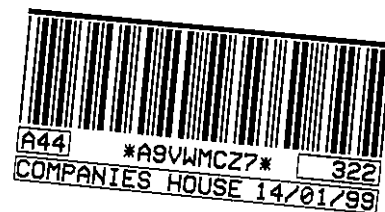


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Company Registration No. 806387 (England and Wales)

DELGROVE PROPERTIES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998



DELGROVE PROPERTIES LIMITED

COMPANY INFORMATION

Directors

David Graham
Mrs Freda Graham
Antony Laurence Graham
Jeffrey Graham

Secretary

Jeffrey Graham

Company number

806387

Registered office

7/10 Chandos Street
Cavendish Square
London
W1M 9DE

Auditors

Simmons Gainsford
7/10 Chandos Street
Cavendish Square
London
W1M 9DE

DELGROVE PROPERTIES LIMITED

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DELGROVE PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1998

The directors present their report and financial statements for the year ended 31 March 1998.

Principal activities and review of the business

The principal activity of the company during the financial year has been that of Property Investment.

The Directors are satisfied with the results for the year.

Results and dividends

The results for the year are set out on page 4.

Market value of land and buildings

The directors are of the opinion that the market value of freehold investment property is in excess of the book value.

Directors

The following directors have held office since 1 April 1997:

David Graham
Mrs Freda Graham
Antony Laurence Graham
Jeffrey Graham

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary Shares of £1 each	
	31 March 1998	1 April 1997
Mrs Freda Graham	99	99
Antony Laurence Graham	-	-
David Graham	1	1
Jeffrey Graham	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford be reappointed as auditors of the company will be put to the Annual General Meeting.

DELGROVE PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1998

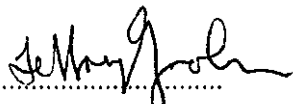
Directors' responsibilities

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;
- 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.

By order of the board



Jeffrey Graham
Director

DELGROVE PROPERTIES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF DELGROVE PROPERTIES LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 6.

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 statements and to report our opinion to you.

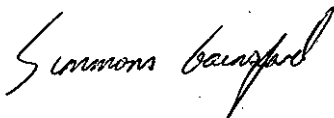
Basis of opinion

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 the company's affairs as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Simmons Gainsford

12/1/98

Chartered Accountants
Registered Auditor

7/10 Chandos Street
Cavendish Square
London
W1M 9DE

DELGROVE PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1998

	Notes	1998 £	1997 £
Turnover	2	17,926	16,827
Administrative expenses		(5,631)	(2,363)
Operating profit	3	12,295	14,464
Other interest receivable and similar income	4	465	359
Interest payable and similar charges	5	(53)	-
Profit on ordinary activities before taxation		12,707	14,823
Tax on profit on ordinary activities	6	(2,647)	(3,600)
Profit on ordinary activities after taxation		10,060	11,223
Dividends	7	-	(7,400)
Retained profit for the year	14	10,060	3,823

The profit and loss account has been prepared on the basis that all operations are continuing operations.

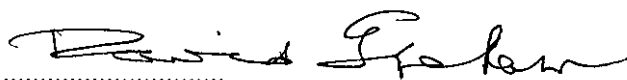
There are no recognised gains and losses other than those passing through the profit and loss account.

DELGROVE PROPERTIES LIMITED

BALANCE SHEET AS AT 31 MARCH 1998

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	8 and 9		135,124		135,694
Current assets					
Debtors	10	179		-	
Cash at bank and in hand		27,134		15,360	
		<u>27,313</u>		<u>15,360</u>	
Creditors: amounts falling due within one year	11	(6,182)		(4,861)	
Net current assets			21,131		10,499
Total assets less current liabilities			<u>156,255</u>		<u>146,193</u>
Capital and reserves					
Called up share capital	13		100		100
Revaluation reserve	14		122,232		122,232
Profit and loss account	14		33,923		23,861
Shareholders' funds - equity interests	15		<u>156,255</u>		<u>146,193</u>

The financial statements were approved by the Board on



David Graham
Director

DELGROVE PROPERTIES LIMITED

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

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents rents receivable.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis.

Other tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Central Heating	10% Reducing balance
Fixtures, Fittings & Equipment	10% Reducing balance

No depreciation is provided in respect of freehold investment property in accordance with Statement of Standard Accounting Practice No.19.

1.4 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating profit	1998	1997
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	570	634
4	Other interest receivable and similar income	1998	1997
		£	£
	Bank interest	465	359

DELGROVE PROPERTIES LIMITED

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

5	Interest payable	1998	1997	
		£	£	
	On overdue tax	53	-	
6	Taxation	1998	1997	
		£	£	
	U.K. current year taxation			
	U.K. corporation tax at 21% (1997 - 24%)	2,695	3,600	
	Prior years			
	U.K. Corporation tax	(48)	-	
		2,647	3,600	
7	Dividends	1998	1997	
		£	£	
	Ordinary interim paid	-	7,400	
8	Tangible fixed assets			
		Central Heating	Fixtures, Fittings & Equipment	Total
		£	£	£
	Cost or valuation			
	At 1 April 1997 & at 31 March 1998	1,194	11,873	13,067
	Depreciation			
	At 1 April 1997	929	6,444	7,373
	Charge for the year	27	543	570
	At 31 March 1998	956	6,987	7,943
	Net book value			
	At 31 March 1998	238	4,886	5,124
	At 31 March 1997	265	5,429	5,694

DELGROVE PROPERTIES LIMITED

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

9 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 April 1997 & at 31 March 1998	130,000

The investment property was revalued as at 31st March 1996, on the basis of an open market valuation by the Directors of the company. The Directors of the company consider that the current open market value of the investment property has not altered significantly since this date. No depreciation is provided in respect of the investment property. The historical cost of the investment property is £7,768.

10 Debtors	1998 £	1997 £
Prepayments and accrued income	179	-

11 Creditors: amounts falling due within one year	1998 £	1997 £
Bank loans and overdrafts	-	4
Amounts owed to parent and fellow subsidiary undertakings	210	210
Corporation tax	2,695	1,750
Other taxes and social security costs	-	1,250
Directors' current accounts	160	130
Accruals and deferred income	3,117	1,517
	6,182	4,861

12 Provisions for liabilities and charges

Deferred tax is provided at 21% (1997 - 24%) analysed over the following timing differences:

	Not provided 1998 £	1997 £	Provided 1998 £	1997 £
Surplus on revaluation of land and buildings	25,668	27,648	-	-

DELGROVE PROPERTIES LIMITED

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

13 Share capital	1998 £	1997 £
Authorised		
100 Ordinary Shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary Shares of £1 each	100	100

14 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 April 1997	122,232	23,863
Retained profit for the year	-	10,060
Balance at 31 March 1998	122,232	33,923

15 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	10,060	11,223
Dividends	-	(7,400)
Net addition to shareholders' funds	10,060	3,823
Opening shareholders' funds	146,193	142,370
Closing shareholders' funds	156,255	146,193

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

1998 Number	1997 Number
4	4

DELGROVE PROPERTIES LIMITED

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

17 Control

The company is under the control of Mrs Freda Graham, a director of the company.