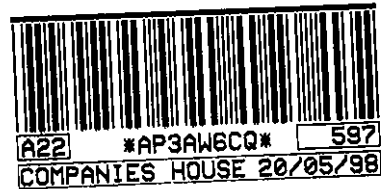


MOUNTBATTEN COURT MANAGEMENT LIMITED

COMPANY NUMBER: 2005607

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997



Bird Luckin

DIRECTORS' REPORT

The directors present their annual report and the unaudited financial statements of the company for the year ended 31 December 1997.

ACTIVITIES

The principal activity of the company is the management of flats.

DIRECTORS

The directors of the company during the year are shown below together with their interests in the company's shares at the year end.

	31 December 1997	1 January 1997 (or date of appointment)
WE Streeton - resigned 24.11.97	-	3
IB Wright	3	3
M Morris - appointed 14.07.07	3	-

SMALL COMPANY PROVISIONS

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

By order of the board

D Castell

D CASTELL
Secretary

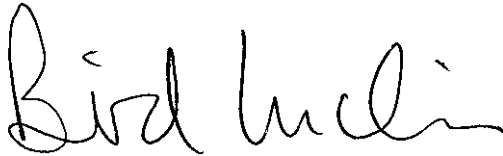
Date 11/5/98

ON THE UNAUDITED FINANCIAL STATEMENTS OF
MOUNTBATTEN COURT MANAGEMENT LIMITED

We have prepared, without carrying out an audit, the financial statements for the year ended 31 December 1997 set out on pages 3 to 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND ACCOUNTANT

As described on page 4, the company's directors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to assist the directors to prepare the financial statements from the company's accounting records.



BIRD LUCKIN
Chartered Accountants

20/22 Bocking End
Braintree
Essex
CM7 9AA

Date

14 May 1998

UNAUDITED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1997

	Note	£	1996 £
TURNOVER	2	11,487	10,240
Cost of sales		-	-
GROSS PROFIT		11,487	10,240
Administrative expenses		(12,104)	(14,160)
OPERATING LOSS		(617)	(3,920)
Interest receivable and similar income		5	5
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(612)	(3,915)
Tax on loss on ordinary activities		(1)	(1)
LOSS RETAINED	10	(613)	(3,916)

Movements in reserves are set out in note 10.

Turnover and operating loss derive from continuing operations.

Total gains recognised wholly comprise the loss for the current and preceding financial year as detailed above. A statement of total recognised gains and losses is therefore not required.

There is no difference between the figures stated above and their historical cost equivalent.

UNAUDITED BALANCE SHEET
31 DECEMBER 1997

	Note	£	£	1996 £	£
FIXED ASSETS					
Tangible assets	6		1		1,050
CURRENT ASSETS					
Debtors	7	1,020		1,322	
Cash at bank and in hand		3,122		3,294	
		<u>4,142</u>		<u>4,616</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(1,651)</u>		<u>(2,561)</u>	
NET CURRENT ASSETS			<u>2,491</u>		<u>2,055</u>
TOTAL ASSETS					
LESS CURRENT LIABILITIES			<u>2,492</u>		<u>3,105</u>
CAPITAL AND RESERVES					
Called up share capital	9		99		99
Profit and loss account	10		2,393		3,006
EQUITY SHAREHOLDERS' FUNDS			<u>2,492</u>		<u>3,105</u>

The directors confirm in accordance with section 249B(4) of the Companies Act 1985 that:-

1. for the year ended 31 December 1997 the company was entitled to exemption under section 249A(1) of the above Act from the requirement to have an audit;
2. no notice has been deposited under section 249B(2) of the above Act in relation to these financial statements;
3. they acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the above Act and preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its loss for the year then ended in accordance with the requirements of section 226 of the above Act and which otherwise comply with the requirements of the above Act relating to financial statements, so far as applicable to the company.

These financial statements were approved by the board on 11 May 1998

Directors:

IB WRIGHT

M MORRIS

IB Wright is required to retire from the board, and being eligible offers himself for re-election.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
31 DECEMBER 1997

1. ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

The financial statements are prepared in accordance with applicable accounting standards.

1.2 DEPRECIATION

Fixed assets are stated at cost or professional valuation less depreciation. Depreciation is calculated to write off fixed assets, less estimated residual value, over their estimated useful lives at the following annual rates:

property improvements	20% on straight line basis
-----------------------	----------------------------

2. TURNOVER

Turnover represents management charges.

The turnover originated in the United Kingdom.

	£	1996 £
3. EMPLOYEES		
3.1 The average monthly number of employees, including directors, during the year is made up as follows:	No	No.
Office and management	2	2
	<u>2</u>	<u>2</u>
4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		
After charging:		
Depreciation (note 6):		
Owned assets	1,049	1,049
	<u>1,049</u>	<u>1,049</u>

5. TAXATION

The company is a mutual organisation and is only liable to corporation tax on interest received.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
31 DECEMBER 1997

6. TANGIBLE FIXED ASSETS

		Freehold property improvements £
COST		
1 January 1997		
and 31 December 1997		5,246
DEPRECIATION		
1 January 1997		4,196
Charge		1,049
31 December 1997		5,245
NET BOOK AMOUNT		
31 DECEMBER 1997		1
31 DECEMBER 1996		1,050
		1996
	£	£

7. DEBTORS		
Trade debtors	1,020	1,322

There are no debtors falling due after more than one year.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Other creditors	1,599	2,521
Accruals and deferred income	52	40
	1,651	2,561

9. SHARE CAPITAL		
Authorised:		
99 (1996: 99)		
ordinary shares of £1 each	99	99

Allotted, called up and fully paid:

99 (1996: 99)		
ordinary shares of £1 each	99	99

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
31 DECEMBER 1997

	£	1996 £
10. PROFIT AND LOSS ACCOUNT		
1 January 1997	3,006	6,922
Loss for the year	(613)	(3,916)
31 December 1997	2,393	3,006
11. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS		
Loss for the financial year		
after taxation	(613)	(3,916)
Opening equity shareholders' funds	3,105	7,021
Closing equity shareholders' funds	2,492	3,105