

PROJECT PROPERTIES LIMITED

REPORT AND ACCOUNTS

For the year ended 30 April 1997

Co. No. 1079428

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PROJECT PROPERTIES LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company for the year ended 30 April 1997.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the purchase and lease of commercial properties.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Profit and Loss Account for the year is set out on page 5.

Both the level of business and the year end financial position were satisfactory and the Directors expect that the level of activity will be sustained.

DIVIDEND

The Directors recommend the payment of a dividend in the sum of £10000000, leaving a retained loss of £9315860 to be transferred to reserves.

FIXED ASSETS

The movements in fixed assets are set out in note 5.

DIRECTORS

The Directors in office during the year were:-

Mrs. A.M. Sutton
A.M. Sutton
Mrs. D.P. Broadhurst

The Company is a wholly owned subsidiary of Thomas Cradley Holdings Limited. The interests of the Directors in the share capital of the holding Company are shown in the accounts of that Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the Directors 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 Directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

PROJECT PROPERTIES LIMITED

REPORT OF THE DIRECTORS - Continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES - Continued

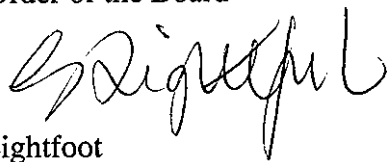
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safe-guarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution to reappoint the Auditors, Jackson, Stephen & Co, will be proposed at the annual general meeting.

By Order of the Board



G. Lightfoot

Secretary

22 October 1997

AUDITORS' REPORT TO THE SHAREHOLDERS OF PROJECT PROPERTIES LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 1 and 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.

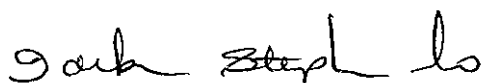
BASIS OF OPINION

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 mis-statement, 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 30 April 1997 and of its Profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Jackson, Stephen & Co.,
Chartered Accountants,
Registered Auditor.

22 October 1997

Broseley House,
116 Bradshawgate,
LEIGH,
Lancs. WN7 4NT

PROJECT PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 April 1997

	Note	<u>1997</u> £	<u>1996</u> £
TURNOVER		818097	1381832
Administrative expenses		(<u>42272</u>)	(<u>49565</u>)
OPERATING PROFIT		775825	1332267
Interest receivable and similar income		<u>320</u>	<u>1087</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	776145	1333354
Taxation	4	<u>92005</u>	<u>645000</u>
PROFIT FOR THE FINANCIAL YEAR		684140	688354
Proposed dividend		<u>10000000</u>	<u>-</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR	10	<u>£(9315860)</u>	<u>£ 688354</u>

All amounts relate to continuing operations.

All recognised gains and losses are included in the Profit and Loss Account.

PROJECT PROPERTIES LIMITED

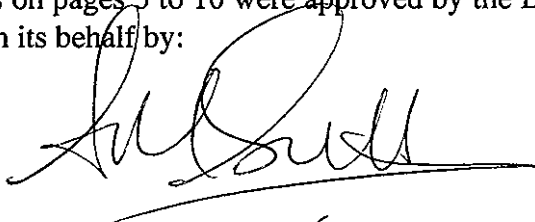
BALANCE SHEET

30 April 1997

	Note	1997		1996	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		3023000		3073452
CURRENT ASSETS					
Debtors	6	8055922		7443933	
Cash at bank and in hand		<u>7</u>		<u>4</u>	
		8055929		7443937	
		<u> </u>		<u> </u>	
CREDITORS: Amounts falling due within one year	7	10055900		178500	
		<u> </u>		<u> </u>	
NET CURRENT ASSETS/(LIABILITIES)			(<u>1999971</u>)		<u>7265437</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1023029		10338889
PROVISION FOR LIABILITIES AND CHARGES					
Deferred taxation	8		<u>69000</u>		<u>69000</u>
NET ASSETS		£	954029	£	10269889
			<u> </u>		<u> </u>
CAPITAL AND RESERVES					
Called up share capital	9		100		100
Profit and loss account	10		<u>953929</u>		<u>10269789</u>
SHAREHOLDERS' FUNDS	11	£	954029	£	10269889
			<u> </u>		<u> </u>

The financial statements on pages 5 to 10 were approved by the Board of Directors on 22 October 1997 and were signed on its behalf by:

A.M. Sutton
Director



PROJECT PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 1997

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

a) Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

b) Turnover

Turnover represents the invoiced value of rents receivable. All turnover arises in respect of operating leases.

c) Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values over the expected useful economic lives of the assets as follows:-

Freehold Buildings	2% per annum (straight line basis)
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d) Deferred Taxation

Deferred taxation is accounted for in respect of all material timing differences which may materialise in the foreseeable future.

e) Cash Flow Statement

No cash flow statement has been presented as the Company is a wholly owned subsidiary of a company registered in England preparing Group accounts.

