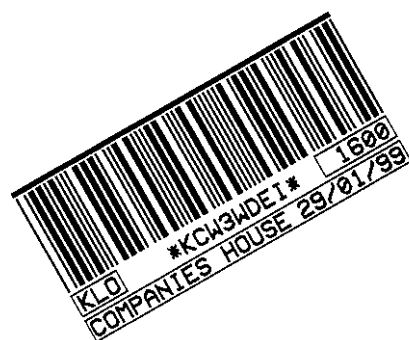


Pembridge Properties Limited
Directors' Report & Financial Statements
For the year ended
31st March 1998



Pembridge Properties Limited
Report of the Directors
For the year ended
31st March 1998.

The directors presents their report and the financial statements for the year ended 31st March 1998.

Principal activity

The company's principal activity is the acquisition, rental and sale of investment properties.

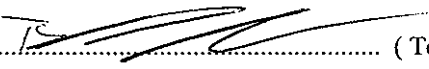
Directors and their interests

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	No.of shares At 31.3.98	No.of shares At 31.3.97
T.M Buxton	50,000	50,000
F.H Buxton	nil	nil
A.J Sater	50,000	50,000
R.M Sater	nil	nil

Advantage has been taken in the preparation of this report of the special provisions applicable to small companies under Part VII of the Companies Act 1985.

Approved by the Board on 20th August 1998 and signed on their behalf.

.....  (Terence Buxton, Company Secretary)

Pembridge Properties Limited

Balance Sheet as at
31st March 1998

	Notes	£	31.3.98	£	31.3.97	£
<u>Fixed Assets</u>						
Tangible assets	1c), 5		675,564			312,881
<u>Current Assets</u>						
Debtors	6	2,708			16,953	
Cash at bank and in hand		254,966			79,685	
		<u>257,674</u>			<u>96,638</u>	
<u>Creditors: amounts falling due within one year</u>						
	7	(384,371)			(22,479)	
Net current (liabilities) / assets			<u>(126,697)</u>			74,159
<u>Creditors: amounts falling due after more than one year</u>						
	8		(381,913)			(284,233)
Net assets			<u>166,954</u>			<u>102,807</u>
<u>Capital & reserves</u>						
Called up share capital	9		100,000			100,000
Profit & loss account			66,954			2,807
<u>Shareholders' funds</u>	10		<u>166,954</u>			<u>102,807</u>

Approved by the Board of Directors on 20th August 1998 and signed on its behalf. The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of Section 249 A(1) of the Companies Act 1985. Shareholders holding 10% or more of the company's share capital have not issued a notice requiring an audit. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.



(A. J. Sater, Director.)

Pembridge Properties Limited
Profit and Loss account
For the year ended
31st March 1998

	Note	Y/E 31.3.98	P/E 31.3.97 £
Turnover: Property sales		230,754	-
Cost of sales		(151,749)	-
Gross profit		<u>79,005</u>	<u>-</u>
Other operating income - net rental income	1b), 2	53,563	11,591
Net rental income		<u>132,568</u>	<u>11,591</u>
Administrative expenses		(41,163)	(2,753)
Operating profit		<u>91,405</u>	<u>8,838</u>
Interest receivable		8,186	834
Interest payable		(18,131)	(5,279)
Profit on ordinary activities before taxation		<u>81,460</u>	<u>4,393</u>
Taxation	4	(17,313)	(1,586)
Retained profit for the year		<u>64,147</u>	<u>2,807</u>
Retained profit brought forward		2,807	-
Retained profit carried forward		<u><u>66,954</u></u>	<u><u>2,807</u></u>

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

The company's results in the year arose entirely from continuing activities.

Pembridge Properties Limited
Notes to the Financial Statements
For the year ended
31st March 1998

1. Accounting policies

a) Basis of preparation

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity as described in the directors' report. The company's principal activity is continuing.

b) Profit & Loss account format

The format for the Profit and Loss account prescribed by The Companies Act 1985 has been adapted in order to present a true and fair view of the company's activities in the period.

c) Tangible fixed assets and depreciation

In accordance with Statement of Standard Accounting Policy No. 19, Investment Properties have been stated at open market value as at the balance sheet date. No depreciation is provided for in spite of the requirement of The Companies Act 1985. This departure is, in the opinion of the Directors, necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards. Unrealised surpluses on revaluation, when arising, are reflected in the Revaluation Reserve. Unrealised deficits, when arising, are carried to profit and loss account.

