Directors' Emoluments

The company has no employees other than the directors. No directors received any emoluments for their services to the company in the year (1997: £Nil).

4. Called up Share Capital

	1998	1997
	£	£
Authorised, Allotted and Fully Paid:		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

KNIGHT & CO (SERVICES) LIMITED

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 1998

5. Ultimate Holding Company

The ultimate holding company is Tokenhouse Holdings Limited, a company incorporated in Guernsey.

The largest group of undertakings, of which the company is a member, that prepares group accounts is headed by Peel Holdings p.l.c. a company registered in England. Its group accounts are available from the Company Secretary at Quay West, Trafford Wharf Road, Manchester M17 1PL.

The smallest group of undertakings, of which the company is a member, that prepares group accounts is headed by Peel South East Limited a company registered in England. Its group accounts are available from the Company Secretary at Quay West, Trafford Wharf Road, Manchester M17 1PL.
