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FINANCIAL STATEMENTS

K1 CONSTRUCTION LIMITED

(YEAR ENDED 30.9.1996)

CAPITAL ACCOUNTANTS

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London NW10 2JJ
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CAPITAL ACCOUNTANTS

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Accountant's Report

In accordance with the instruction given to us, we have compiled, without carrying out an audit, the attached set of accounts for *K1 Construction Limited*. The accounts are for the year ended 30.9.1996. They have been compiled from all its available accounting records as well as the information and explanations given to us.

N.Fatemi
For Capital Accountants

Date: 23 July 1997

Clients' Approval:

I certify that to the best of my knowledge and belief, the accounts produced together with the explanations given to Mr. N.Fatemi constitutes a true and correct record of all the transactions of the company for the period of accounts.

I hereby confirm that the attached accounts have my approval.

Date: 23 July 1997

Signature:

K.Foroshani
For K1 Construction Limited

KI CONSTRUCTION LIMITED

REPORT OF THE DIRECTORS

The director submit his report together with the financial statement of the company for the year ended 30 September 1996.

PRINCIPAL ACTIVITIES

The principal activities of the company is that of a construction consultancy and management services.

BUSINESS REVIEW

The result for the year were as follows:

	£
Profit on ordinary activities	7,159
Tax on ordinary activities	Nil
Proposed dividend	Nil
Profit carried forward	7,159

No dividend is recommended.

FIXED ASSETS

Details of the changes in fixed assets are shown in Note 2.

DIRECTORS

The following was the sole director of the company during the period of accounts and his interest in the company's shares is as follows:

Name 30th September 1996

K.Foroshani 1

By Order of the Board


K.FOROSHANI

23rd July 1997

Director

KI CONSTRUCTION LTD
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1996

	Note	1996 £	1995 £
TURNOVER	1	32,419	2,123
Administrative expenses		25,261	(7,801)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	11	7,159	(5,678)
TAX ON ORDINARY ACTIVITIES	12	-	
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		7,159	(5,678)
RETAINED PROFIT/(LOSS)		7,159	(5,678)
RETAINED PROFIT		7,159	(5,678)

The attached notes form an integral part of the Financial Statements

KI CONSTRUCTION LTD
BALANCE SHEET AS AT 30TH SEPTEMBER 1996

The statement of directors on this page and page 5 form a part of this balance sheet.

	Note	£	1996 £	1995
FIXED ASSETS				
Tangible assets	2		8,216	2,265
CURRENT ASSETS				
Debtors	4	1,869		452
CREDITORS				
Amount falling due within one year	5	2,924		1,686
NET CURRENT ASSETS			(1,055)	(1,234)
NET ASSETS			7,161	1,031
CREDITORS				
Amount falling due after more than one year	6		-	6,707
TOTAL ASSETS			<u>7,161</u>	<u>(5,676)</u>
CAPITAL AND RESERVES				
Called up share capital	8		2	
Profit and Loss Account			7,159	(5,678)
			<u>7,161</u>	<u>(5,676)</u>

Statement of Directors

(a) For the period of this account, the company is entitled to the exemption conferred by the subsection (1) of section 249A of the Companies Act 1985, because the company has had a turnover of less than £90,000.

(b) No notice has been deposited under subsection (2) of section 249B of the Companies Act 1985 in relation to the companies' accounts for the period.

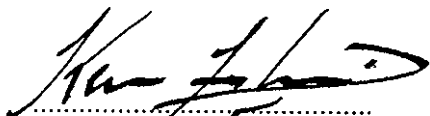
(c) The directors acknowledge their responsibility for-

- (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 period of accounts and of its profit or loss for the period in accordance with the requirements of the section 226 and which otherwise comply with the requirements of the Act relating to accounts so far as applicable to the company.

(d) The directors have taken advantage of the exemptions conferred by section A of Part III of Schedule 8, and

(e) In the opinion of the directors, the company is entitled to those exemptions on the basis that it qualifies as a small company.



K.A. FOROSHANI

(DIRECTOR)

The financial statements were approved
at a meeting of Board of Directors held
on 14th July 1997.

The attached notes form part of these accounts

KI CONSTRUCTION LTD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1996

1.ACCOUNTING POLICIES

(a) The financial statements have been prepared under the historical cost convention.

(b) Depreciation is provided at the following rates on reducing the original cost to estimated residual value at the end of the expected useful life:

Fixtures and Fittings	25% reduction on reducing balance
Office furniture and equipment	25% reduction on reducing balance
Motor Vehicle	25% reduction on reducing balance

(c) Operating Income

Operating income comprises the fees receivable by the company following exchange of contracts, excluding value added tax, in accordance with note 14.

2. FIXED ASSETS

	Cost £	Accumulated Depreciation £	NBV £
Office Equipment			
Brought forward	2,220	555	1,665
Addition for the period:	2,734	684	2,051
30th September 1996	4,954	1,239	3,716
Motor Vehicle			
Brought forward	800	200	600
Addition for the period:	6,000	1,500	4,500
Loss of motor car	(800)	(200)	(600)
30th September 1996	6,000	1,500	4,500
Total			
30th September 1996	10,954	2,739	8,216

Note:

For equipment and motor vehicle, the depreciation charged to the Profit and Loss account is at the rate 25%

3. TANGIBLE ASSETS WRITTEN OFF

The following amount is written off in loss of tangible assets:

	£
Motor car written off	600

4. DEBTORS

	£
Value Added Tax	387
Prepayments	<u>1,482</u>
	1,869

5. CREDITORS DUE WITHIN ONE YEAR

	£
Bank overdraft	91
Accruals	2,133
Extra allowances	<u>700</u>
	2,924

6. CREDITORS DUE IN MORE THAN ONE YEAR

There is no payment due to any creditor in more than one year.

7. PROVISIONS FOR LIABILITIES AND CHARGES

Since the company has incurred losses during the period of trade, no provision has been made for the deferred taxation.

8. SHARE CAPITAL

Authorised:

Ordinary shares of £1 each	1,000
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Aloted and fully paid:

Ordinary shares of £1 each	2
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9. RESERVES

There has been no movement on the reserves during the period.

10. INTEREST ON LOANS

There has been no interest payments on loans during the period.

11. PROFIT BEFORE TAX

This is stated after charges
(crediting) the following:

	£
Depreciation	2,739

12. CORPORATION TAX

No corporation tax is payable for the period of accounts.

13. STAFF COSTS

	£
Salaries and commissions	5,980
Social security costs	Nil

The weekly average number of employees
was as follows:

Management and Administration	3
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14. FEES RECEIVABLE

Included in the income figure are provisions for fees due on contracts at the
the balance sheet date. This is in accordance with the company's normal
operating times.