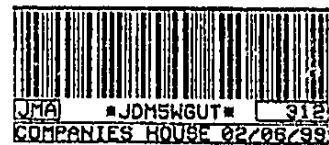


ABNEY INVESTMENTS LIMITED

Report and Financial Statements

30 September 1998

**Deloitte & Touche
Chartered Accountants
PO Box 500
201 Deansgate
Manchester
M60 2AT**



ABNEY INVESTMENTS LIMITED

CONTENTS

Page

Officers and professional advisers

1

Directors' report

2

Auditors' report

4

Consolidated profit and loss account

5

Consolidated balance sheet

6

Balance sheet

7

Consolidated cash flow statement

8

Notes to the accounts

9

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M J Oglesby
Mrs J D Oglesby
C G Oglesby
R E Kitson (appointed 7 January 1998)

SECRETARY

C N K Greenwood

REGISTERED OFFICE

Abney Hall
Manchester Road
Cheadle
Cheshire SK8 2PD

BANKERS

The Royal Bank of Scotland plc
St Ann Street
Manchester

SOLICITORS

Cobbetts
Ship Canal House
King Street
Manchester
M2 4WB

Addleshaw Booth & Co
100 Barbirolli Square
Manchester
M2 3AB

AUDITORS

Deloitte & Touche
Chartered Accountants
P.O. Box 500
201 Deansgate
Manchester
M60 2AT

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 1998.

ACTIVITIES

The principal activity of the group during the year was that of property investment and management.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out in detail on page 5.

The directors do not recommend the payment of a dividend.

FUTURE PROSPECTS

The directors consider the future prospects of the group and company to be satisfactory.

FIXED ASSETS

Movements in the fixed assets are detailed on pages 12 and 13.

SHARE CAPITAL

As part of a Groupwide restructuring during the year, Abney Investments Limited issued 50,000 £1 ordinary shares to Mrs J D Oglesby for a consideration of £16.565 million. At the same time Mrs Oglesby transferred her 49.995% holding in Bruntwood Estates Limited to Abney Investments Limited at the same value, resulting in Bruntwood Estates Limited now being a 100% subsidiary of Abney Investments Limited.

DIRECTORS AND THEIR INTERESTS

The directors of the company together with their interests in the share capital at the beginning and end of the year, were as follows:

	At 30 September 1998 £1 Ordinary shares	At 30 September 1997 £1 Ordinary shares
M J Oglesby	50,002	50,002
Mrs J D Oglesby	50,001	1
C G Oglesby	-	-
R E Kitson (appointed 7 January 1998)	-	-

POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no political contributions during the year (1997 - £Nil). Charitable contributions were £31,000 (1997 - £12,000).

DIRECTORS' REPORT

YEAR 2000

A programme, designed to address the impact of the Year 2000 on the business, has been finalised. Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However the Board undertakes that it will achieve an acceptable state of readiness and will provide resources to deal promptly with issues that might arise.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group as at the end of the financial period and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

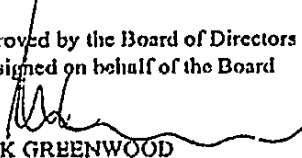
- * select suitable accounting policies and then apply them consistently;
- * make judgments and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


C N K GREENWOOD

Secretary

19.2.1999

ABNEY INVESTMENTS LIMITED
AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 20 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 affairs of the company and the group as at 30 September 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and Registered Auditors

9 March 1999
Deloitte & Touche
Chartered Accountants
P O Box 500
201 Deansgate
Manchester
M60 2AT

ABNEY INVESTMENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 30 September 1998

	Note	Year ended 30 September 1998	Year ended 30 September 1997
		£	£
TURNOVER	2	13,944,674	11,858,429
Cost of sales		<u>3,870,356</u>	<u>3,544,589</u>
Gross profit		10,074,318	8,313,840
Administrative expenses		<u>3,304,581</u>	<u>2,749,274</u>
OPERATING PROFIT	3	<u>6,769,737</u>	<u>5,564,566</u>
Interest receivable		24,671	25,129
Interest payable and similar charges	5	<u>(5,315,141)</u>	<u>(4,647,183)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	1,479,267	942,512
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,479,267	942,512
Equity minority interests	13	(188,419)	(189,419)
Non equity minority interests		<u>(60,000)</u>	<u>(100,000)</u>
RETAINED PROFIT FOR THE FINANCIAL PERIOD	19	<u>1,230,848</u>	<u>393,093</u>

A note of the historical cost profit or loss for the period is not presented as there is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis. The reconciliation of movements in shareholders' funds is shown in note 18.

