

SNEINTON SPACE MANAGEMENT LIMITED

FINANCIAL STATEMENTS

31 MARCH 1996

Company number: 3034749

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST



DIRECTORS AND OFFICERS

DIRECTORS

GA Laylee
ID Harrabin
EG Reynolds
ST Gray

SECRETARY

ST Gray

REGISTERED OFFICE

56-57 Camden Lock Place
London NW1 8AF

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

DIRECTORS' REPORT

The directors submit their report and the financial statements of Sneinton Space Management Limited for the period ended 31 March 1996.

PRINCIPAL ACTIVITIES

The principal activities of the company during the period were property management and the administration of property development.

The director regards these activities as a single class of business.

INCORPORATION AND CHANGE OF NAME

The company was incorporated on 17 March 1995 as Springdown Limited and changed its name, by way of special resolution, to Sneinton Space Management Limited on 5 May 1995.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company has taken a 125 year lease over the buildings and land known as Sneinton Square, Nottingham, and are undertaking a redevelopment of the site. Rental flows to date are in accordance with forecasts and this trend is expected to continue.

During the period the company granted a long lease, the net proceeds of which totalled £78,395.

RESULTS AND DIVIDENDS

The trading loss for the period after taxation was £31,290.

The directors do not recommend the payment of a dividend. The loss for the period has been transferred to reserves.

SHARE CAPITAL

At an extraordinary general meeting held on 5 May 1995 the share capital of the company was increased to £20,000 by the creation of a further 19,900 ordinary shares of £1 each, ranking pari passu with the existing ordinary shares.

At this meeting it was further resolved that the existing 2 ordinary shares of £1 each in issue be redesigned as 1 'A' ordinary share of £1 and 1 'B' ordinary share of £1. The 19,998 unissued ordinary shares of £1 each were also redesignated as 9,999 'A' ordinary and 9,999 'B' ordinary shares of £1 each.

On 5 May 1995, 4,999 'A' ordinary and 4,999 'B' ordinary shares of £1 each were issued at par to finance working capital requirements.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The following directors have held office during the period:

Rutland Directors Ltd	(appointed 17 March 1995; resigned 21 April 1995)
GA Laylee	(appointed 21 April 1995)
ID Harrabin	(appointed 21 April 1995)
EG Reynolds	(appointed 21 April 1995)
ST Gray	(appointed 21 April 1995)

The directors do not have any interest in the shares of the company.

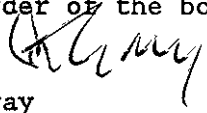
FIXED ASSETS

The significant changes in fixed assets during the period are detailed in note 5 to the financial statements.

AUDITORS

Baker Tilly, Chartered Accountants, were appointed as first auditors to the company and a resolution confirming their appointment and reappointment will be put to the members at the annual general meeting.

By order of the board


ST Gray
Secretary

25 June 1996

SNEINTON SPACE MANAGEMENT LIMITED

Statement of directors' responsibilities in respect
of the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial period 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 requirements of 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.

AUDITORS' REPORT TO THE MEMBERS OF SNEINTON SPACE MANAGEMENT LIMITED

We have audited the financial statements on pages 6 to 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

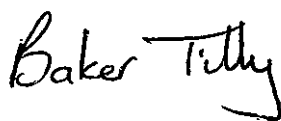
Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

25 June 1996

PROFIT AND LOSS ACCOUNT
for the period ended 31 March 1996

	Notes	Period to 31 March 1996
TURNOVER	1	32,020
Administrative expenses		132,840
OPERATING LOSS		(100,820)
Profit on disposal of fixed assets		78,395
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(22,425)
Taxation	4	(8,865)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION, RETAINED	10	£(31,290)

The operating loss for the period arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

The retained loss for the period represents the company's historical cost loss.

