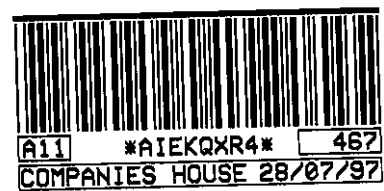


**CITIGATE DEVELOPMENTS (U.K.) LIMITED
STATEMENT OF ACCOUNTS
FOR THE PERIOD ENDED
30TH SEPTEMBER 1996**



Company Number:

2977504

CITIGATE DEVELOPMENTS (U.K.) LIMITED
REPORT AND ACCOUNTS
FOR THE PERIOD ENDED
30TH SEPTEMBER 1996

DIRECTORS: M S Sattar
M N Sattar

SECRETARY: M S Sattar

REGISTERED OFFICE: 8-10 Tor Church Road
Torquay
Devon
TQ2 5UT

COMPANY REGISTERED NUMBER: 2977504

AUDITOR David M L Vink FCA FBIM
Park Hill House
1 Park Hill Road
Torquay
TQ1 2AL

INDEX:

3	Report of the Directors
4	Report of the Auditors
5	Profit and Loss Account
6	Balance Sheet
7-8	Notes to the Accounts

CITIGATE DEVELOPMENTS (U.K.) LIMITED
DIRECTORS REPORT
FOR THE PERIOD ENDED
30TH SEPTEMBER 1996

The Directors submit their Report and Accounts for the period ended 30th September 1996.

REVIEW OF BUSINESS

The results of the Company's trading for the period are as disclosed in the accompanying Financial Statement
The Directors do not propose to pay a dividend for the period ended 30th September 1996 on the Share Capital of the Company.

PRINCIPAL ACTIVITY

The principal activity of the Company in the period under review was that of property developers and builders.

DIRECTORS

The Directors who served during the period and their beneficial interests in the Share Capital of the Company were as follows:

	Ordinary Shares	
	1996	1995
M S Sattar	500	500
M N Sattar	500	500

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which gives 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 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;
- prepare the financial statements 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 statements 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.

AUDITORS

The Auditor David M L Vink who was appointed on 1st December 1994 will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

In preparing this report, the directors have taken advantage of special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

By Order of the Board

Secretary
M S Sattar
8-10 Tor Church Road
Torquay
Devon



COMPANY REGISTERED NUMBER:

2977504

CITIGATE DEVELOPMENTS (U.K.) LIMITED
REPORT OF THE AUDITORS
FOR THE PERIOD ENDED
30TH SEPTEMBER 1996

We have audited the Financial Statements on Pages 5 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Financial Statements have been prepared on a going concern basis assuming the continued support of the Company's Bankers Creditors and Directors.

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.

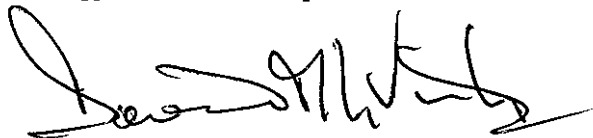
BASIS OF OPINION

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 judgments 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 misstatements, 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 company's affairs as at 30th September 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 applicable to small companies.



DAVID M L VINK
Registered Auditor
Park Hill House
1 Park Hill Road
TORQUAY
TQ1 2AL

CITIGATE DEVELOPMENTS (U.K.) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED
30TH SEPTEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
TURNOVER	2	246618	246005
Direct Costs			
Cost of Sales		236092	240569
Other Operating Costs		<u>10602</u>	<u>3554</u>
		<u>246694</u>	<u>244123</u>
OPERATING PROFIT/(LOSS)	3	<u>246694</u> (76)	<u>244123</u> 1882
Finance Costs			
Interest Payable	4	(347)	(28)
Interest Received		<u>1613</u>	<u>0</u>
		1266	(28)
PROFIT/(LOSS) BEFORE TAXATION		<u>1190</u>	<u>1854</u>
Deduct : Taxation	5	1500	450
		<u>(310)</u>	<u>1404</u>
BROUGHT FORWARD		1404	0
RETAINED PROFIT/(LOSS) CARRIED FORWARD		<u>1094</u>	<u>1404</u>

