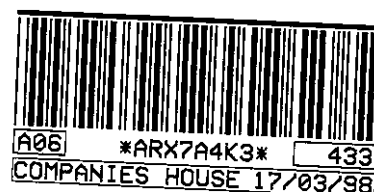


REC

CHELTER PROPERTIES LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

Barretts
Chartered Accountants
Waycotts Buildings
62 Hyde Road
Paignton
Devon TQ4 5BY



CHELTER PROPERTIES LIMITED

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for the Year Ended 30 November 1997

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CHELTER PROPERTIES LIMITED

COMPANY INFORMATION

for the Year Ended 30 November 1997

DIRECTORS: D S Gardener
Mrs P M Gardener

SECRETARY: Mrs P M Gardener

REGISTERED OFFICE: Waycotts Buildings
62 Hyde Road
Paignton
Devon TQ4 5BY

REGISTERED NUMBER: 2767933 (England and Wales)

ACCOUNTANTS: Barretts
Chartered Accountants
Waycotts Buildings
62 Hyde Road
Paignton
Devon TQ4 5BY

CHELTER PROPERTIES LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 30 November 1997

The directors present their report with the financial statements of the company for the year ended 30 November 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property investment.

DIRECTORS

The directors during the year under review were:

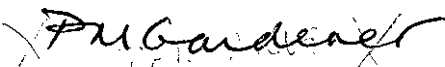
D S Gardener
Mrs P M Gardener

The beneficial interests of the directors holding office on 30 November 1997 in the issued share capital of the company were as follows:

	30.11.97	1.12.96
Ordinary £1 shares		
D S Gardener	75,000	75,000
Mrs P M Gardener	75,000	75,000

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

ON BEHALF OF THE BOARD:



Mrs P M Gardener - SECRETARY

Dated: 27 February 1998

CHELTER PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

for the Year Ended 30 November 1997

		1997	1996
	Notes	£	£
TURNOVER	2	74,809	27,582
GROSS PROFIT		74,809	27,582
Administrative expenses		20,879	14,227
OPERATING PROFIT	3	53,930	13,355
Interest receivable and similar income	4	493	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		54,423	13,355
Tax on profit on ordinary activities	5	11,823	3,744
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		42,600	9,611
Retained profit brought forward		59,130	49,519
RETAINED PROFIT CARRIED FORWARD		£101,730	£59,130

The notes form part of these financial statements

CHELTER PROPERTIES LIMITED

BALANCE SHEET

30 November 1997

		1997		1996	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		1,032,566		655,006
CURRENT ASSETS:					
Debtors	7	-		571	
Cash at bank and in hand		29,057		7,650	
			29,057		8,221
CREDITORS: Amounts falling due within one year	8		42,311		6,177
NET CURRENT (LIABILITIES)/ASSETS:			(13,254)		2,044
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,019,312		657,050
CREDITORS: Amounts falling due after more than one year	9		767,582		447,920
			£251,730		£209,130
CAPITAL AND RESERVES:					
Called up share capital	10		150,000		150,000
Profit and loss account			101,730		59,130
Shareholders' funds			£251,730		£209,130

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ending 30 November 1997.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

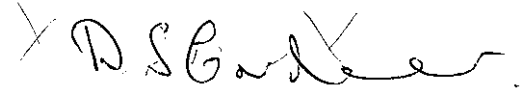
CHELTER PROPERTIES LIMITED

BALANCE SHEET

30 November 1997

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

ON BEHALF OF THE BOARD:

A handwritten signature in dark ink, appearing to read 'D S Gardener', with a large 'X' mark to the left of the first few letters.

D S Gardener - DIRECTOR

Approved by the Board on 27 February 1998

CHELTER PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 November 1997

1. **ACCOUNTING POLICIES**

Accounting convention

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

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 15% on reducing balance

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	1997	1996
	£	£
Depreciation - owned assets	465	548
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	4,240	-
	<u> </u>	<u> </u>

4. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	1997	1996
	£	£
Deposit account interest	493	-
	<u> </u>	<u> </u>

5. **TAXATION**

The tax charge on the profit on ordinary activities for the year was as follows:

	1997	1996
	£	£
UK Corporation Tax	11,823	3,744
	<u> </u>	<u> </u>

UK Corporation Tax has been charged at 22% (1996 - 25%).

CHELTER PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 November 1997

6. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
COST:			
At 1 December 1996	651,903	5,220	657,123
Additions	378,025	-	378,025
	<hr/>	<hr/>	<hr/>
At 30 November 1997	1,029,928	5,220	1,035,148
	<hr/>	<hr/>	<hr/>
DEPRECIATION:			
At 1 December 1996	-	2,117	2,117
Charge for year	-	465	465
	<hr/>	<hr/>	<hr/>
At 30 November 1997	-	2,582	2,582
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE:			
At 30 November 1997	1,029,928	2,638	1,032,566
	<hr/>	<hr/>	<hr/>
At 30 November 1996	651,903	3,103	655,006
	<hr/>	<hr/>	<hr/>

**7. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1997 £	1996 £
Other debtors	-	571
	<hr/>	<hr/>

**8. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1997 £	1996 £
Bank loans and overdrafts	27,504	-
Other creditors	2,984	2,433
Taxation	11,823	3,744
	<hr/>	<hr/>
	42,311	6,177
	<hr/>	<hr/>

CHELTER PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 November 1997

9. **CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1997	1996
	£	£
Bank loans	192,496	-
Other creditors	575,086	447,920
	<u>767,582</u>	<u>447,920</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans	54,992	-
	<u>54,992</u>	<u>-</u>

10. **CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	1997	1996
			£	£
150,000	Ordinary	£1	<u>150,000</u>	<u>150,000</u>