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COLUMBIA HOUSE PROPERTIES (No 3) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 1998
COMPANY NO. 3203167

GRUNBERG & CO
Chartered Accountants



COLUMBIA HOUSE PROPERTIES (No 3) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 1998

DIRECTOR: R N O'Carroll

COMPANY SECRETARY: Columbia Estates Limited

COMPANY NUMBER: 3203167

REGISTERED OFFICE: Unit 2, Oakwood House
414-422 Hackney Road
London E2 7SY

AUDITORS: GRUNBERG & CO
12/13 Accommodation Road
Golders Green
London NW11 8ED

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COLUMBIA HOUSE PROPERTIES (No 3) LIMITED

REPORT OF THE DIRECTOR

FOR THE YEAR ENDED 30TH APRIL 1998

The Director has pleasure in presenting his report together with the audited financial statements for the year ended 30th April 1998.

Principal Activity

The principal activity of the company during the year remained that of property development and dealing.

There was no significant change in the type of activity of the company during the year.

The director is satisfied with the results for the year under review and anticipates the level of activity to continue for the forthcoming year.

Results

The results for the year are set out on page 5 and the balance of profit has been transferred to reserves.

Director

The only director who served during the year was R N O'Carroll.

Director's responsibilities

Company law requires the director to prepare financial statements 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 financial statements, the director is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is 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 financial statements comply with the Companies Act 1985. He is 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.

Taxation Status

In the opinion of the director the company is a close company as defined by the Income and Corporation Taxes Act 1988.

Holding Company

The company is a wholly owned subsidiary of Albion Yard (Estates) Limited a company incorporated in the UK.

COLUMBIA HOUSE PROPERTIES (No 3) LIMITED

REPORT OF THE DIRECTOR

FOR THE YEAR ENDED 30TH APRIL 1998 (Continued)

Fixed Assets

Details of movements in fixed assets are set out in note 2 to the financial statements.

Auditors

It is proposed to re-appoint Grunberg & Co as auditors and a resolution re-appointing them and authorising the director to fix their remuneration will be submitted to the Annual General Meeting.

BY ORDER OF THE BOARD

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Columbia Estates Ltd

SECRETARY

3rd September 1998

**REPORT OF THE AUDITORS
TO THE SHAREHOLDERS OF
COLUMBIA HOUSE PROPERTIES (No 3) LIMITED**

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of the director and auditors

As described on page 1, the company's director is responsible for the preparation of the 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.

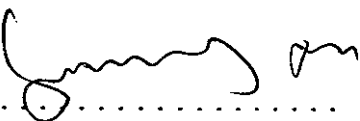
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 director 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 30th April 1998, and of its profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985.


.....

GRUNBERG & CO
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
12/13 Accommodation Road
Golders Green
London NW11 8ED

10th September 1998

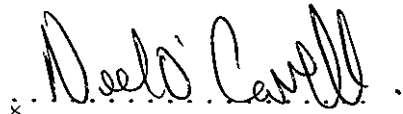
COLUMBIA HOUSE PROPERTIES (No 3) LIMITED

BALANCE SHEET

AS AT 30TH APRIL 1998

	Note	£	1998	£	£	1997	£
FIXED ASSETS	2			5,160			2,927
CURRENT ASSETS	3	7,296,481			4,222,506		
CREDITORS:							
Amounts due within one year	6	(7,258,414)			(4,454,713)		
NET CURRENT ASSETS/(LIABILITIES)			38,067			(232,207)	
			£ 43,227			£ (229,280)	
			=====			=====	
CAPITAL AND RESERVES							
Called up share capital	7			2			2
Profit and loss account			43,225			(229,282)	
	13		£ 43,227			£ (229,280)	
			=====			=====	

BY ORDER OF THE BOARD



R N O'Carroll

DIRECTOR

3rd September 1998

COLUMBIA HOUSE PROPERTIES (No 3) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH APRIL 1998

