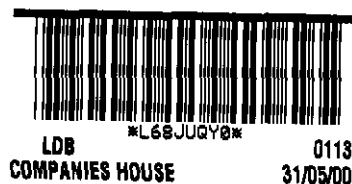


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**REALTY, THE LONDON PROPERTY BROKERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 1999**



Company No. 1816008

REALTY, THE LONDON PROPERTY BROKERS LIMITED

CONTENTS

	Page
Company Information	1
Directors' Report	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	5 to 8

REALTY, THE LONDON PROPERTY BROKERS LIMITED

COMPANY INFORMATION

Directors
Mr L.G. Kirschel
Mr N.H. Fattal
Mr N.M. Lawson (resigned 23-Mar-2000)
Mr S.M. Margolis (resigned 23-Mar-2000)
Mrs E.A. Kirschel (appointed 01-Mar-2000)

Secretary Mr J.W. Samuels

Company Number 1816008

Registered Office 124-130 Seymour Place
London
W1H 6AA

Reporting Accountants Bright Grahame Murray
124/130 Seymour Place
London
W1H 6AA

REALTY, THE LONDON PROPERTY BROKERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MAY 1999

The directors present their report together with the financial statements for the year ended 31st May 1999.

Principal Activity

The company's principal activity continued to be that of estate agents.

Year 2000 Issue

The directors are addressing the risks and uncertainties associated with the Year 2000 Issue and are satisfied that the steps currently taken will result in no significant implications for the company's ability to continue as a going concern.

Directors and Their Interests

The directors at 31st May 1999 and their beneficial interests in the company's issued share capital were as follows:

	<u>At</u> <u>31st May 1999</u> <u>Ordinary Shares</u>	<u>At</u> <u>1st June 1998</u> <u>Ordinary Shares</u>
Mr L.G. Kirschel	15,000	15,000
Mr N.H. Fattal	15,000	15,000
Mr N.M. Lawson (resigned 23-Mar-2000)	-	-
Mr S.M. Margolis (resigned 23-Mar-2000)	-	-
Mrs E.A. Kirschel (appointed 01-Mar-2000)	-	-

Small Companies Exemptions

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

.....
Secretary

Date:

31.05.99

REALTY, THE LONDON PROPERTY BROKERS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MAY 1999**

	Notes	1999 £	1998 £
Turnover	2	151,188	145,481
Distribution costs		58,346	77,083
Administrative expenses		159,522	133,819
		<u>(66,680)</u>	<u>(65,421)</u>
Other operating income		75,000	50,000
Operating Profit/(Loss)	3	8,320	(15,421)
Interest payable		<u>(10,850)</u>	<u>(8,759)</u>
(Loss) for the Financial Year		(2,530)	(24,180)
(Adverse balance) brought forward		(100,214)	(76,034)
(Adverse balance) carried forward		<u>(102,744)</u>	<u>(100,214)</u>

All amounts relate to continuing activities.

There were no recognised gains and losses for 1999 or 1998 other than those included in the profit and loss account.

The notes on pages 5 to 8 form part of these financial statements.

REALTY, THE LONDON PROPERTY BROKERS LIMITED

BALANCE SHEET AS AT 31ST MAY 1999

	Notes	1999	1998
		£	£
Fixed Assets			
Tangible assets	5	88,777	101,443
Current Assets			
Debtors	6	146,333	144,315
Client bank account		17,878	22,151
Cash at bank and in hand		153	93
		<u>164,364</u>	<u>166,559</u>
Creditors			
Amounts falling due within one year	7	<u>325,885</u>	<u>338,216</u>
Net Current Liabilities		<u>(161,521)</u>	<u>(171,657)</u>
Total Assets Less Current Liabilities		<u>(72,743)</u>	<u>(70,213)</u>
Capital and Reserves			
Share capital	8	30,000	30,000
Profit and loss account		(102,743)	(100,214)
Shareholders' funds	9	<u>(72,743)</u>	<u>(70,214)</u>

The directors are of the opinion that the company is entitled to exemption from audit conferred by subsection 1 of Section 249A of the Companies Act 1985 for the year ended 31st May 1999.

The directors confirm that no member or members have requested an audit pursuant to subsection 2 of Section 249B of the Companies Act 1985.