TOTAL RECOGNISED GAINS OR LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

CITIGATE DEVELOPMENTS (U.K.) LIMITED
BALANCE SHEET
30TH SEPTEMBER 1996

	Notes	£	1996	£	£	1995	£
EMPLOYMENT OF CAPITAL							
FIXED ASSETS	6			16519			5025
CURRENT ASSETS							
Work in progress		600000			135000		
Debtors	7	0			2581		
Cash at the Bank and in Hand		371002			20442		
		<u>971002</u>			<u>158023</u>		
Deduct :							
CURRENT LIABILITIES							
Creditors and Accruals							
Falling Due Within One Year	8	8418			1418		
		<u>8418</u>			<u>1418</u>		
NET CURRENT ASSETS/(LIABILITIES)				962584			156605
				<u>979103</u>			<u>161630</u>
Deduct							
Creditors and accruals							
Falling Due after one year	9			977009			159226
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>2094</u>			<u>2404</u>
CAPITAL EMPLOYED							
Share Capital	10			1000			1000
Reserves				1094			1404
				<u>2094</u>			<u>2404</u>

In preparing these financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of the Schedule 8 to the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985 in that it has less than 40 employees and a balance sheet value of less than £1.4million.

Director: 

Approved by the Board on

25/7/97.

CITIGATE DEVELOPMENTS (U.K.) LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED
30TH SEPTEMBER 1996

1 ACCOUNTING POLICIES

a Accounting Conventions

The Accounts have been prepared under the historical cost convention. No adjustment has been made for the current cost of assets or the changing value of the pound.

Turnover

Turnover represents net amount invoiced in respect of property conversion and development.

c Deferred Taxation

Provision is made for Deferred Taxation using the liability method on short term timing differences and all other material timing differences which are not expected to continue into the future.

e Leasing and Hire Purchase Commitments

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over the shorter of the lease period or their useful lives. Those held under finance leases are depreciated over their estimated useful lives or the primary lease period, whichever is the shorter.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2 TURNOVER

The Turnover of the Company represents the sales made by the company net of VAT.

3 NET OPERATING INCOME

Net Operating Income is stated after charging and crediting the following:

	1996	1995
	£	£
Auditor's Remuneration	750	750
Directors Fees	0	0

4 INTEREST PAYABLE AND SIMILAR CHARGES

	1996	1995
	£	£
Bank Charges and Interest	1382	28
	<u>1382</u>	<u>28</u>

5 TAXATION

The charge for the year represents the Corporation Tax due for the year on the Trading Income

Corporation Tax at 24% (1995 25%)	1500	450
	<u>1500</u>	<u>450</u>

CITIGATE DEVELOPMENTS (U.K.) LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED
30TH SEPTEMBER 1996

6 FIXED ASSETS

	Motor Vehicles
COST	
As at 1st October 1995	5025
Additions	17000
As at 30th September 1996	<u>22025</u>
DEPRECIATION	
As at 1st October 1995	0
Charge for the Year	5506
As at 30th September 1996	<u>5506</u>
WRITTEN DOWN VALUE	
As at 30th September 1996	<u>16519</u>
As at 1st October 1995	<u>5025</u>

7 DEBTORS

	1996	1995
Vat Recoverable	<u>0</u>	<u>2581</u>
	<u>0</u>	<u>2581</u>

7 CREDITORS (Amounts falling due within one year).

Bank Loan instalments	5000	0
Corporation Tax	1500	450
Accountancy	1500	750
Legal Fees	400	200
Sundry	18	18
	<u>8418</u>	<u>1418</u>

8 CREDITORS (Amounts falling due after one year).

Bank Loan	7292	0
Directors Loan Account	969717	159226
	<u>977009</u>	<u>159226</u>

9 SHARE CAPITAL

	£	£
Authorised: 1000 Ordinary Shares of £1.00 each	<u>1000</u>	<u>1000</u>
Issued: 1000 Ordinary Shares of £1.00 each fully paid	<u>1000</u>	<u>1000</u>

CITIGATE DEVELOPMENTS (U.K.) LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED
30TH SEPTEMBER 1996

10 OTHER MATTERS

There were no transactions involving Directors during the year which would require disclosure under the Companies Act 1985.

There were no Contracts entered into during the year for capital expenditure which were outstanding at the year end.

The Directors had not authorised any capital expenditure at the year end which had not been contracted for.

There were no contingent liabilities at the year end which have not been provided for or noted in the Accounts.