	Note	1998 £	1997 £
Turnover	10	5,368,424	-
Cost of sales		(4,367,459)	-
		-----	-----
		1,000,965	-
Distribution costs		(100,505)	(5,389)
Administration expenses		(208,941)	(111,841)
		-----	-----
		691,519	(117,230)
Interest receivable		19,670	5,796
		-----	-----
Profit/(loss) from operations		711,189	(111,434)
Interest payable		(408,768)	(117,848)
		-----	-----
Profit/(loss) on ordinary activities before taxation	11	302,421	(229,282)
Tax on ordinary activities	12	(29,914)	-
		-----	-----
Profit/(loss) on ordinary activities after taxation		272,507	(229,282)
Losses brought forward		(229,282)	-
		-----	-----
Profit/(loss) carried forward		£ 43,225	£ (229,282)
		=====	=====

There were no recognised gains and losses for 1998 and 1997 other than those included in the profit and loss account.

COLUMBIA HOUSE PROPERTIES (No 3) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH APRIL 1998

	Note	1998	1997
		£	£
Net cash outflow from operating activities	1	(973,638)	(3,008,256)
Returns on investments and servicing of finance:			
Interest received		19,670	5,796
Interest paid		(408,768)	(117,848)
		(389,098)	(112,052)
		(1,362,736)	(3,120,308)
Capital expenditure			
Purchase of fixed assets		(3,953)	(3,903)
		(1,366,689)	(3,124,211)
Financing			
Issue of share capital		-	2
Decrease in cash	2	£(1,366,689)	£(3,124,209)
		=====	=====

COLUMBIA HOUSE PROPERTIES (No 3) LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH APRIL 1998

1. Reconciliation of operating profit/(loss) to net cash outflow from operations

	1998 £	1997 £
Operating profit/(loss)	691,519	(117,230)
Depreciation	1,720	976
Increase in stocks	(2,556,607)	(4,010,085)
Increase in debtors	(662,074)	(66,501)
Increase in creditors	1,551,804	1,184,584
	-----	-----
Net cash outflow from operations	£ (973,638)	£ (3,008,256)
	=====	=====

2. Reconciliation of net cash flow to movement in net debt

	1998 £	1997 £
(Decrease)/increase in cash in the period	(144,706)	145,920
Increase in bank loans	(1,221,983)	(3,270,129)
	-----	-----
Change in net debt	(1,366,689)	(3,124,209)
Net debt at 1st May 1997	(3,124,209)	-
	-----	-----
Net debt at 30th April 1998	£ (4,490,898)	£ (3,124,209)
	=====	=====

3. Analysis of changes in net debt

	Balance 1.5.97 £	Cash flows £	Balance 30.4.98 £
Cash at bank and in hand	145,920	(144,706)	1,214
Debt due within one year	(3,270,129)	(1,221,983)	(4,492,112)
	-----	-----	-----
Total	£ (3,124,209)	£ (1,366,689)	(4,490,898)
	=====	=====	=====

COLUMBIA HOUSE PROPERTIES (No 3) LIMITED

NOTES FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1998

1. ACCOUNTING POLICIES

There have been no changes in accounting policies during the year under review.

(a) Accounting convention

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

(b) Turnover

Turnover represents sales of properties made during the year stated net of Value added tax.

(c) Depreciation

Depreciation is provided to write off the cost less estimated residual values of all fixed assets over their expected useful lives, at the following annual rates

Furniture and Fittings - 25% on reducing balance

(d) Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each property to its present condition and level of completion. Net realisable value is based on the estimated selling price less any further costs expected to be incurred to completion and disposal. Freehold reversionary interests are valued at a multiple of six times the annual ground rent receivable.

(e) Cash flow statements

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the grounds that it is a small company.

(f) Continuing activities

None of the company's activities were acquired or discontinued during 1998 or 1997.

(g) Deferred taxation

Provision is only made for deferred taxation arising from the excess of capital allowances over depreciation charged and other timing differences to the extent that it is considered a liability will crystallise in the foreseeable future.