The above results all relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1998	1997
	£	£
PROFIT FOR FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS	1,230,848	393,093
Unrealised surplus on revaluation of properties	5,992,156	3,437,495
Minority interest of revaluation surplus	<u>(1,440,525)</u>	<u>(2,519,231)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>5,782,479</u>	<u>1,311,357</u>

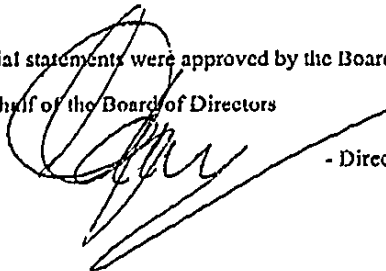
ABNEY INVESTMENTS LIMITED

CONSOLIDATED BALANCE SHEET
Year ended 30 September 1998

	Note	30 September 1998 £	30 September 1997 £
FIXED ASSETS			
Tangible assets	7	108,531,811	90,181,256
CURRENT ASSETS			
Developments in progress		1,545,480	1,245,480
Debtors: amounts receivable within one year	9	2,280,942	2,279,427
Debtors: amounts receivable after more than one year	9	1,878,227	11,677
Cash at bank and in hand		1,118,810	129,500
		<u>6,823,459</u>	<u>3,666,084</u>
CREDITORS: amounts falling due within one year	10	<u>9,002,906</u>	<u>6,696,870</u>
NET CURRENT LIABILITIES		<u>(2,179,447)</u>	<u>(3,030,786)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		106,352,364	87,150,470
CREDITORS: amounts falling due after more than one year	11	64,786,734	52,896,340
MINORITY INTERESTS			
Equity minority interests	13	2,978,676	17,915,631
Non equity minority interests	13	2,240,264	2,340,264
		<u>36,346,690</u>	<u>13,998,235</u>
CAPITAL AND RESERVES			
Called up share capital	14	100,003	50,003
Share premium account	15	19,334,185	2,818,209
Revaluation reserve	16	8,995,047	4,443,416
Profit and loss account	19	2,760,417	1,529,569
Capital reserve	17	5,157,038	5,157,038
EQUITY SHAREHOLDERS' FUNDS		<u>36,346,690</u>	<u>13,998,235</u>

These financial statements were approved by the Board of Directors on 19.2.1999

Signed on behalf of the Board of Directors

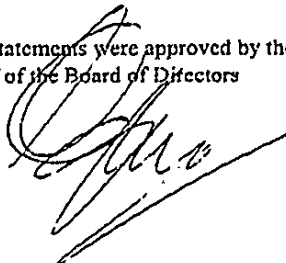

- Director

ABNEY INVESTMENTS LIMITED

BALANCE SHEET
30 September 1998

	Note	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	7	-		1,900,000	
Investments	8	<u>21,397,012</u>	<u>21,397,012</u>	<u>4,856,036</u>	<u>6,756,036</u>
CURRENT ASSETS					
Debtors	9	5,437		-	
Cash at bank		<u>-</u>		<u>611</u>	
		5,437		611	
CREDITORS: amounts falling due within one year	10	<u>(1,500)</u>		<u>(34,715)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>3,937</u>		<u>(34,104)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,400,949</u>		<u>6,721,932</u>
CREDITORS: amounts falling due after more than one year	11		<u>(1,148,747)</u>		<u>(3,655,995)</u>
			<u>20,252,202</u>		<u>3,065,937</u>
CAPITAL AND RESERVES					
Called up share capital	14		100,003		50,003
Share premium account	15		19,334,185		2,818,209
Profit and loss account	19		818,014		(143,429)
Revaluation Reserve			-		341,154
EQUITY SHAREHOLDERS' FUNDS			<u>20,252,202</u>		<u>3,065,937</u>

