

Company Registration No. 2580349

EUROPE ESTATES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

3456-a-1998

Registered Office
27 Hanson Street,
London W1P 7LQ



EUROPE ESTATES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and financial statements for the year ended 31 December 1998.

Principal activities and review of the business

The principal activity of the company continued to be that of an investment property company.

Results and dividends

The results for the year are set out on page 3.

Fixed assets

The significant changes in fixed assets during the year are explained in note 6 to the financial statements.

Directors

The following directors have held office since 1 January 1998:

A Soldati

G Balemi

The directors have no interest in the issued share capital of the company.

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;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board


.....
A Soldati (Director)

Date : **25 MAY 2000**

MATTHEW EDWARDS & CO

CHARTERED ACCOUNTANTS

P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ

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ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE ACCOUNTS OF EUROPE ESTATES LIMITED

We report on the accounts for the year ended 31 December 1998.

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 December 1998, set out on pages 3 to 7 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these accounts in order to assist you to fulfil your statutory responsibilities.

Our procedures consisted of comparing the accounts with the accounting records kept by the company and making such enquiries of the officers and other officials of the company as we considered necessary for the purposes of this report.

In our opinion the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985.

Matthew Edwards & Co.

Matthew Edwards & Co.

25.05.99

Chartered Accountants

Clinch's House, Lord Street
Douglas
Isle Of Man
IM99 1RZ

EUROPE ESTATES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1998**

	Notes	1998 £	1997 £
Administrative expenses		(37,626)	(2,285)
Operating loss	2	(37,626)	(2,285)
Other interest receivable and similar income	3	2,034	-
Interest payable and similar charges	4	-	(9,613)
Loss on ordinary activities before taxation		(35,592)	(11,898)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	10	(35,592)	(11,898)
Loss brought forward at 1 January 1998		(15,576)	(3,678)
Loss carried forward at 31 December 1998		(51,168)	(15,576)

All of the company's activities are derived from continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

EUROPE ESTATES LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 1998**

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	6		708,852		708,852
Current assets					
Debtors	7	-		36,826	
Cash at bank and in hand		26		26	
		<u>26</u>		<u>36,852</u>	
Creditors: amounts falling due within one year	8	<u>(750,046)</u>		<u>(751,280)</u>	
Net current liabilities			<u>(750,020)</u>		<u>(714,428)</u>
Total assets less current liabilities			<u>(41,168)</u>		<u>(5,576)</u>
Capital and reserves					
Called up share capital	9		10,000		10,000
Profit and loss account	10		(51,168)		(15,576)
Shareholders' funds - equity interests	11		<u>(41,168)</u>		<u>(5,576)</u>

In preparing these financial statements:

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) 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 financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Board on 25 MAY 2000


A Soldati (Director)

EUROPE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

1 Accounting policies

1.1 Accounting convention

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

The financial statements have been prepared on the going concern basis. This is considered appropriate as the ultimate beneficial shareholders will continue to provide financial support to the company for the foreseeable future.

1.2 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis. Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Investment properties are included in the balance sheet at their acquisition cost. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this depreciation policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.3 Foreign currency translation

The company's accounting records are maintained in Pounds Sterling.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Current assets and liabilities are converted at the rate of exchange ruling at the balance sheet date. Any material gains or losses resulting from the conversion are taken to the profit and loss account.

1.4 Cashflow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

2 Operating loss	1998	1997
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	-	635
Audit and accountancy fees	588	-
	<hr/>	<hr/>
3 Other interest receivable and similar income	1998	1997
	£	£
Profit on foreign exchange	2,034	-
	<hr/>	<hr/>
	2,034	-
	<hr/>	<hr/>

EUROPE ESTATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998**

4	Interest payable and similar expenses	1998	1997
		£	£
	Loss on foreign exchange	-	9,613
		<u>-</u>	<u>9,613</u>
		<u>-</u>	<u>9,613</u>

5 Taxation

On the basis of these financial statements no provision has been made for corporation tax for the current period.

6 Tangible fixed assets

	Investment properties
	£
Cost	
At 1 January 1998 & at 31 December 1998	708,852
	<u>708,852</u>

The investment represents a holding of two properties in Italy and is stated at cost. In the opinion of the directors their market value is approximate to their cost.

7	Debtors	1998	1997
		£	£
	Trade debtors	-	36,826
		<u>-</u>	<u>36,826</u>

8	Creditors: amounts falling due within one year	1998	1997
		£	£
	Other creditors	748,395	749,592
	Accruals and deferred income	1,651	1,688
		<u>750,046</u>	<u>751,280</u>

9 Share Capital

The authorised share capital of the Company comprises 10000 ordinary £1 shares of which 10000 have been issued and are fully paid up (1997 - 10000).

EUROPE ESTATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998**

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 1998	(15,576)
Retained loss for the year	(35,592)
	<hr/>
Balance at 31 December 1998	(51,168)
	<hr/>

11 Reconciliation of movements in shareholders' funds	1998	1997
	£	£
Loss for the financial year	(35,592)	(11,898)
Opening shareholders' funds	(5,576)	6,322
	<hr/>	<hr/>
Closing shareholders' funds	(41,168)	(5,576)
	<hr/>	<hr/>

12 Contingent liabilities

There were no known contingent liabilities at the balance sheet date.

13 Capital commitments

There were no major capital commitments at the balance sheet date.

14 Employees

Number of employees, wages and salaries

There were no employees during the year apart from the directors. The directors received no remuneration during the year.