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SHABU HOUSE MANAGEMENT LIMITED
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29TH SEPTEMBER 1998

MAURICE ANDREWS
Chartered Accountants
Grove House
25 Upper Mulgrave Road
Cheam
Surrey, SM2 7BE



SHABU HOUSE MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors submit their report with the audited financial statements of the company for the year ended 29th September 1998.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to have financial statements prepared 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 having those financial statements prepared, the directors are required to:-

- (a) Select suitable accounting policies and then apply them consistently.
- (b) Make judgements and estimates that are reasonable and prudent.
- (c) State whether the Financial Reporting Standard for Smaller Entities has been followed, subject to any material departure disclosed and explained in the financial statements.
- (d) Have the financial statements prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for having proper accounting records kept, 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.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of a tenant management company and was unchanged throughout the year.

DIRECTORS AND THEIR INTERESTS

The directors throughout the year and their beneficial interests in the issued ordinary share capital were:

	<u>Number of shares</u>
D.J. Cox	1
D.R. Saxon	1

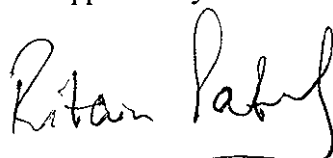
AUDITORS

Maurice Andrews have indicated their willingness to continue in office as auditors and, in accordance with the Companies Act 1985, a resolution dealing with their re-appointment will be put to the members at the next Annual General Meeting.

The directors' report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The directors' report was approved by the Board on 5th February 1999 and signed on its behalf by:

R. PATEL,
SECRETARY.



AUDITORS' REPORT

TO THE MEMBERS OF SHABU HOUSE MANAGEMENT LIMITED

We have audited the financial statements on pages 3 to 5 which have been prepared on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for having financial statements prepared. 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

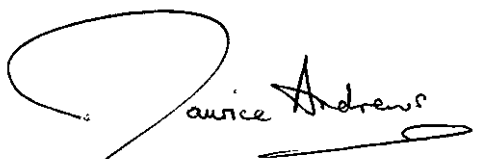
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 29th September 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grove House,
25 Upper Mulgrave Road,
Cheam,
Surrey, SM2 7BE.
5th February 1999


MAURICE ANDREWS
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

SHABU HOUSE MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 29TH SEPTEMBER 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
SERVICE CHARGES RECEIVABLE		5,280	5,280
General maintenance costs		<u>6,417</u>	<u>3,027</u>
		(1,137)	2,253
Administrative expenses		<u>1,448</u>	<u>1,328</u>
OPERATING LOSS (1997- PROFIT)	2	(2,585)	925
Interest received - bank deposit		<u>140</u>	<u>104</u>
		(2,445)	1,029
Taxation - re interest received		<u>30</u>	<u>12</u>
LOSS (1997-PROFIT) FOR THE FINANCIAL YEAR		(2,475)	1,017
Accumulated profits brought forward		<u>3,450</u>	<u>2,433</u>
ACCUMULATED PROFITS CARRIED FORWARD		<u>975</u>	<u>3,450</u>

SHABU HOUSE MANAGEMENT LIMITED**BALANCE SHEET****29TH SEPTEMBER 1998**

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
CURRENT ASSETS			
Debtors	3	1,158	840
Cash at bank		<u>1,290</u>	<u>3,650</u>
		2,448	4,490
CREDITORS: amounts falling due within one year	4	<u>1,233</u>	<u>800</u>
NET CURRENT ASSETS		<u>1,215</u>	<u>3,690</u>
CAPITAL AND RESERVES			
Called up share capital	5	240	240
Profit and loss account		<u>975</u>	<u>3,450</u>
SHAREHOLDERS' FUNDS		<u>1,215</u>	<u>3,690</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board of Directors
on 5th February 1999 and signed on its behalf by:-

D.J. Cox - Director



The notes on page 5 form part of the financial statements.

SHABU HOUSE MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29TH SEPTEMBER 1998

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

2. OPERATING LOSS (1997-PROFIT)

The operating loss (1997-profit) is stated after charging:-

	<u>1998</u>	<u>1997</u>
	£	£
Directors' emoluments	-	-
Auditors' remuneration	290	275
	<u> </u>	<u> </u>

3. DEBTORS

	<u>1998</u>	<u>1997</u>
	£	£
Due within one year -		
Sundry debtors and prepayments	258	458
Held by agents	900	382
	<u>1,158</u>	<u>840</u>

4. CREDITORS: amounts falling due within one year:

	<u>1998</u>	<u>1997</u>
	£	£
Corporation tax	30	23
Sundry creditors and accruals	1,203	777
	<u>1,233</u>	<u>800</u>

5. SHARE CAPITAL

			<u>1998</u>	<u>1997</u>
			£	£
Authorised				
Number	Class	Nominal Value		
12	Ordinary	£20	240	240
			<u> </u>	<u> </u>
Allotted and fully paid				
Number	Class	Nominal Value		
12	Ordinary	£20	240	240
			<u> </u>	<u> </u>

SHABU HOUSE MANAGEMENT LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 29TH SEPTEMBER 1998

	<u>1998</u>		<u>1997</u>	
	£	£	£	£
SERVICE CHARGES RECEIVABLE		5,280		5,280
GENERAL MAINTENANCE COSTS				
Cleaning and garden maintenance	2,624		2,200	
Repairs and renewals				
- redecoration	2,479		-	
- general	1,125		630	
Electricity	<u>189</u>		<u>197</u>	
		6,417		3,027
		(1,137)		2,253
ADMINISTRATIVE EXPENSES				
Company return expenses	132		109	
Share certificate expenses	23		-	
Audit fee	341		323	
Management fee	952		872	
Legal fees - re collection overdue service charges	<u>-</u>		<u>24</u>	
		1,448		1,328
OPERATING LOSS (1997-PROFIT)		(2,585)		925
Interest received - bank deposit		<u>140</u>		<u>104</u>
		(2,445)		1,029
Taxation - re interest received				
- current year	30		23	
- prior year adjustment	<u>-</u>		<u>(11)</u>	
		30		12
LOSS (1997-PROFIT) FOR THE FINANCIAL YEAR		<u>(2,475)</u>		<u>1,017</u>