These financial statements were approved by the Board of Directors on 19.2.1999
Signed on behalf of the Board of Directors


- Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 September 1998

	Note	Year ended 30 September 1998		Year ended 30 September 1997	
		£	£	£	£
Net cash inflow from operating activities	24		6,800,659		5,763,916
Returns on investments and servicing of finance					
Interest received		24,671		25,129	
Interest paid		(5,315,141)		(4,647,183)	
Dividends paid to minority in subsidiary undertaking		<u>(60,000)</u>		<u>(60,000)</u>	
Net cash outflow from returns on investments and servicing of finance			(5,350,470)		(4,682,054)
Taxation					
UK corporation tax paid		(15,000)		(15,000)	
UK corporation tax recovered		<u>-</u>		<u>4,558</u>	
			(15,000)		(10,442)
Capital Expenditure and Financial Investment					
Purchase of tangible fixed assets		(14,574,648)		(4,769,021)	
Disposal of tangible fixed assets and developments in progress		<u>1,838,870</u>		<u>49,725</u>	
Net cash outflow from capital expenditure and financial investment			<u>(12,735,778)</u>		<u>(4,719,296)</u>
Net cash outflow before financing			<u>(11,300,589)</u>		<u>(3,647,876)</u>
Financing					
Loans repaid		(737,462)		(1,441,195)	
New medium term bank loans		12,556,000		4,550,000	
Redemption to minorities		<u>(100,000)</u>		<u>(100,000)</u>	
Net cash inflow from financing			11,718,538		3,008,805
Increase/(Decrease) in cash	25		<u><u>417,949</u></u>		<u><u>(639,071)</u></u>

NOTES TO THE ACCOUNTS
Year ended 30 September 1998

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain land and buildings. Compliance with SSAP19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and amortisation and an explanation of the departure is given below under Investment Properties.

Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiaries using the acquisition method. All of the subsidiaries draw up accounts to 30 September.

Investments in subsidiary companies are shown in the company's financial statements at cost less provision for permanent diminution in value.

Goodwill

On the acquisition of a business fair values are attributed to the Group's share of net tangible assets. Where the cost of acquisition exceeds the values attributable to such net assets the difference is treated as purchased goodwill and is written off directly to reserves in the year of acquisition. Where the cost of acquisition is lower than the net assets acquired the difference is taken directly to the capital reserve.

Depreciation

Depreciation is provided on the following basis:

Fixtures and fittings	10% - 33% on cost
Motor vehicles	25% - 33% on reducing balance

Leases

Rentals are charged to profit and loss account in equal annual amounts over the lease term.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those, in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

Investment properties

In accordance with SSAP19, investment properties are revalued annually. Individual permanent diminutions in value below historic cost are expensed through the profit and loss account, and individual surpluses or temporary deficits below historical cost are transferred to the revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However this requirement conflicts with the generally accepted accounting principle set out in SSAP19. The Directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

NOTES TO THE ACCOUNTS

Year ended 30 September 1998

Rental income

Rent is accounted for on an accruals basis with rent received in advance being included in creditors under accruals and deferred income.

Development in progress

Developments in progress are stated at cost less foreseeable losses.

Pension costs

The company makes discretionary contributions to personal pension plans in respect of certain employees.

2 TURNOVER AND PROFIT BEFORE TAXATION

	Turnover		Profit before tax	
	Year ended 30 September 1998 £	Year ended 30 September 1997 £	Year ended 30 September 1998 £	Year ended 30 September 1997 £
Rental and related income	13,944,674	11,858,429	2,229,267	942,512

All turnover arises within the United Kingdom.

