

Report and Accounts

Delta Property Services Limited

31 December 1997

 ERNST & YOUNG



Delta Property Services Limited

Registered Number: 2975954

DIRECTORS

J D Ashcroft
K H J Bowden

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Midland Bank plc
1 Sydney Place
Onslow Square
South Kensington
London SW7 3NW

SOLICITORS

Field Fisher Waterhouse
41 Vine Street
London EC3N 2AA

REGISTERED OFFICE

41 Vine Street
London EC3N 2AA

Delta Property Services Limited

DIRECTORS' REPORT

The directors present their report together with the audited accounts for the year ended 31 December 1997.

RESULTS AND DIVIDENDS

The company's profit after taxation for the year amounted to £27,043 (1996 – £2,607). Detailed results are set out on page 5. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY

The company's principal activity during the year was the provision of property advisory services. Delta Property Services is advising on the planning and project management for the development of a 130 luxury bedroom hotel at 74 St. James' Street, London, SW1, an office scheme of 230,000 sq ft at Canary Wharf and a luxury scheme on the River Thames at Albert Bridge.

FUTURE DEVELOPMENTS

The directors intend to continue with the company's current activities.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political or charitable contributions were made during the year.

DIRECTORS AND THEIR INTERESTS

The directors of the company at the year ended 31 December 1997 were as shown on page 1.

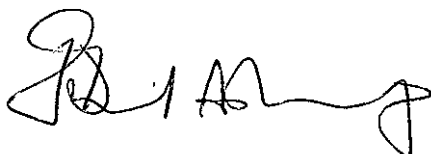
No directors held interests in the share capital of the company at any time during the year.

AUDITORS

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

On behalf of the board

J D Ashcroft
Director



30 June 1998

Delta Property Services Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 year. 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; and
- 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 Delta Property Services Limited

We have audited the accounts on pages 5 to 9, 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 on page 3 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 amounts and 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 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

30 June 1998

Delta Property Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1997

	Notes	1997 £	1996 £
TURNOVER	2	1,029,090	374,259
Cost of sales		(996,523)	(347,859)
Gross profit		32,567	26,400
Administrative expenses		(1,080)	(24,574)
Other operating income		2,296	—
		1,216	(24,574)
OPERATING PROFIT	3	33,783	1,826
Interest receivable		777	1,632
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		34,560	3,458
Tax on profit on ordinary activities	4	(7,517)	(851)
PROFIT FOR THE FINANCIAL YEAR		27,043	2,607
Dividends		—	—
PROFIT RETAINED FOR THE FINANCIAL YEAR		27,043	2,607

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit for the year.

Delta Property Services Limited

BALANCE SHEET at 31 December 1997

	Notes	1997 £	1996 £
CURRENT ASSETS			
Debtors	6	39,853	338,863
Cash at bank and in hand		505,668	34,799
		<u>545,521</u>	<u>373,662</u>
CREDITORS: amounts falling due within one year	7	(513,331)	(368,515)
NET CURRENT ASSETS		<u>32,190</u>	<u>5,147</u>
TOTAL NET ASSETS		<u>32,190</u>	<u>5,147</u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account	9	32,188	5,145
		<u>32,190</u>	<u>5,147</u>



K H J Bowden

Director

30 June 1998

Delta Property Services Limited

NOTES TO THE ACCOUNTS

at 31 December 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convenience and in accordance with applicable accounting standards.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

2. TURNOVER

Turnover, which is stated net of value added tax, is derived from fees levied to other Group undertakings, all of who are incorporated in the Channel Islands.

3. OPERATING PROFIT

This is stated after charging:

	1997 £	1996 £
Auditor's remuneration – audit services	1,000	1,000

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
UK Corporation tax	7,517	851

5. DIRECTORS' REMUNERATION AND STAFF COSTS

All directors' emoluments and employee costs in connection with the company's operations are borne by the immediate parent undertaking, Delta (UK) Land Developments PLC.

6. DEBTORS

	1997 £	1996 £
Amounts due from fellow subsidiary undertakings	18,057	290,107
Other debtors	21,796	48,756
	<u>39,853</u>	<u>338,863</u>

Delta Property Services Limited

NOTES TO THE ACCOUNTS at 31 December 1997

7. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Amounts due to ultimate parent undertaking	13,006	15,302
Amounts due to immediate parent undertaking	449,380	350,785
Amounts due to fellow subsidiary undertakings	35,396	577
Corporation tax	7,517	851
Other creditors	7,032	—
Accruals	1,000	1,000
	<u>513,331</u>	<u>368,515</u>

Amounts due to the ultimate parent undertaking represent an interest free loan which is repayable on demand.

8. SHARE CAPITAL

	1997 £	Authorised 1996 £	Allotted, called up and fully paid 1997 £	1996 £
2 Ordinary shares of £1 each	2	2	2	2

On 6 October 1994 2 Ordinary shares of £1 each were issued at par to the immediate parent undertaking (Delta (UK) Land Developments PLC). The subscription price was satisfied by an intercompany debt with the immediate parent undertaking.

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 January	2	5,145	5,147
Profit for the year	—	27,043	27,043
At 31 December	<u>2</u>	<u>32,188</u>	<u>32,190</u>

Delta Property Services Limited

NOTES TO THE ACCOUNTS

at 31 December 1997

10. RELATED PARTY TRANSACTIONS

Delta Property Services Limited is a 100% subsidiary undertaking of Delta (UK) Land Developments PLC. Any related party transactions have been fully disclosed in the consolidated statutory accounts of Delta (UK) Land Developments PLC.

11. ULTIMATE PARENT UNDERTAKING

The directors consider that the company's ultimate parent undertaking is Delta Overseas Investments (Private) Limited, which is incorporated in Singapore. Copies of their accounts may be obtained from the Registry of Companies and Businesses at 10 Anson Road, OS - 01/15, Singapore 079903.