COLUMBIA HOUSE PROPERTIES (No 3) LIMITED
NOTES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL 1998 (continued)

2. FIXED ASSETS - TANGIBLES

	Furniture & Fittings £
COST	
As at 1st May 1997	3,903
Additions	3,953

As at 30th April 1998	£ 7,856
	=====
AGGREGATE DEPRECIATION	
As at 1st May 1997	976
Charge for the year	1,720

As at 30th April 1998	£ 2,696
	=====
NET BOOK VALUE	
As at 30th April 1998	£ 5,160
	=====
As at 30th April 1997	£ 2,927
	=====

1998
£

1997
£

3. CURRENT ASSETS

Stock and work in progress (Note 4)	6,566,692	4,010,085
Debtors due within one year (Note 5)	728,575	66,501
Cash at bank and in hand	1,214	145,920
	-----	-----
	£7,296,481	£4,222,506
	=====	=====

4. STOCK AND WORK IN PROGRESS

Properties in the course of construction	6,521,692	4,010,085
Freehold reversionary interests	45,000	-
	-----	-----
	£6,566,692	£4,010,085
	=====	=====

In the opinion of the director, there is no material difference between the replacement cost of stock and that stated above.

COLUMBIA HOUSE PROPERTIES (No 3) LIMITED
NOTES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL 1998 (continued)

	1998 £	1997 £
5. DEBTORS		
Amounts due within one year:		
Trade debtors	25,493	-
Other debtors	13,715	2,287
Prepayments and accrued income	59,228	64,214
Amounts due from fellow subsidiary	630,139	-
	-----	-----
	£ 728,575	£ 66,501
	=====	=====
6. CREDITORS		
Amounts falling due within one year:		
Trade creditors	183,777	130,777
Other creditors	1,438,693	77,276
Taxation and social security	117,114	58,127
Accruals and deferred income	78,696	25,000
Bank loans (secured)	4,492,112	3,270,129
Corporation tax	29,914	-
Amounts due to holding company	185,442	247,535
Amounts due to fellow subsidiary	-	40,346
Amounts due to related companies	732,666	605,523
	-----	-----
	£7,258,414	£4,454,713
	=====	=====

The bank loans are secured by first charges dated 13th August 1996 and 5th June 1997 over the property stock of the company.

7. SHARE CAPITAL	1998 £	1997 £
Authorised:		
1000 Ordinary shares of £1 each	£ 1,000	£ 1,000
	=====	=====
Allotted, called up and fully paid:		
2 Ordinary shares of £1 each	£ 2	£ 2
	=====	=====

8. HOLDING COMPANY

The company is a wholly owned subsidiary of Albion Yard (Estates) Limited, a company incorporated in the UK.

COLUMBIA HOUSE PROPERTIES (No 3) LIMITED
 NOTES FORMING PART OF THE ACCOUNTS
 FOR THE YEAR ENDED 30TH APRIL 1998 (continued)

9. DIRECTOR'S INTEREST IN TRANSACTIONS

During the year the company was charged for professional services and related construction costs amounting to £244,099 by a company in which the director has a material interest.

10. TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

11. OPERATING PROFIT/(LOSS) is stated after charging:

	1998 £	1997 £
Auditors remuneration	4,000	2,500
Depreciation of tangible fixed assets owned by the company	1,720	976
Bank loan and mortgage interest	403,198	117,848
Other interest	5,570	-
	=====	=====

12. TAXATION

(a) Tax on ordinary activities

Taxation is based on the results for the year and comprises corporation tax at 28.4% on taxable profits

£ 29,914	£ -
=====	=====

(b) Deferred taxation

Provision is made under the liability method at the rates ruling at the Balance Sheet date. Timing differences arising from capital allowances are recognised in view of the difficulties inherent in forecasting future levels of eligible capital expenditure.

Where any deferred taxation represents an amount of taxation recoverable, provision is made for it only where there is a reasonable certainty that recovery will be achieved in future periods.

COLUMBIA HOUSE PROPERTIES (No 3) LIMITED
NOTES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL 1998 (continued)

	1998 £	1997 £
13. MOVEMENTS ON SHAREHOLDERS' FUNDS		
Opening shareholders funds	(229,280)	-
Share capital issued	-	2
Profit/(loss) for the year	272,507	(229,282)
	-----	-----
	£ 43,227	£ (229,280)
	=====	=====