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GRANTSTATES LIMITED

ABBREVIATED ACCOUNTS

- for the year ended -

31ST MARCH 1997

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LEVY GEE



GRANTSTATES LIMITED

COMPANY INFORMATION

DIRECTORS

Mr Milton Gross (American)
Mrs Rifka Gross
Mrs Sarah Padwa

JOINT SECRETARIES

Mrs Rifka Gross
Mrs Lily Berger

REGISTERED OFFICE

66 Wigmore Street
London
W1H 0HQ

COMPANY NUMBER

2534737 (England)

AUDITORS

Levy Gee
Chartered Accountants
66 Wigmore Street
London
W1H 0HQ

GRANTSTATES LIMITED

AUDITORS' REPORT TO GRANTSTATES LIMITED UNDER SECTION 247B **OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 4 to 7, together with the financial statements of the Company for the year ended 31st March 1997 prepared under Section 226 of the Companies act 1985.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the Company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the Company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the Company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 7 are properly prepared in accordance with those provisions.

Other Information

On 30th January 1998 we reported as auditors to the members of the Company on the financial statements prepared under Section 226 of the Companies Act 1985 and our report was as follows:-

GRANTSTATES LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the Accounts on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

As described on page 3 the Company's Directors are responsible for the preparation of Accounts. It is our responsibility to form an independent opinion, based on our audit, on those Accounts 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 Accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Accounts 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 Accounts 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 Accounts.

Departure from Accounting Standard

The Company's investment property is included in the financial statements on the basis indicated in note 1(c) on accounting policies. This does not comply with the requirements of Statement of Standard Accounting Practice No.19 which requires such properties to be stated at their open market value.

Qualified Opinion Arising from Departure from Accounting Standard

Except for any adjustments that might have been necessary had they complied with the requirements of Statement of Standard Accounting Practice No.19, in our opinion the Accounts give a true and fair view of the state of the Company's affairs at 31st March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Levy GEE

66 Wigmore Street
LONDON W1H 0HQ

LEVY GEE
Registered Auditor
Chartered Accountants

Date *30 January 1998*

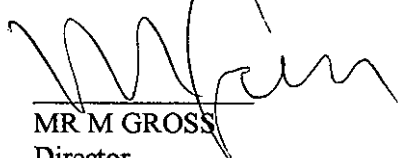
GRANTSTATES LIMITED

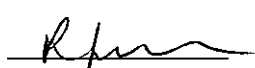
BALANCE SHEET AT 31ST MARCH 1997

	Note	£	1997 £	£	1996 £	£
<u>FIXED ASSETS</u>						
Tangible	2		232,121		232,121	
Investments	3		2		2	
			-----		-----	
			232,123		232,123	
<u>CURRENT ASSETS</u>						
Debtors		37,813		26,004		
Cash at Bank and in Hand		23,915		26,984		
		-----		-----		
		61,728		52,988		
<u>CREDITORS - Amounts</u>						
<u>Falling Due Within One Year</u>		(59,064)		(14,201)		
		-----		-----		
<u>NET CURRENT ASSETS</u>			2,664		38,787	
			-----		-----	
<u>TOTAL ASSETS LESS</u>						
<u>CURRENT LIABILITIES</u>			234,787		270,910	
<u>CREDITORS - Amounts</u>						
<u>Falling Due After One Year</u>	4		(201,958)		(250,000)	
			-----		-----	
			£32,829		£20,910	
			=====		=====	
<u>EQUITY</u>						
<u>CAPITAL AND RESERVES</u>						
Called Up Share Capital	5		100		100	
Profit and Loss Account			32,729		20,810	
			-----		-----	
			£32,829		£20,910	
			=====		=====	

These Accounts were approved by the Board of Directors on 30 January 1998

The Directors have relied on the exemptions for individual Financial Statements contained in Part VII of the Companies Act 1985. Under that Act the Company is entitled to benefit from those exemptions as a small company and thus file abbreviated accounts.


MR M GROSS
Director


MRS R GROSS
Director

GRANTSTATES LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

a) Accounting Convention

The Accounts are prepared under the Historical Cost Convention.

b) Depreciation

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation or amortisation is provided in respect of freehold investment properties. This departure from the requirements of the Companies Act 1985, for all properties to be depreciated, is necessary, as the directors consider that this accounting policy results in the financial statements giving a true and fair view.

c) Investment Properties

Investment properties are included in the balance sheet at historical cost, which is not in accordance with Statement of Standard Accounting Practice No.19.

d) Acquisition and Disposals of Properties

Acquisitions and disposals are considered to have taken place at the date of legal completion and are included in the financial statements accordingly.

e) Cash Flow Statement

The Company is exempted from the requirement to prepare a cash flow statement (in accordance with Financial Reporting Standard No.1) on the basis of its being a 'small company' as defined by Section 247 Companies Act 1985.

2 TANGIBLE FIXED ASSETS

	<u>Freehold</u>
	£
<u>Investment Property at Cost and Net Book Value</u>	
At 1st April 1996 and at 31st March 1997	£232,121
	=====

In accordance with the Company's stated accounting policy (see note 1(b)) no depreciation has been provided in respect of the freehold property which is held for investment purposes.

GRANTSTATES LIMITED

NOTES TO THE ACCOUNTS

3 INVESTMENTS HELD AS FIXED ASSETS

	<u>Shares in Group Company</u> £
<u>In Subsidiary</u>	
At 1st April 1996 and At 31st March 1997	£ 2

4 CREDITORS

	<u>1997</u>	<u>1996</u>
<u>Amounts Falling Due After One Year</u>		
Bank Loan repayable Within Five Years	160,140	--
Bank Loan repayable After Five Years	73,846	250,000
	-----	-----
	233,986	250,000
Bank Loan repayable Within One Year (included in amounts Falling Due Within One Year)	(32,028)	--
	-----	-----
	£201,958	£250,000

The bank loan is secured by a fixed first legal mortgage over the company's investment property.

5 SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
<u>Authorised</u>		
<u>Equity</u>		
100 Ordinary Shares of £1 each	£ 100	£ 100
	=====	=====
<u>Issued, Called Up and Fully Paid</u>		
<u>Equity</u>		
100 Ordinary Shares of £1 each	£ 100	£ 100
	=====	=====

LEVY GEE

GRANTSTATES LIMITED

NOTES TO THE ACCOUNTS

6 ADDITIONAL INFORMATION ON SUBSIDIARY UNDERTAKING

<u>Subsidiaries</u>	<u>Country of Incorporation and Operation</u>	<u>Activity</u>	<u>Proportion of Voting Rights and Shares Held</u>
Grantworld Limited	England	Property Trading	100%