3 OPERATING PROFIT

	Year ended 30 September 1998 £	Year ended 30 September 1997 £
Operating profit is after charging:		
Auditors remuneration - Audit fees	23,500	23,500
- Other Services	31,975	59,406
Directors emoluments	488,498	368,030
Depreciation	93,466	88,169
Profit on disposal of assets	(16,088)	(19,832)
Rent paid	372,297	317,052
Permanent diminution in value of investment property	-	230,488

NOTES TO THE ACCOUNTS
Year ended 30 September 1998

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 30 September 1998	Year ended 30 September 1997
	£	£
Directors' emoluments		
Management remuneration	<u>488,498</u>	<u>368,030</u>
This includes salaries paid by Thomond Limited a company of which M J Oglesby is a director and shareholder and recharged to Bruntwood Estates Limited.		
Number of directors who were members of money purchase schemes	<u>-</u>	<u>-</u>
Remuneration of the highest paid director (no pension contributions)	<u>113,158</u>	<u>79,301</u>
Average number of persons employed		
Administration and management	<u>95</u>	<u>83</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	1,467,946	1,218,509
Social security costs	146,063	121,864
Pension costs	<u>70,465</u>	<u>24,543</u>
	<u>1,684,474</u>	<u>1,365,016</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 September 1998	Year ended 30 September 1997
	£	£
Bank overdraft	11,959	14,999
Other loans repayable within five years	1,108,380	4,291,896
Loans repayable by instalments after more than five years	1,157,908	282,688
Loans repayable after more than five years not by instalments	<u>3,036,894</u>	<u>57,600</u>
	<u>5,315,141</u>	<u>4,647,183</u>

NOTES TO THE ACCOUNTS

Year ended 30 September 1998

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no tax charge due to non-provision of deferred tax liabilities.

7 FIXED ASSETS

GROUP	Investment properties		Fixtures and fittings	Total
	Freehold £	Long leasehold £	£	£
Cost or valuation				
Balance at 1 October 1997	58,353,704	31,600,002	767,571	90,721,277
Additions	7,955,917	6,445,863	172,868	14,574,648
Disposals	-	(900,000)	(78,837)	(978,837)
Reclassification to current assets	-	(1,200,000)	-	(1,200,000)
Revaluation	3,178,019	2,814,137	-	5,992,156
At 30 September 1998	<u>69,487,640</u>	<u>38,760,002</u>	<u>861,602</u>	<u>109,109,244</u>
Depreciation				
Balance at 1 October 1997	-	-	540,021	540,021
Provision for period	-	-	93,466	93,466
Disposals	-	-	(56,054)	(56,054)
At 30 September 1998	<u>-</u>	<u>-</u>	<u>577,433</u>	<u>577,433</u>
Net book value				
At 30 September 1998	<u>69,487,640</u>	<u>38,760,002</u>	<u>284,169</u>	<u>108,531,811</u>
At 30 September 1997	<u>58,353,704</u>	<u>31,600,002</u>	<u>227,550</u>	<u>90,181,256</u>

The Directors of the Company after careful consideration have decided that for the year ending 30th September 1998 that they will value the Company's properties internally. This decision was taken after having received external professional valuations of over 60% of the Company's properties, a number of which were in excess of the Directors' views as to value and none were less than these figures. The Company's valuation panel took the view that certain of these figures may be attributable to market conditions which may not be sustainable in the long term and therefore the decision was taken to use the Company's internal values this year.

NOTES TO THE ACCOUNTS
Year ended 30 September 1998

7 FIXED ASSETS (Continued)

COMPANY	Freehold Investment Property £
Balance at 1 October 1997	1,900,000
Disposals	(2,500,000)
Revaluation	600,000
At 30 September 1998	-
Depreciation	
At 1 October 1997 and 30 September 1998	-
Net book value	
At 30 September 1998	-
At 30 September 1997	1,900,000

8 INVESTMENTS

	£
Cost and net book value	
At 1 October 1997	4,856,036
Additions	16,565,976
Disposals in the period	(25,000)
At 30 September 1998	21,397,012

During the year the company acquired the remaining 49.995% of the ordinary share capital of Bruntwood Estates Limited.