The directors confirm that they are responsible for:

ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and

preparing financial statements which give a true and fair view of the state of the affairs of the company as at the end of the financial year and of its results for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

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

Director:

Secretary
Director:

Approved on: 31.05.99

The notes on pages 5 to 8 form part of these financial statements.

REALTY, THE LONDON PROPERTY BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 1999

1 Accounting Policies

Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:-

Leasehold properties	over 10 years
Furniture and equipment	15% p.a. on a straight line basis

Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

2 Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

The turnover was derived from the company's principal activity which was carried out wholly in the United Kingdom.

3 Operating Profit/(Loss)

<i>This is stated after charging/(crediting):</i>	1999	1998
	£	£
Depreciation of owned assets	14,184	13,065
Rental income	(75,000)	(50,000)

4 Directors and Employees

Staff costs were as follows:

	1999	1998
	£	£
Wages and salaries	31,287	14,243

REALTY, THE LONDON PROPERTY BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 1999

Directors' emoluments

	1999	1998
	£	£
For management services	910	898

5 Tangible Fixed Assets

	Short Leasehold Land and Buildings	Plant and Equipment	Total
Cost	£	£	£
At 1st June 1998	106,503	57,051	163,554
Additions	-	1,518	1,518
Disposals	-	(33,432)	(33,432)
At 31st May 1999	106,503	25,137	131,640
Depreciation			
At 1st June 1998	21,300	40,811	62,111
Charge for the year	10,650	3,534	14,184
Disposals	-	(33,432)	(33,432)
At 31st May 1999	31,950	10,913	42,863
Net Book Value			
At 31st May 1999	74,553	14,224	88,777
At 31st May 1998	85,203	16,240	101,443

6 Debtors

	1999	1998
	£	£
Trade debtors	6,275	4,027
Other debtors (Note 10)	140,058	140,288
	146,333	144,315

REALTY, THE LONDON PROPERTY BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 1999

7	Creditors: Amounts Falling Due Within One Year	1999	1998
		£	£
	Bank loans and overdrafts	65,227	106,393
	Client ledger accounts	17,878	22,151
	Other taxes and social security	1,748	1,896
	Other creditors (Note 10)	50,119	78,446
	Directors' loan accounts	174,831	110,463
	Accruals and deferred income	16,082	18,867
		<u>325,885</u>	<u>338,216</u>

The bank overdraft is secured on the personal guarantees of the directors up to a limit of £120,000 (1998: £120,000).

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand and also relies upon ongoing support from a related party in which the directors have a material interest as shareholders.

The company is operating within the facility currently agreed and the directors expect it to be able to continue doing so for at least one year from the date on which they approved the financial statements. In view of their relationship with the company's bankers the directors consider it reasonable to rely on the continuation of the overdraft facility.

For these reasons the financial statements have been prepared on a going concern basis.

8	Share Capital	1999	1998
		£	£
	Authorised		
	Equity Shares		
	Ordinary shares of £1.00 each	30,000	30,000
	Allotted, called up and fully paid		
	Equity Shares		
	Ordinary shares of £1.00 each	30,000	30,000
9	Reconciliation of Shareholders' Funds	1999	1998
		£	£
	(Loss) for the financial year	(2,529)	(24,180)
	Opening shareholders' funds	(70,213)	(46,034)
	Closing shareholders' funds	<u>(72,743)</u>	<u>(70,214)</u>

REALTY, THE LONDON PROPERTY BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 1999

10 Related Party Transactions

Included in other debtors is £139,024 (1998: £139,024) owed by Consolidated Property Corporation Inc Limited, a company in which L. Kirschel has an interest as director and shareholder.

Included in other creditors is £40,119 (1998: £78,446) owed to Consolidated Property Corporation Limited, a company in which L. Kirschel and N. Fattal have interests as directors and shareholders, and £10,000 (1998: £Nil) owed to Consolidated Developments Limited, a company in which L. Kirschel has an interest as director and shareholder.

During the year, the company charged rent of £75,000 (1998: £50,000) to Consolidated Property Corporation Limited.

In addition, the company paid rent of £53,700 (1998: £53,946) to Messrs Kirschel, Lawson and Margolis, the joint owners of the property used by the company.

The company charged estate agency fees in the normal course of business to Consolidated Property Corporation Limited of £4,245 (1998: £861), to Consolidated Property Corporation Inc Limited of £3,478 (1998: £2,376) and to Soho Hotel Limited of £Nil (1998: £642).