

ARKAIM DEVELOPMENT COMPANY LIMITED

ACCOUNTS

31 December 1998

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REISMAN PULVER
Chartered Accountants

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Company Registration Number 2648642

ARKAIM DEVELOPMENT COMPANY LIMITEDREPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and the accounts of the Company for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was that of management and ownership of property at 50 Clanricarde Gardens, London W2 as head lessees.

REVIEW OF THE BUSINESS

The results of the Company for the year under review are shown on page 2. The state of the Company's affairs at 31 December 1998 was satisfactory.

DIRECTORS

The directors in office during the year and their interest in the issued ordinary share capital of the Company were as follows:-

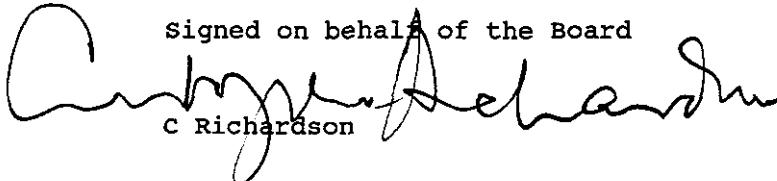
	<u>31 December 1998</u>	<u>1 January 1998</u>
L Hargreaves	250	250
C Richardson	500	500

FIXED ASSETS

Details of changes to the fixed assets of the Company are shown at note 5 to the accounts.

DIVIDENDS

The directors do not recommend the payment of a dividend for the financial year currently under review.

Signed on behalf of the Board

C Richardson

Chairman

28 July 1999

ARKAIM DEVELOPMENT COMPANY LIMITEDProfit and Loss AccountYear ended 31 December 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
Turnover	2	4,560	7,570
Administration & General Expenses		(5,977)	(9,580)
		-----	-----
Operating loss	3	(1,417)	(2,010)
Interest receivable		288	49
		-----	-----
Loss before taxation		(1,129)	(1,961)
Taxation	4	(61)	(11)
		-----	-----
Loss on ordinary activities after taxation		(1,190)	(1,972)
		=====	=====

Movements on reserves are shown in note 10.

None of the Company's activities were acquired or discontinued during the financial year.

The Company made no recognised gains or losses in the year ended 31 December 1998 other than the loss for the year.

The notes on pages 4 and 5 form part of these accounts.

ARKAIM DEVELOPMENT COMPANY LIMITEDBalance Sheet31 December 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
FIXED ASSETS	5	890	899
Tangible assets			
CURRENT ASSETS			
Debtors	6	17,113	15,120
Cash at bank and in hand		5,473	2,419
		-----	-----
		22,586	17,539
CREDITORS	7		
Amounts due within one year		12,180	5,952
		-----	-----
NET CURRENT ASSETS		10,406	11,587
		-----	-----
		11,296	12,486
Provision for liabilities and charges	8	12,000	12,000
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		(704)	486
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	9	1,000	1,000
Profit and loss account	10	(1,704)	(514)
		-----	-----
SHAREHOLDERS FUNDS	11	(704)	486
		=====	=====

In approving these financial statements as a director of the Company, we hereby confirm:-

- a) that for the year in question the Company was entitled to the exemption conferred by section 249A(1) of the Companies Act 1985;
- b) that no notice has been deposited at the registered office of the Company pursuant to section 249B(2) requesting that an audit be conducted for the year ended 31 December 1998; and
- c) that we acknowledge our responsibilities for:-
 - (i) ensuring that the Company keeps accounting records which comply with section 221, 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 loss for the year then ended and which otherwise comply with the provisions of Section 226 of the Companies Act 1985 relating to accounts, so far as applicable to the Company.

The notes on pages 4 and 5 form part of these accounts.

L Hargreaves
..... Director

C Richardson
..... Director

Approved by the Board on 28 July 1999

ARKAIM DEVELOPMENT COMPANY LIMITEDNotes to the AccountsYear ended 31 December 1998

1 ACCOUNTING POLICIES

- a. The accounts have been prepared under the historical cost convention.
- b. Turnover represents rents and service charges receivable during the year.
- c. Depreciation is provided over the expected useful lives of fixed assets, at the following rates:-

The term of the head lease is 120 years from 29 September 1978. The cost of the head lease is therefore amortised over the remaining years of the lease.

- d. Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.
- e. The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that it is a small company.

2 TURNOVER

The turnover and loss before taxation is attributable to the principal activity of the Company, which is as stated in the report of the directors.

	<u>1998</u>	<u>1997</u>
3 OPERATING LOSS	£	£

The operating loss is stated after charging:-

Depreciation	9	9
	=====	=====

4 TAXATION

Corporation tax at small companies rates	61	11
	=====	=====

5 FIXED ASSETS

	<u>Head</u> <u>Lease</u>
Cost at 1.1.1998 and 31.12.1998	935
	=====
Depreciation at 1.1.1998	36
Charge for year	9

Depreciation at 31.12.1998	45
	=====
Net Book Value at 1.1.1998	899
	=====
Net Book Value at 31.12.1998	890
	=====

ARKAIM DEVELOPMENT COMPANY LIMITEDNotes to the AccountsYear ended 31 December 1998

	<u>1998</u>	<u>1997</u>
	£	£
6 DEBTORS		
Trade debtors	16,459	14,487
Prepayments	654	633
	-----	-----
	17,113	15,120
	=====	=====
7 CREDITORS - Amounts due within one year		
Bank overdraft	3	-
Trade creditors and accruals	11,797	5,591
Loans	350	350
Corporation tax	30	11
	-----	-----
	12,180	5,952
	=====	=====
8 SINKING FUND		
Balance 1 January 1998	12,000	-
Contributions in year	-	12,000
	-----	-----
Balance at 31 December 1998	12,000	12,000
	=====	=====
9 CALLED UP SHARE CAPITAL		
Authorised, allotted, issued and fully paid 1000 Ordinary shares of £1 each	1,000	1,000
	=====	=====
10 RESERVES		
Balance brought forward	(514)	1,458
Loss for the year	(1,190)	(1,972)
	-----	-----
Balance carried forward	(1,704)	(514)
	=====	=====
11 MOVEMENT OF SHAREHOLDERS FUNDS		
Loss for the year	(1,190)	(1,972)
Opening shareholders funds	486	2,458
	-----	-----
Closing shareholders funds	(704)	486
	=====	=====