

ACCOUNTANTS' REPORT

To the shareholders on the unaudited accounts of

IMPERIAL SQUARE DEVELOPMENTS LIMITED

We report on the accounts for the year ended 30 April 1997 set out on pages 2 to 6.

Respective responsibilities of directors and reporting accountants

As described on page 5 the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinions

In our opinion:

- a) The accounts are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- b) Having regard only to, and on the basis of, the information contained in those accounting records,
 - i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).


HAZLEWOODS

Cheltenham

Reporting Accountants

29 January 1998



IMPERIAL SQUARE DEVELOPMENTS LIMITED

BALANCE SHEET

30 April 1997

	Note	1997	1996
FIXED ASSETS			
Tangible assets	3	28,586	37,154
CURRENT ASSETS			
Debtors		57,800	119,285
Cash at bank and in hand		22,009	10,658
		79,809	129,943
CREDITORS			
due within one year	4	134,249	151,929
NET CURRENT LIABILITIES		(54,440)	(21,986)
TOTAL ASSETS LESS			
CURRENT LIABILITIES		(25,854)	15,168
PROVISIONS FOR LIABILITIES			
AND CHARGES		2,800	14,000
		£ (28,654)	£ 1,168
CAPITAL AND RESERVES			
Called up share capital	5	100	100
Profit and loss account		(28,754)	1,068
SHAREHOLDERS' (DEFICIT) FUNDS		£ (28,654)	£ 1,168

Balance sheet continued on page 3.

IMPERIAL SQUARE DEVELOPMENTS LIMITED

BALANCE SHEET (Continued)

For the year ended 30 April 1997 the company was entitled to exemption from audit under Section 249A(2) of the Companies Act 1985 and no notice has been deposited under Section 249B(2) of the Act.

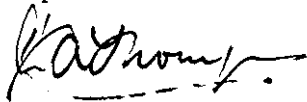
The directors acknowledge their responsibility for:

- i) ensuring the company keeps proper accounting records which comply with Section 221 of the Act, and
- ii) preparing accounts which give a true and fair view of the state of affairs of the company at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226 of the Act, and which otherwise comply with the requirements of the Act relating to accounts.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 26 Jan 1998

J A Thompson - Director



IMPERIAL SQUARE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 April 1997

1 BASIS OF PREPARING THESE ACCOUNTS

The company has a deficit on shareholders' funds of £28,654. Financial support is being provided primarily by way of a loan from a company under the common control of the directors, Cawale Properties Limited.

The financial statements have been prepared on a going concern basis, the validity of which is dependent upon the continued financial support of Cawale Properties Limited. The financial statements do not include any adjustments that would result from the withdrawal of financial support from Cawale Properties Limited as the directors have assumed that support will continue to be provided for such time that the future prospects of the company are viable.

Should the company be unable to continue trading, adjustments would be necessary to write down assets to their recoverable amounts, provide for any further liabilities which might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

2 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, adopting the following principal accounting policies.

Turnover

Turnover represents the amounts, excluding value added tax, receivable during the year for goods and services supplied.

Depreciation

Depreciation is calculated to write off the cost less estimated residual value of tangible assets over their estimated useful lives at the following rates per annum:

Office equipment	15% of written down value
Motor vehicles	25% of written down value

Long Term Contracts

Profit from long term contracts is taken to the profit and loss account as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit is calculated to reflect the proportion of the work carried out at the year end by recording turnover and related costs as contract activity progresses. Turnover from long term contracts is calculated as the proportion of total contract value which costs incurred to date bear, to total expected costs for that contract.

Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen. Long term contract work in progress is shown at net cost after deducting foreseeable losses and payments on account.

IMPERIAL SQUARE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 April 1997

2 ACCOUNTING POLICIES (Continued)

Deferred Taxation

Provision is made for deferred taxation using the liability method (calculated at the rate at which it is estimated that tax will be payable) in respect of timing differences between profits as computed for tax purposes and profits as stated in the accounts, to the extent that those differences will give rise to tax liabilities in the foreseeable future.

3 TANGIBLE FIXED ASSETS

Cost	Total
At 1 May 1996	57,420
Additions	153
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At 30 April 1997	£ 57,573
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Depreciation	
At 1 May 1996	20,266
Charge for year	8,721
	<hr/>
At 30 April 1997	28,987
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Net book value	
At 30 April 1997	£ 28,586
	<hr/>
At 30 April 1996	£ 37,154
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4 CREDITORS	1997	1996
Creditors include the following borrowings:		
Bank overdraft	-	16,896
	<hr/>	<hr/>

IMPERIAL SQUARE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 April 1997

5 SHARE CAPITAL

	1997	1996
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Authorised:

Ordinary shares of £1 each	£ 50,000	£ 50,000
	<u> </u>	<u> </u>

Allotted and fully paid:

Ordinary shares of £1 each	£ 100	£ 100
	<u> </u>	<u> </u>

6 RELATED PARTY TRANSACTIONS

During the year the company traded with Cawale Properties Limited, a company under the common control of the directors.

Management charge	£ 2,000	£ 12,000
	<u> </u>	<u> </u>

At the year end the company had a loan due from Imperial Square Developments (Hoxton) Limited, a company under the common control of the directors. This amounted to £18,596 and is interest free with no fixed repayment terms.

At the year end the company owed £116,113 to Cawale Properties Limited, a company under the common control of the directors. Again, this loan was interest free with no fixed repayment terms.

7 CONTROL OF THE COMPANY

The company is controlled by the directors.