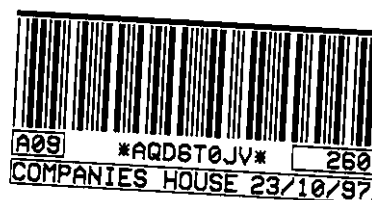


Registered no. 851614

EMMERTON DEVELOPMENTS LIMITED

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996



LUBBOCK FINE
Chartered Accountants
Russell Bedford House
City Forum
250 City Road
London EC1V 2QQ

EMMERTON DEVELOPMENTS LIMITED

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EMMERTON DEVELOPMENTS LIMITED

AUDITORS' REPORT TO EMMERTON DEVELOPMENTS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the financial statements of Emmerton Developments Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with the events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by section A of Part III of Schedule 8 to the Act in respect of the year ended 31 December 1996 and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

Other information

On 20th October 1997, we reported, as auditors of Emmerton Developments Limited, to the members on the full financial statements prepared under S226 of the Companies Act 1985 for the year, and our audit report was as follows:

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, 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 judgements made by the directors in the preparation of the financial statements, 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 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.

EMMERTON DEVELOPMENTS LIMITED

**AUDITORS' REPORT TO EMMERTON DEVELOPMENTS LIMITED UNDER
SECTION 247B OF THE COMPANIES ACT 1985 (CONT)**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Lubbock Fine

Lubbock Fine
Chartered Accountants
Registered Auditors

Date: 20 October 1997

Russell Bedford House
City Forum
250 City Road
London EC1V 2QQ

EMMERTON DEVELOPMENTS LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	Note	1996 £	1995 £
Fixed Assets	2		
Tangible assets		11,773	13,700
Current Assets			
Stocks		1,071,218	625,252
Debtors		126,076	33,345
Cash at bank and in hand		25	56
		<u>1,197,319</u>	<u>658,653</u>
Creditors			
Amounts falling due within one year	3	<u>(640,579)</u>	<u>(341,013)</u>
Net Current Assets		556,740	317,640
Net Assets		<u>568,513</u>	<u>331,340</u>
Capital And Reserves			
Called up share capital	4	40	40
Share premium account		15,970	15,970
Profit and loss account		552,503	315,330
Shareholders' Funds		<u>568,513</u>	<u>331,340</u>

The financial statements have 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


James D. Emmerton - Director

Date: 20 October 1997

EMMERTON DEVELOPMENTS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

1. Accounting Policies

Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention.

Cash flow statement

The company qualifies as a small company and advantage has therefore been taken of the exemption provided by the Financial Reporting Standard No.1 not to prepare a cash flow statement.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Exchange differences arising on translating the balance sheet items at the rate of exchange ruling at the balance sheet date are charged or credited to the profit and loss account accordingly.

Depreciation

Depreciation has been provided to write off tangible fixed assets over their estimated useful lives on a straight line basis at the following rates:

Plant and machinery	- 10% per annum
Motor vehicles	- 25% per annum
Office equipment	- 25% per annum

Stocks and work in progress

Stocks and work in progress have been valued at the lower of actual cost (including an addition where appropriate for overhead expenses, and to recognise an appropriation of the profit on properties where exchange has been made) and directors valuation.

Deferred Taxation

Deferred taxation is not provided because, in the opinion of the directors, the liability is not likely to crystallise in the foreseeable future.

EMMERTON DEVELOPMENTS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

2. Fixed Assets

	Tangible fixed assets £
Cost	
At 1 January 1996	23,840
Additions	1,040
	<hr/>
At 31 December 1996	24,880
	<hr/>
Depreciation	
At 1 January 1996	10,891
Charge for the year	2,216
	<hr/>
At 31 December 1996	13,107
	<hr/>
Net book value	
At 31 December 1996	11,773
	<hr/>
<i>At 31 December 1995</i>	<i>13,700</i>
	<hr/>

3. Creditors

At 31 December 1996, liabilities amounting to £425,318 were secured by company assets.

4. Share Capital

	1996 £	1995 £
Authorised		
100 ordinary shares of £1 each	100	100
100 A ordinary shares of £1 each	100	100
	<hr/>	<hr/>
	200	200
	<hr/>	<hr/>
Allotted, called up and fully paid		
40 ordinary shares of £1 each	40	40
	<hr/>	<hr/>

5. Financial Transactions With Directors

The premises occupied by the company are owned by James D. Emmerton, a director of the company. Payments totalling £15,000 (1995-£15,000) were made to James D. Emmerton in relation to this occupation during the financial year.