2. Turnover

During the period turnover arose exclusively in the UK from the company's principal activity, which is continuing

3. Staff costs

Staff costs comprised directors' remuneration of £17,500 (1997 Nil.).

4. Taxation

The charge to taxation in the period represents U.K Corporation Tax at the small companies rate of 21% on the profit for the period.

5. Tangible fixed assets

	<u>Investment Properties</u>
<u>Cost</u>	<u>£</u>
At 1.4.97	312,881
Additions	362,683
At 31.3.98	<u>675,564</u>
<u>Depreciation</u>	
At 1.4.97	-
Charge for the year	-
At 31.3.98	<u>-</u>
<u>Net Book Value at 31.3.97</u>	<u>312,881</u>
<u>Net Book Value at 31.3.98</u>	<u>675,564</u>

Pembridge Properties Limited
Notes to the Financial Statements
For the year ended
31st March 1998

5. Tangible fixed assets (contd.)

Investment property has been stated at open market value as at 31st March 1998. In the directors' opinion this does not differ materially from the cost of the properties when acquired.

<u>6. Debtors</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Due within one year:		
Other debtors	438	-
Prepayments	2,270	16,953
	<u>2,708</u>	<u>16,953</u>

7. Creditors: amounts falling due within one year

	<u>£</u>	<u>£</u>
Trade creditors	110	-
Bank loans and overdrafts	305,966	209
Corporation Tax	17,363	2,855
Other taxes and social security costs	8,750	-
Other creditors	6,930	-
Accruals and deferred income	45,252	19,415
	<u>384,371</u>	<u>22,479</u>

8. Creditors: amounts falling due in more than one year

	<u>£</u>	<u>£</u>
Loans from shareholders	331,913	234,233
Other creditors	50,000	50,000
	<u>381,913</u>	<u>284,233</u>

The above loans carry interest at Barclays base rate and are repayable as follows:

At one year's notice	115,494	80,680
After ten years	266,419	203,553
	<u>381,913</u>	<u>284,233</u>

9. Called up share capital

		<u>£</u>	<u>£</u>
a) Authorised:	100,000 ordinary shares of £1 each	100,000	100,000
	100,000 redeemable, convertible, non-cumulative preference shares of £1 each	100,000	100,000
		<u>200,000</u>	<u>200,000</u>
b) Issued and fully paid	100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

The Preference shares (nil in issue) carry a non-cumulative dividend of 8% in preference to the dividend rights of ordinary shares. The shares are redeemable at the company's option until 31st December 2002, or convertible to ordinary shares thereafter.

Pembridge Properties Limited
Notes to the Financial Statements
For the year ended
31st March 1998

10. Reconciliation of movement in shareholders' funds

	<u>Called up</u> <u>Share</u> <u>Capital</u> <u>£</u>	<u>Profit &</u> <u>Loss</u> <u>Account</u> <u>£</u>	<u>Total</u> <u>£</u>
Shareholders' funds at 31.3.97	100,000	2,807	102,807
Retained profit for the year	-	64,147	64,147
Shareholders' funds at 31.3.98	<u>100,000</u>	<u>66,954</u>	<u>166,954</u>

11. Controlling party

The company is controlled by its directors, who are also its only shareholders.

12. Related party transactions

Throughout the year the company owed £50,000 (included in other creditors due after more than one year) to a pension fund of which Mr R.M Sater is a beneficiary.

During the year the company owed the following amounts to its directors and shareholders:

	<u>A.J Sater</u> <u>£</u>	<u>T.M Buxton</u> <u>£</u>	<u>Total</u> <u>£</u>
Balance brought forward 1.4.97	30,680	203,553	234,233
Further advance during the year	34,814	62,866	97,680
Balance carried forward 31.3.98	<u>65,494</u>	<u>266,419</u>	<u>331,913</u>