Additional information on principal subsidiaries

Subsidiaries	Country of Incorporation	Activity	Proportion of ordinary shares held
Bruntwood Estates Limited	England and Wales	Property investment and management	100%
Abney First Properties Limited	England and Wales	Property investment and management	100%

NOTES TO THE ACCOUNTS
Year ended 30 September 1998

9 DEBTORS

	1998	The Group	1998	The Company
	£	1997	£	1997
		£		£
Trade debtors	1,828,392	2,013,368	-	-
Amounts due from related parties	152,988	11,677	-	-
ACT recoverable	62,488	47,488	-	-
Other debtors	1,959,894	91,375	-	-
Prepayments and accrued income	155,407	127,196	5,437	-
	<u>4,159,169</u>	<u>2,291,104</u>	<u>5,437</u>	<u>-</u>

The amounts due from related parties are receivable after more than one year. Included within other debtors is a balance of £1,725,239 which is also receivable after more than one year.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998	The Group	1998	The Company
	£	1997	£	1997
		£		£
Current instalments due on bank loans	666,767	738,623	-	-
Bank overdraft	989,163	417,802	-	-
Trade creditors	823,708	815,954	-	6,180
Other creditors including taxation and social security	1,428,970	702,522	-	-
Accruals and deferred income	5,094,298	4,021,969	1,500	28,535
	<u>9,002,906</u>	<u>6,696,870</u>	<u>1,500</u>	<u>34,715</u>

The bank overdraft is secured by way of floating charge on the assets of one of the company's subsidiaries.

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998	The Group	1998	The Company
	£	1997	£	1997
		£		£
Loans	64,285,798	52,395,404	-	-
Amounts due to subsidiary undertakings	-	-	1,147,811	3,655,059
Amounts due to director - M J Oglesby	500,936	500,936	936	936
	<u>64,786,734</u>	<u>52,896,340</u>	<u>1,148,747</u>	<u>3,655,995</u>
The loans comprise:				
Lloyds Bank plc	34,650,000	26,250,000	-	-
Scottish Widows	-	400,000	-	-
Norwich Union	1,199,235	1,313,868	-	-
Britannia Assurance	566,167	674,259	-	-
N M Rothschild & Son Ltd.	14,606,000	13,800,000	-	-
National Westminster Bank plc	364,396	407,277	-	-
Royal Bank of Scotland	12,900,000	9,550,000	-	-
	<u>64,285,798</u>	<u>52,395,404</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 30 September 1998

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)

	The Group 1998 £	The Company 1998 £	The Group 1997 £	The Company 1997 £
Analysis of loan repayments				
Due within 1 year or on demand	666,767	-	738,623	-
Between two and five years	21,439,327	-	47,006,973	-
After five years	42,846,471	-	5,388,431	-
	<u>64,952,565</u>	<u>-</u>	<u>53,134,027</u>	<u>-</u>

	Group and Company	
	1998 £	1997 £
Amounts payable wholly or partly after 5 years		
Aggregate amount payable wholly after 5 years	35,150,000	4,800,000
Aggregate amount payable by instalments	14,122,306	2,134,027
Amount of instalments falling due after 5 years	<u>7,696,471</u>	<u>588,431</u>

The bank loans are secured by way of a charge on properties of the company and unlimited cross guarantees from other companies under common control.

There is an overall facility granted by Lloyds Bank / Helaba / KBC Bank NV to this company and other companies under common control. The facility has been secured over a number of properties on a consolidated basis and there are joint and several continuing non-determinable guarantees by the companies. The loan is repayable within 5 years. In addition facilities have been granted by N M Rothschild and The Royal Bank of Scotland on a consolidated basis.

The Britannia Assurance, N M Rothschild, Royal Bank of Scotland, Scottish Widows and Norwich Union loans are secured on properties. Interest rates on the loans are chargeable at rates ranging from base + 1.25% to 13.5% per annum.

As part of its risk management policy the group employs a range of financial instruments for current borrowing requirements. This includes agreements under which counterparties have undertaken to pay amounts to the group equal to variable interest obligations in consideration of amounts payable by the group equivalent to fixed rates of interest. In addition certain counterparties have agreed to provide the group fixed rates of interest. The time remaining to maturity on the agreements varies between 1 and 5 years.

