

Company No:- 2771653

HIGHCHARM PROPERTIES LIMITED
FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 1996

Registered Office
Caprice House
3 New Burlington Street
London W1X 1FE

2996-96



HIGHCHARM PROPERTIES LIMITED

DIRECTORS REPORT

The Directors submit their report and the audited financial statements for the year ended 31st December 1996.

ACTIVITIES

The principal activity of the company is that of an investment property company.

STATE OF AFFAIRS AND FUTURE DEVELOPMENT

The state of the company's affairs is as set out on page 6 of the financial statements. The directors expect the present level of activity to be maintained for the foreseeable future.

DIRECTORS AND SECRETARY

The directors who served during the year were:

J R Beardsley	(resigned 13.12.96)
M W Denton	(resigned 20.08.97)
F M Forrai	(appointed 20.08.97)
J E Butterfield	(appointed 20.08.97)
S J Townsend	(appointed 20.08.97)

The directors had no interest in the share capital of the company as defined by the Companies Act 1985.

The Company Secretary who served during the year was Sceptre Consultants Limited, Sceptre House, 169/173 Regent Street, London W1R 7FB.

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 the accounts, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 the reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

HIGHCHARM PROPERTIES LIMITED

DIRECTORS REPORT

RESULTS AND DIVIDENDS

The company's result for the year was a profit after taxation of £6,336 (1995 - £21,954).

The directors do not recommend the payment of a dividend (1995 - nil).

AUDITORS

Messrs. Edwards & Co. have expressed their willingness to continue in office in accordance with Section 384(1) of the Companies Act 1985 and a resolution proposing their re-appointment will be presented at the Annual General Meeting.

FOR AND ON BEHALF OF THE BOARD

A handwritten signature in dark ink, appearing to read 'J E Butterfield', is written over a horizontal line.

Director - J E Butterfield

P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
Telephone 01624 663166 Facsimile 01624 677108
E-mail edwards@edsline.demon.co.uk

HIGHCHARM PROPERTIES LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, 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 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.

However, the evidence available to us was limited because we were unable to obtain independent confirmation of bank accounts and related information and have relied solely on bank statements provided to us to confirm bank balances held by the company. There were no other satisfactory audit procedures that we could adopt to confirm that all bank transactions were properly recorded.

In addition, we were unable to verify the valuation of the investment property

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the accounts.

QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE

Except for any adjustments or additional disclosures that may have been found to be necessary had we obtained independent verification of the valuation of the investment property and company's bank balance, in our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 1996 and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

In respect alone of this limitation on our work relating to the above we have not obtained all the information and explanations that we consider necessary for the purposes of this audit.

Edwards & Co.

EDWARDS & CO.
Chartered Accountants
Registered Auditors

Date 20/1/98

HIGHCHARM PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1996

	Notes	1996 £	1995 £
Turnover	2	24,240	37,826
Cost of sales		(7,406)	(6,338)
Gross profit		16,834	31,488
Administrative expenses		(5,601)	(4,693)
Operating profit	3	11,233	26,795
Interest receivable and similar income		-	2,118
Interest payable and similar charges		(1,297)	(357)
Profit on ordinary activities before taxation		9,936	28,556
Taxation	5	(3,600)	(6,602)
Profit for the financial year after taxation		6,336	21,954
Retained profits brought forward		31,760	9,806
Retained profits carried forward		£ 38,096 =====	£ 31,760 =====

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The attached notes form part of these financial statements.

HIGHCHARM PROPERTIES LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Investments	6	654,511	654,511
CURRENT ASSETS			
Debtors	7	6,870	12,240
Cash at bank and in hand		22,972	27,854
		29,842	40,094
CREDITORS: Amounts falling due within one year	8	(645,257)	(661,845)
NET CURRENT LIABILITIES		(615,415)	(621,751)
TOTAL ASSETS LESS CURRENT LIABILITIES		£ 39,096	£ 32,760
CAPITAL AND RESERVES			
Called up share capital	9	1,000	1,000
Profit and loss account		38,096	31,760
Shareholders funds	10	£ 39,096	£ 32,760

J E Butterfield
 Director - J E Butterfield
 Date 20/1/98

The attached notes form part of these financial statements.

HIGHCHARM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1996

1. ACCOUNTING POLICIES

a. Accounting Convention

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

b. Cash Flow

The financial statements do not include a cash flow statement because the company as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

c. Foreign Currencies

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. Monetary 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.

d. Deferred Tax

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Provision is made at the rate which is expected to be applied when the tax liability or asset is expected to crystallise.

2. TURNOVER

Turnover represents rental income and is calculated on a receivable basis.

3. OPERATING PROFIT

Operating profit is stated after charging:-

	1996	1995
	£	£
Auditors remuneration	900	500
	=====	=====

HIGHCHARM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1996

4. DIRECTORS AND EMPLOYEES

The directors were the only employees during the year. The directors received no emoluments from the company during the year.

5. TAXATION

Corporation tax has been provided on the company's taxable profits at the rate of 33% (1995 - 25%). The charge comprises:-

	1996 £	1995 £
Current year charge	3,279	6,602
Under provision in respect of prior years	321	-
	<u>£ 3,600</u>	<u>£ 6,602</u>
	=====	=====

6. INVESTMENTS

The investment represents the ownership of a property situated in France. In the opinion of the directors the valuation of the property, stated at cost in the accounts, is at least equivalent to its market value.

7. DEBTORS

	1996 £	1995 £
Prepayment	1,250	-
Trade debtors	5,620	12,240
	<u>£ 6,870</u>	<u>£ 12,240</u>
	=====	=====

8. CREDITORS: Amounts falling due within one year:-

	1996 £	1995 £
Shareholders loan	638,410	651,282
Corporation tax	3,279	6,602
Other creditors and accruals	3,568	3,961
	<u>£ 645,257</u>	<u>£ 661,845</u>
	=====	=====

The shareholders loan is interest free, unsecured and has no fixed repayment date.

HIGHCHARM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1996

9. SHARE CAPITAL

The authorised share capital of the company comprises 1,000 shares at £1 each, all of which have been issued and are fully paid (1995 - 1,000).

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1996	1995
	£	£
Profit for the financial year after tax	6,336	21,954
Dividends	-	-
	<hr/>	<hr/>
Addition to shareholders funds	6,336	21,954
Opening shareholders funds at 01.01.96	32,760	10,806
	<hr/>	<hr/>
Closing shareholders funds at 31.12.96	£ 39,096	£ 32,760
	=====	=====

11. CAPITAL COMMITMENTS

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

12. CONTINGENT LIABILITIES

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

13. ULTIMATE CONTROLLING PARTY

The directors are not aware of the identity of the ultimate controlling party of the company.