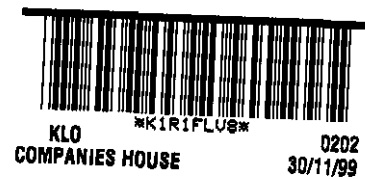


SHADOWDANCE SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
COMPANY NO. 02681707
31 JANUARY 1999

**Edwards Trew & Co.,
151 Putney High Street
Putney
London, SW15 1TA**



SHADOWDANCE SERVICES LIMITED

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SHADOWDANCE SERVICES LIMITED

DIRECTORS, OFFICIALS AND OFFICES

DIRECTORS:

S.P.M. Banks
I.T. Wentworth

SECRETARY:

C.M. Cole

ACCOUNTANTS:

Edwards Trew & Co.,
151 Putney High Street
Putney,
London, SW15 1TA

REGISTERED OFFICE:

Station House
Barnes Common
London, SW13 0NT

SHADOWDANCE SERVICES LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR
TO 31 JANUARY 1999

The Directors present their report and the Unaudited Financial Statements for the year ended 31 January 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of the acquisition and letting of dwelling houses as qualifying assured Tenancies under the provisions of the Housing Act 1988.

RESULTS AND DIVIDENDS

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

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The Directors who have held office during the year together with their beneficial interests in the share capital of the company at the year end, were as follows:

	<u>Ordinary shares of £1 each</u>	
	<u>1999</u>	<u>1998</u>
	£	£
S.P.M. Banks	3,000	3,000
I.T. Wentworth	9,000	9,000

BY ORDER OF THE BOARD



C.M. COLE
Secretary

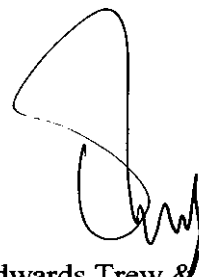
Date: 18 November 1999

REPORT OF THE ACCOUNTANTS TO THE MEMBERS OF
SHADOWDANCE SERVICES LIMITED

In accordance with instructions given to us, we have prepared without carrying out an audit, the Accounts on pages 4 to 7 from the accounting records of Shadowdance Services Limited from information and explanations given to us.

151 Putney High Street
Putney
LONDON SW15 1TA

18 November 1999

A handwritten signature in black ink, consisting of a large, stylized 'E' followed by a series of loops and a final vertical stroke.

Edwards Trew & Co
Chartered Accountants

SHADOWDANCE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR TO 31 JANUARY 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
<u>TURNOVER</u>		8,762	9,842
Bank Deposit Interest		<u>745</u>	<u>59</u>
		9,507	9,901
Administrative Expenses		<u>(6,155)</u>	<u>(4,818)</u>
 <u>PROFIT ON ORDINARY</u>			
<u>ACTIVITIES BEFORE TAXATION</u>	3	3,352	5,083
Taxation	4	<u>(911)</u>	<u>(1,287)</u>
 <u>RETAINED PROFIT FOR THE</u>			
<u>FINANCIAL YEAR</u>		<u>2,441</u>	<u>3,796</u>

All items dealt with in arriving at the profit on ordinary activities for both 1999 and 1998 relate to continuing activities.

The company had no recognised gains or losses other than the profit for the year.

Movements on reserves are set out in the Notes to the Financial Statement.

SHADOWDANCE SERVICES LIMITED**BALANCE SHEET****31 JANUARY 1999**

	Notes	<u>1999</u>		<u>1998</u>	
		£	£	£	£
<u>TANGIBLE FIXED ASSETS</u>	5		27,798		29,653
<u>CURRENT ASSETS</u>					
Debtors		-		40	
Balance at Bank		14,947		9,202	
		14,947		9,242	
<u>LESS CURRENT LIABILITIES</u>					
<u>CREDITORS:</u> <i>Amounts falling due within one year</i>	6	(3,404)		(1,995)	
<u>NET CURRENT ASSETS</u>			11,543		7,247
			39,341		36,900
<u>CAPITAL AND RESERVES</u>					
Called Up Share Capital	7		36,000		36,000
Profit and Loss Account	8		3,341		900
			39,341		36,900

The Directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of Section 249A(1) of the Companies Act 1985. Shareholders holding 10% or more of the nominal value of the company's issued share capital have not issued a notice requiring an audit. The Directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 31 January 1999 and of its profit for the year then ended in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to the Accounts so far as applicable to the company.