12 LOANS FROM/TO GROUP AND RELATED PARTIES

Amounts due from group companies and amounts due from related parties are receivable after one year. The related parties have undertaken not to seek repayment of the amount due to them within one year. Related parties are under control of common directors and shareholders. No security has been given for the loans and no interest will be paid as agreed from time to time.

In addition to the loans mentioned above, one of the subsidiaries has guaranteed any interest shortfall payable to NMI Rothschild & Sons Limited on a property owned by Abney First Properties Limited, another subsidiary. As at 30 September 1998 no payments had been made under the guarantee and directors anticipate none will be payable during the next five years.

NOTES TO THE ACCOUNTS
Year ended 30 September 1998

13 MINORITY INTERESTS

The non equity minority interests comprise 1,020 70 redeemable 5% preference shares of £1 each and 1,320,264 non redeemable 5% preference shares of £1 each in Bruntwood Estates Limited. The shares do not entitle the holders to any rights against other group companies. The shares are redeemable on 1 August 2003 in any event or at the company's option after five years, at the issue price.

	Equity £	Non equity £
At 1 October 1997	17,915,632	2,340,264
Acquired in the period	(16,565,976)	(100,000)
Share of ordinary share capital	76	-
Share of profit for the year	188,419	-
Share of revaluation surplus (see note 16)	1,440,525	-
At 30 September 1998	<u>2,978,676</u>	<u>2,240,264</u>

14 CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised 101,000 ordinary shares of £1 each	<u>101,000</u>	<u>100,000</u>
Called up, allotted and fully paid 100,003 ordinary shares of £1 each	<u>100,003</u>	<u>50,003</u>

As part of a Groupwide restructuring during the year, Abney Investments Limited issued 50,000 £1 ordinary shares to Mrs J D Oglesby for a consideration of £16.565 million. At the same time Mrs Oglesby transferred her 49.995% holding in Bruntwood Estates Limited to Abney Investments Limited at the same value, resulting in Bruntwood Estates Limited now being a 100% subsidiary of Abney Investments Limited.

15 SHARE PREMIUM ACCOUNT

	Group and Company £
At 1 October 1997	2,818,209
Arising during the year	<u>16,515,976</u>
At 30 September 1998	<u>19,334,185</u>

16 REVALUATION RESERVE

	Attributable to the group £	Attributable to minority shareholders £	Total £
GROUP			
Balance at 1 October 1997	4,443,416	6,398,215	10,841,631
Arising on revaluation during the period	4,551,631	1,440,525	5,992,156
Acquisition of minority	-	(5,001,670)	(5,001,670)
Balance at 30 September 1998	<u>8,995,047</u>	<u>2,837,070</u>	<u>11,832,117</u>
COMPANY			
Balance at 1 October 1997			341,154
Revaluation surplus in the period			600,000
Realisation of revaluation surplus			<u>(941,154)</u>
Balance at 30 September 1998			<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 30 September 1998

17 CAPITAL RESERVE

	Group £
Capital reserve arising on consolidation	
At 30 September 1998	<u>5,157,038</u>
The company has no capital reserve.	

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial period attributable to the members	1,230,848	393,093
Shares issued in the year including premium	16,565,976	-
Other recognised gains and losses	4,551,631	918,264
Additions to shareholders' funds	<u>22,348,455</u>	<u>1,311,357</u>
Opening shareholders' funds	13,998,235	12,686,878
Closing shareholders' funds	<u>36,346,690</u>	<u>13,998,235</u>

19 PROFIT AND LOSS ACCOUNT

	Group £	Company £
At 1 October 1997	1,529,569	(143,429)
Retained profit for the period	1,230,848	20,289
Realisation of revaluation surplus	-	941,154
At 30 September 1998	<u>2,760,417</u>	<u>818,014</u>

20 FINANCIAL COMMITMENTS

At 30 September 1998 the group had no commitments for capital expenditure:

At 30 September 1998 the group was committed to making the following payments during the next year in respect of operating leases

Leases which expire:	Land and Buildings
Within one year	-
With'n two to five years	-
After five years	<u>354,518</u>
	<u>354,518</u>