2. DIRECTORS AND EMPLOYEES

The average weekly number of employees (including directors) employed by the Company during the year was:-

	<u>1997</u> Number	<u>1996</u> Number
Administration	3	3
	<hr/>	<hr/>
	<u>1997</u>	<u>1996</u>
Staff Costs	£ -	£ -
	<hr/>	<hr/>
Directors' emoluments	£ -	£ -
	<hr/>	<hr/>

PROJECT PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the year ended 30 April 1997

3. PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION

	<u>1997</u>	<u>1996</u>
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	£ 49452	£ 49286
Auditors' remuneration	£ 900	£ 500
	<u> </u>	<u> </u>

4. TAXATION

	<u>1997</u>	<u>1996</u>
U.K. Corporation Tax at 33%:		
On the result for the year	55000	145000
Underprovision in respect of prior years	37005	-
Payment for group relief	<u>-</u>	<u>500000</u>
	£ 92005	£ 645000
	<u> </u>	<u> </u>

5. TANGIBLE FIXED ASSETS

	<u>Freehold Land and Buildings</u>	<u>Long Leasehold Land and Buildings</u>	<u>Total</u>
COST			
At 1 May 1996	4351359	2688	4354047
Disposals	(<u>1971</u>)	<u>-</u>	(<u>1971</u>)
At 30 April 1997	4349388	2688	4352076
	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION			
At 1 May 1996	1279907	688	1280595
Charge for the year	49452	-	49452
Eliminated in respect of disposals	(<u>971</u>)	<u>-</u>	(<u>971</u>)
At 30 April 1997	1328388	688	1329076
	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUES:			
At 30 April 1997	£ 3021000	£ 2000	£ 3023000
	<u> </u>	<u> </u>	<u> </u>
At 30 April 1996	£ 3071452	£ 2000	£ 3073452
	<u> </u>	<u> </u>	<u> </u>

All the above assets are held for use in operating leases.

PROJECT PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the year ended 30 April 1997

6. DEBTORS

	<u>1997</u>	<u>1996</u>
Due within one year:		
Amounts owed by group companies	8055670	7436100
Other debtors	<u>252</u>	<u>7833</u>
	£ 8055922	£ 7443933

Included in debtors are amounts totalling £8055670 which are receivable after more than one year (1996: £7436100).

7. CREDITORS

	<u>1997</u>	<u>1996</u>
Amounts falling due within one year:		
Corporation tax	55000	178000
Accruals	900	500
Proposed dividends	<u>10000000</u>	<u>-</u>
	£ 10055900	£ 178500

8. DEFERRED TAXATION

	<u>£</u>
Provision at 1 May 1996	69000
Charge for year	<u>-</u>
Provision at 30 April 1997	£ 69000

The deferred tax provision consists entirely of timing differences due to accelerated capital allowances and there are no material amounts unprovided.

9. SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
Authorised, allotted, called up and fully paid		
100 Ordinary Shares of £1 each	£ 100	£ 100

10. PROFIT AND LOSS ACCOUNT

	<u>1997</u>	<u>1996</u>
At 1 May 1996	10269789	9581435
Retained profit/(loss) for the year	(9315860)	<u>688354</u>
At 30 April 1997	£ 953929	£ 10269789

PROJECT PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the year ended 30 April 1997

11. RECONCILIATION OF MOVEMENT IN
SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
Retained profit/(loss) for the year	(9315860)	688354
Opening shareholders' funds	<u>10269889</u>	<u>9581535</u>
Closing shareholders' funds	£ 954029	£ 10269889
	<u><u> </u></u>	<u><u> </u></u>

12. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Thomas Cradley Holdings Limited, a company registered in England.

13. RELATED PARTY DISCLOSURES

The Company relies on the exemption for non disclosure of certain related party disclosures as it is a wholly owned subsidiary of Thomas Cradley Holdings Limited.