The accounts were approved by the Board on 18/1/99 and signed on its behalf.



 S P M Banks - Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JANUARY 1999

(1) STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies which are adopted in the preparation of the Financial Statements are set out below

(a) Basis of Accounting

The Financial Statements are prepared under the historical cost convention.

(b) Tangible Fixed Assets

Depreciation is provided on Tangible Fixed Assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Furniture, Fixtures and Fittings	20% per annum
Houseboat and Refurbishment Costs	10% per annum

(c) Freehold Land

The Freehold Mooring which was acquired in October 1993 is shown in the accounts at cost. The Directors have valued the land based on the Market Value of similar land in the area and consider that the current Market Value would not have changed materially since 1993.

(d) Deferred Taxation

No provision is made for any estimated taxation liability deferred by the adjustment of profit for taxation purposes as the directors consider that the liability will not become payable within the foreseeable future.

(e) Going Concern

On the basis of current financial projections and after making such enquiries as are considered appropriate, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore believe it is appropriate to adopt the going concern basis in preparing the financial statements.

(2) TURNOVER

Turnover comprises rents receivable from properties in the United Kingdom.

(3) OPERATING PROFIT

	<u>1999</u>	<u>1998</u>
This is stated after charging:	£	£
Depreciation of Tangible Fixed Assets	<u>1,855</u>	<u>1,893</u>

(4) TAXATION

	<u>1999</u>	<u>1998</u>
The charge for the year under review is made up as follows:	£	£
Corporation Tax based on the results for the year, after taking credit for trading losses brought forward	<u>911</u>	<u>1,287</u>

(5) TANGIBLE FIXED ASSETS

	<u>Freehold Land</u>	<u>Houseboat</u>	<u>Furniture, Fixtures & Fittings</u>	<u>Total</u>
<u>COST</u>	£	£	£	£
At 31 January 1998 and 31 January 1999	<u>20,598</u>	<u>18,001</u>	<u>1,982</u>	<u>40,581</u>
<u>DEPRECIATION</u>				
At 31 January 1998	-	9,001	1,927	10,928
Charge for the year	-	<u>1,800</u>	<u>55</u>	<u>1,855</u>
At 31 January 1999	<u>-</u>	<u>10,801</u>	<u>1,982</u>	<u>12,783</u>
<u>NET BOOK VALUE</u>				
31 January 1998	<u>20,598</u>	<u>9,000</u>	<u>55</u>	<u>29,653</u>
31 January 1999	<u>20,598</u>	<u>7,200</u>	<u>-</u>	<u>27,798</u>

SHADOWDANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 31 JANUARY 1999

	<u>1999</u> £	<u>1998</u> £
(6) <u>CREDITORS AMOUNTS DUE WITHIN ONE YEAR</u>		
Accruals and Deferred Income	1,522	707
Corporation Tax	<u>911</u>	<u>1,288</u>
	<u>2,433</u>	<u>1,995</u>
	<u>1999</u> £	<u>1998</u> £
(7) <u>SHARE CAPITAL</u>		
<u>Authorised</u>		
40,000 Ordinary Shares of £1 each	<u>40,000</u>	<u>40,000</u>
<u>Allotted, Issued and Fully Paid</u>		
36,000 Ordinary Shares of £1 each	<u>36,000</u>	<u>36,000</u>
(8) <u>RESERVES</u>	<u>1999</u> £	<u>1998</u> £
At 1 February 1998	900	(2,896)
Profit for the Year	<u>2,441</u>	<u>3,796</u>
At 31 January 1999	<u>3,341</u>	<u>900</u>
(9) <u>FUTURE CAPITAL EXPENDITURE</u>		
No contracts for Capital Expenditure had been placed or authorised by the Directors at 31 January 1999		
(10) <u>MOVEMENT ON SHAREHOLDERS FUNDS</u>	<u>1999</u> £	<u>1998</u> £
Balance Brought Forward	36,900	33,104
Profit for the year	<u>2,441</u>	<u>3,796</u>
Balance Carried Forward	<u>39,341</u>	<u>36,900</u>