

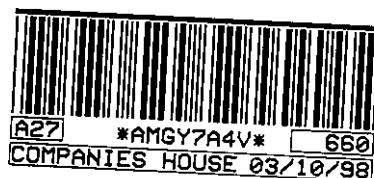
ERNTROL PROPERTY CO. LIMITED

Company No: 597053

FINANCIAL STATEMENTS

for the year ended

31 MARCH 1998



COHEN, ARNOLD & CO
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
LONDON W1X 2JP

ERNROL PROPERTY CO. LIMITED

DIRECTORS

Mr B S E Freshwater
Mr D Davis

SECRETARY

Mr C C Morse F.C.I.S.

REGISTERED OFFICE

13-17 New Burlington Place
Regent Street
LONDON W1X 2JP

AUDITORS

Cohen, Arnold & Co
13-17 New Burlington Place
Regent Street
LONDON W1X 2JP

ERNTROL PROPERTY CO. LIMITED
INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

Page

1 - 2	Directors' Report
3	Profit and Loss Account
4 - 5	Balance Sheet
6 - 9	Notes to the Financial Statements

ERNTROL PROPERTY CO. LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting their Annual Report together with the Financial Statements of the Company for the year ended 31 March 1998.

BUSINESS REVIEW

The principal activity of the Company is Property Trading which has remained unchanged during the year and no change is anticipated in the immediate future.

RESULTS AND DIVIDEND

The financial results of the Company's activities for the year ended 31 March 1998 are fully reflected in the attached Financial Statements together with the Notes thereon.

The Directors do not recommend the payment of a dividend for the year under review (1997:£Nil).

PROPERTIES

The Directors have carefully reviewed the Company's property trading portfolio and they are satisfied that each property has a value greater than the figure at which it is included in the Balance Sheet at 31 March 1998.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served throughout the year, and who are still in office, are Mr B S E Freshwater and Mr D Davis.

Throughout the year Mr B S E Freshwater held 4 Ordinary Shares in the Capital of the Company, the remainder of the Shares being held by members of his family and Trustees of a Family Settlement.

The Articles of Association do not require the Directors to retire by rotation.

The Directors do not have Service Contracts, nor did they receive any emoluments from the Company in the year under review.

Day to day management of the Company's properties is carried out by Highdorn Co. Limited and Freshwater Property Management Limited. Mr B S E Freshwater is a Director of both Companies and is also interested in the share capital of Highdorn Co. Limited. Mr B S E Freshwater and Mr D Davis are also Governors of the Parent Undertaking of Freshwater Property Management Limited but have no beneficial interest in either company.

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 its profit or loss for that period. In preparing the Financial Statements, the Directors are required to:

- i) select suitable accounting policies and apply them consistently
- ii) make judgements and estimates that are reasonable and prudent

ERNTROL PROPERTY CO. LIMITED

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES (Cont'd)

- iii) follow applicable accounting standards, subject to any material departures disclosed and explained in the Financial Statements
- iv) 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 maintaining 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.

YEAR 2000

The Company is in the process of assessing the impact of the Year 2000 issue on its reporting systems and operations. The Year 2000 issue arises because many computer systems and applications currently use 2-digit fields to designate a year. Consequently, certain data sensitive systems may therefore recognise the Year 2000 as 1900 or not at all, resulting in the applications not functioning or not operating correctly.

The Company's plans are well advanced to address the impact of the Year 2000 issue. Work has been completed on the core financial and business information systems and is progressing according to schedule in respect of other operational systems.

The Directors are satisfied that on-going reviews are appropriate to ensure that the Company's operations will not be adversely affected by the Year 2000 issue. It is envisaged that the financial costs of compliance are not significant to the Company.

TAXATION STATUS

So far as the Directors are aware, the Company is a "close company" within the meaning of the provisions of Section 414 Taxes Act, 1988.

AUDITORS

A resolution will be proposed at the Annual General Meeting that Messrs Cohen, Arnold & Co, Chartered Accountants, are to be reappointed Auditors of the Company and that their remuneration is to be determined by agreement with the Directors.

BY ORDER OF THE BOARD



.....
C. C. MORSE - SECRETARY

24 September 1998

HEAD OFFICE:

**Freshwater House
158/162 Shaftesbury Avenue
LONDON WC2H 8HR**

ERNTROL PROPERTY CO. LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1998

	Note	£	<u>1998</u>	£	£	<u>1997</u>	£
Rent and Charges Receivable	3	13,872			13,872		
Property Outgoings		(776)			(1,687)		
				13,096			12,185
Administrative Expenses	4		(2,127)			(2,369)	
OPERATING PROFIT			10,969			9,816	
Interest Payable	5		(2,697)			(2,070)	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			8,272			7,746	
Taxation	6		(2,564)			(2,556)	
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR			5,708			5,190	
Adverse Balance Brought Forward			(1,172,447)			(1,177,637)	
ADVERSE BALANCE CARRIED FORWARD			£(1,166,739)			£(1,172,447)	

None of the Company's activities was acquired or discontinued during the financial year nor in the previous year.

The Company has no recognised gains or losses other than those reflected in the above Profit and Loss Account for the financial year nor for the previous year.

The notes on pages 6 to 9 form part of these financial statements.

