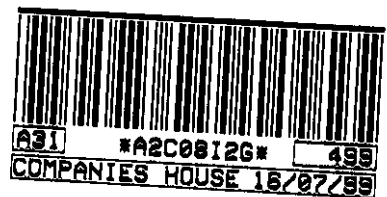


REPORT AND ACCOUNTS

1 SYDNEY ROAD (EXETER) NO.2

MANAGEMENT COMPANY LIMITED

30TH SEPTEMBER 1998



1 SYDNEY ROAD (EXETER) NO. 2 MANAGEMENT COMPANY LIMITED

DIRECTORS

MR M A Clarke
MR J J R Pope

SECRETARY

MR M A Clarke

AUDITORS

Ernst & Young
Wessex House
19 Threefield Lane
Southampton
Hampshire
SO14 3QB

REGISTERED OFFICE

Weymouth Avenue
Dorchester
Dorset
DT1 1QT

REGISTERED NUMBER

02309809

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 30th September, 1998.

RESULTS AND DIVIDENDS

There was no excess or deficit of income over expenditure for the year ended 30th September, 1998.

The Directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The company's principle activity during the year continued to be the management of the premises at 1 Sydney Road, Exeter, Devon. No change in this activity is planned for the future.

DIRECTORS AND THEIR INTERESTS

The Directors during the year were as follows:

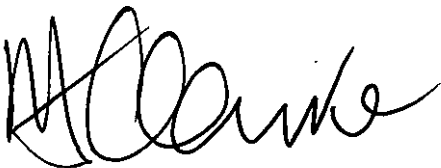
MR M A Clarke
MR J J R Pope

Neither of the Directors hold an interest in the share capital of the company.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By the order of the Board



Secretary

16 JUL 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts 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 preparing those accounts, the Directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the accounts 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.

REPORT OF THE AUDITORS

to the members of 1 Sydney Road (Exeter) No. 2 Management Company Ltd.

We have audited the accounts on pages 4 to 7, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above the company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

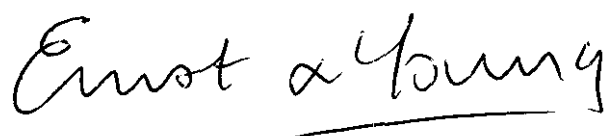
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the accounts and the disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30th September 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young, Registered Auditor, Southampton



1 SYDNEY ROAD (EXETER) NO. 2 MANAGEMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 30th September, 1998

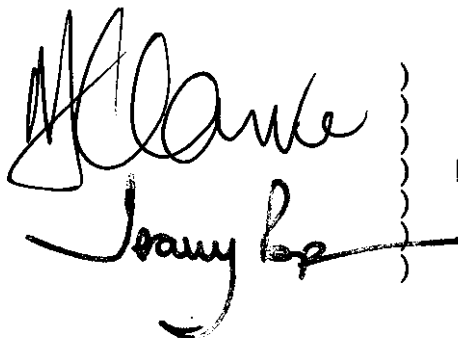
	Notes	1998 £	1997 £
Service Charges		802	3,387
Operating Costs	2	802	3,387
		-----	-----
PROFIT ON ORDINARY ACTIVITIES		NIL	NIL
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		NIL	NIL
		-----	-----

There are no recognised gains and losses other than the profit attributable to the shareholders of the company of £nil in the year to 30th September, 1998 and £ nil in the previous year.

1 SYDNEY ROAD (EXETER) NO. 2 MANAGEMENT COMPANY LIMITED

BALANCE SHEET
at 30th September, 1998

	Notes	1998 £	1997 £
CURRENT ASSETS			
Debtors	4	5,136	4,480
CREDITORS: amounts falling due within one year	5	5,132	4,476
		-----	-----
TOTAL ASSETS LESS LIABILITIES		4	4
		-----	-----
CAPITAL AND RESERVES			
Called up share capital	6	4	4
		-----	-----

 Directors

6 JUL 1999

NOTES TO THE ACCOUNTS
at 30th September, 1998

1. ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention.

Service Charges

Service charges are credited to the profit and loss account in the year in which they are receivable.

2. OPERATING COSTS	1998 £	1997 £
Audit Fee	200	200
Other operating charges	602	3,187
	-----	-----
	802	3,387
	-----	-----

3. EMOLUMENTS OF DIRECTORS

The Chairman and other Directors received no emoluments.

4. DEBTORS	1998 £	1997 £
Other debtors	5,136	4,480
	-----	-----

5. CREDITORS: amounts falling due within one year	1998 £	1997 £
Other creditors	5,132	4,476
	-----	-----

6. CALLED UP SHARE CAPITAL

1998 1997
£ £

Authorised, allotted and fully paid:

4 4

Ordinary shares of £1 each

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