NOTES TO THE ACCOUNTS
Year ended 30 September 1998

21 DEFERRED TAXATION

There is no provision for deferred taxation at 30 September 1998

The amounts for which provision at 33% has not been made are as follows:

	The Group		The Company	
	1998	1997	1998	1997
	£	£	£	£
Accelerated capital allowances	1,503,113	1,624,906	-	31,337
Revaluation of properties	9,742,956	8,170,548	-	105,758
Unutilised losses	(592,409)	(473,106)	(115,953)	(121,072)
	<u>10,653,660</u>	<u>9,322,348</u>	<u>(115,953)</u>	<u>16,023</u>

22 PROFIT ATTRIBUTABLE TO MEMBERS

Under the provision of Section 230 of the Companies Act 1985 the company is exempt from presenting its own profit and loss account.

The amount of consolidated profit for the financial period dealt with in the accounts of the company is as follows:

	1998	1997
	£	£
Profit/(Loss) on ordinary activities before taxation	20,289	(13,212)
Taxation	-	-
Loss for the financial period	<u>20,289</u>	<u>(13,212)</u>

23 CONTINGENT LIABILITIES

The company together with certain companies under common control has guaranteed certain loans and overdrafts of companies under common control. The amount under guarantees at 30 September 1998 was £Nil (1997 - £Nil).

NOTES TO THE ACCOUNTS
Year ended 30 September 1998

24 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1998 £	1997 £
Operating profit	6,769,737	5,564,566
Depreciation	93,466	88,169
Provision for permanent diminution in value of investment property	-	230,488
Profit on sale of fixed assets	(16,088)	(19,832)
Increase in debtors	(1,852,987)	(426,193)
Increase in creditors	1,806,531	326,718
Net cash inflow from operating activities	<u>6,800,659</u>	<u>5,763,916</u>

25 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1998 £	1997 £
Increase/(decrease) in cash in the period	417,949	(639,071)
Repayment of loans	737,462	1,441,196
New medium term loans	(12,556,000)	(4,550,000)
Change in net debt	(11,400,589)	(3,747,875)
Net debt at 1 October 1997	(53,422,329)	(49,674,454)
Net debt at 30 September 1998	<u>(64,822,918)</u>	<u>(53,422,329)</u>

26 ANALYSIS OF CHANGES - NET DEBT

	At 1.10.97 £	Cash flow £	At 30.9.98 £
Cash at bank and in hand	129,500	989,310	1,118,810
Bank overdraft	(417,802)	(571,361)	(989,163)
	<u>(288,302)</u>	<u>417,949</u>	<u>129,647</u>
Debts due within one year	(738,623)	737,462	(1,161)
Debts due after one year	(52,395,404)	(12,556,000)	(64,951,404)
	<u>(53,422,329)</u>	<u>(10,982,640)</u>	<u>(64,822,918)</u>

NOTES TO THE ACCOUNTS

Year ended 30 September 1997

27 ULTIMATE CONTROLLING PARTY

Abney Investments Limited is wholly owned by Mr M J Oglesby and Mrs J D Oglesby who are considered to be the ultimate controlling parties.

28 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exception contained in FRS 8 'Related Party Disclosures', of not disclosing transactions with its 90% owned subsidiaries.

Included in debtors is an amount of £13,791 due from Roundthorn Group Pension and Life Assurance Scheme. The Trustees of the scheme are Mr M J Oglesby and Mrs J D Oglesby. The balance represents expenses incurred by the Group on behalf of the scheme during the year.

Mr M J Oglesby also controls Thomond Limited and its subsidiary, Bruntwood Business Centres Limited, and hence the two companies are related.

Transactions with Bruntwood Business Centres Limited during the year were

* Rent receivable from Bruntwood Business Centres Limited	£114,341
* Management income from Bruntwood Business Centres Limited	£10,000
* Interest receivable from Bruntwood Business Centres Limited	£4,000
* Rent charged by Bruntwood Business Centres Limited	£19,526

At the 30 September 1998 Bruntwood Business Centres Limited owed £74,192 to Bruntwood Estates Limited. The transactions in the year mainly relate to funding for fixed asset additions.