ERNTROL PROPERTY CO. LIMITED
BALANCE SHEET AS AT 31 MARCH 1998

	Note	<u>1998</u> £	<u>1997</u> £
CURRENT ASSETS			
Stocks - Property held for Trading	1.2, 7 & 11	4,369	4,369
Debtors	8	1,942	4,180
		<hr/>	<hr/>
		6,311	8,549
CREDITORS: Amounts falling due within one year			
	9	(1,173,040)	(1,180,986)
		<hr/>	<hr/>
NET LIABILITIES		£(1,166,729)	£(1,172,437)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up Share Capital	10	10	10
Profit and Loss Account - Adverse Balance		(1,166,739)	(1,172,447)
		<hr/>	<hr/>
		£(1,166,729)	£(1,172,437)
		<hr/>	<hr/>

The immediately following page forms an integral part of this Balance Sheet.

ERNTRON PROPERTY CO. LIMITED

BALANCE SHEET AS AT 31ST MARCH 1998

The Directors confirm that for the year ended 31 March 1998 the Company is entitled to exemption from audit under the provisions of Section 249A (1) Companies Act 1985 (the Act) and that no member or members have requested an audit pursuant to the provisions of Section 249B (2) of the Act.

The Directors acknowledge their responsibilities for ensuring that the Company maintains accounting records which comply with Section 221 of the Act and for preparing Accounts which give a true and fair view of the state of affairs of the Company at the end of its Financial Year and of its results for the Financial Year in accordance with the provisions of Section 226 of the Act and which otherwise comply with the requirements of the Act relating to Financial Statements.

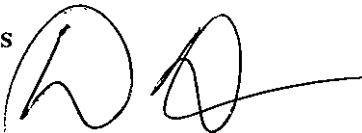
The Financial Statements were approved by the Board on 24 September 1998 and signed on its behalf by



B.S.E. Freshwater

Directors

D. Davis



The notes on pages 6 to 9 form part of these Financial Statements.

ERNTRON PROPERTY CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in the preparation of the Company's financial statements.

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

1.2 STOCKS

Stocks comprises Freehold Property held for Trading and is included in the financial statements at the lower of cost and estimated net realisable value.

1.3 CASH FLOW STATEMENT

The Company is exempted from the requirement to prepare a Cash Flow Statement (in accordance with Financial Reporting Standard No 1) on the basis of its being a "small company" as defined by Section 247 Companies Act 1985.

2. FORMAT OF FINANCIAL STATEMENTS

The Financial Statements are presented in accordance with the format prescribed by Schedule 4 Companies Act 1985 with suitable adaptation thereof which the Directors consider to be appropriate having regard to the nature of the Company's activities.

3. TURNOVER.

The turnover of the Company is derived from its property held for trading purposes.

ERNROL PROPERTY CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

4. ADMINISTRATIVE EXPENSES

The Administrative Expenses charged to the Profit and Loss Account are comprised as follows:

	<u>1998</u> £	<u>1997</u> £
Management and Administration Charges	600	606
Accountancy Fees	1,527	1,763
	<hr/>	<hr/>
	£2,127	£2,369
	<hr/> <hr/>	<hr/> <hr/>

The Directors of the Company received no emoluments from the Company during the year or in the previous year.

Apart from the Directors there were no other employees of the Company during the year or in the previous year.

5. INTEREST PAYABLE

	<u>1998</u>	<u>1997</u>
Bank Interest and Charges	£2,697	£2,070
	<hr/>	<hr/>

6. TAXATION

	<u>1998</u> £	<u>1997</u> £
Corporation Tax at 31 % (33 %) based upon the Profit for the year	2,564	2,556
	<hr/> <hr/>	<hr/> <hr/>

ERNROL PROPERTY CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

7. STOCKS: PROPERTY HELD FOR TRADING

Properties held at 1 April 1997 and
and 31 March 1998 £4,369

8. DEBTORS

	<u>1998</u>	<u>1997</u>
	£	£
Rents due and Accrued	1,533	3,680
Other debtors and prepayments	409	500
	<hr/>	<hr/>
	£1,942	£4,180
	<hr/>	<hr/>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1998</u>	<u>1997</u>
	£	£
Rent Charged in Advance	3,176	3,176
Bank Overdraft (Note 11)	35,188	30,846
Loan Creditors (see below)	1,121,506	1,134,659
Corporation Tax Payable	2,564	2,556
Other Creditors and Accruals	10,606	9,749
	<hr/>	<hr/>
	£1,173,040	£1,180,986
	<hr/>	<hr/>

The Loan Creditors include amounts aggregating £1,107,321 (1997: £1,120,474) due to Companies whose Directors include the Directors of this Company. The balance of the Loan Creditors relates to an amount due to a third party. The loans are all interest free and effectively repayable on demand.

ERNROL PROPERTY CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

10. SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
<u>Authorised:</u>		
100 Ordinary Shares of £1 each	100	100
	<u> </u>	<u> </u>
<u>Issued and Fully Paid:</u>		
10 Ordinary Shares of £1 each	10	10
	<u> </u>	<u> </u>

11. CHARGES ON ASSETS

The Company has charged certain of its Freehold Trading Properties with a book value of £484 (1997: £484) as part security for bank overdraft facilities made available to the Company, which at 31 March 1998 amounted to £35,188 (1997: £30,846).