BALANCE SHEET
31 March 1996

	Notes	1996
FIXED ASSETS		
Tangible assets	5	169,387
CURRENT ASSETS		
Debtors	6	65,789
Cash at bank and in hand		24,967
		<u>90,756</u>
CREDITORS		
Amounts falling due within one year	7	79,766
NET CURRENT ASSETS		<u>10,990</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>180,377</u>
CREDITORS:		
Amounts falling due after more than one year	8	(201,667)
		<u>£(21,290)</u>
CAPITAL AND RESERVES		
Called up share capital	9	10,000
Profit and loss account	10	(31,290)
		<u>£(21,290)</u>

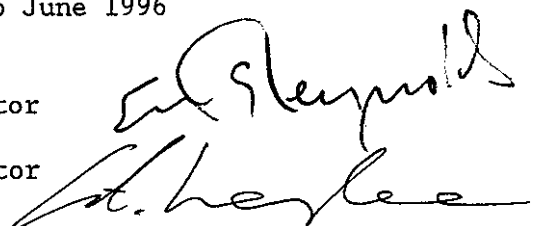
Approved by the board on 25 June 1996

EG REYNOLDS

Director

GA LAYLEE

Director



ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, and based upon the continued support of the company's shareholders.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, commencing once the development is complete or when rental incomes exceed outgoings, whichever is the earliest.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of services provided and rents received from customers.

LEASED ASSETS AND OBLIGATIONS

Operating lease payments are charged to profit and loss account as incurred and the annual commitments arising are disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 March 1996

1. TURNOVER

The company's turnover derived from its principal activity and all sales were made in the United Kingdom.

Period
to 31 March
1996

2. LOSS ON ORDINARY ACTIVITIES
BEFORE TAXATION

Loss on ordinary activities before
taxation is stated after charging:
Auditors' remuneration

2,500

3. STAFF AND DIRECTORS' REMUNERATION

The directors were the only employees and received no remuneration for their services to the company during the period.

The company utilises the services of certain staff employed by Urban Space Holdings Limited, a connected company. During the period costs totalling £38,763 were incurred.

4. TAXATION

Based on the loss for the period:
UK Corporation tax at 25%

£ 8,865

The tax charge for the period arises on the part disposal of the property during the period, against which operating losses incurred cannot be offset.

5. TANGIBLE FIXED ASSETS

Property under
the course of
construction

Cost and net book value:
31 March 1996

£ 169,387

1996

6. DEBTORS

Due within one year:
Trade debtors
Other debtors

50,789

15,000

£ 65,789

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 March 1996

	1996
7. CREDITORS	
Amounts falling due within one year:	
Trade creditors	33,390
Shareholder loans	8,333
Corporation tax	8,865
Other taxation and social security costs	2,163
Other creditors	11,642
Accruals and deferred income	15,373
	<u>£ 79,766</u>

8. CREDITORS	
Shareholder loans	<u>£ 201,667</u>

Shareholder loans totalling £100,000 are secured by way of a fixed charge over the leasehold property. The secured amount is repayable in monthly instalments over a five year period from 24 October 1996 and attracts net interest of 5% per annum.

	1996
9. SHARE CAPITAL	
Authorised:	
10,000 ordinary 'A' shares of £1 each	10,000
10,000 ordinary 'B' shares of £1 each	10,000
	<u>£ 20,000</u>
Allotted, issued and fully paid:	
5,000 ordinary 'A' shares of £1 each	5,000
5,000 ordinary 'B' shares of £1 each	5,000
	<u>£ 10,000</u>

At an extraordinary general meeting held on 5 May 1995 the share capital of the company was increased to £20,000 by the creation of a further 19,900 ordinary shares of £1 each, ranking pari passu with the existing ordinary shares.

At this meeting it was further resolved that the existing 2 ordinary shares of £1 each in issue be redesigned as 1 'A' ordinary share of £1 and 1 'B' ordinary share of £1. The 19,998 unissued ordinary shares of £1 each were also redesignated as 9,999 'A' ordinary and 9,999 'B' ordinary shares of £1 each.

On 5 May 1995, 4,999 'A' ordinary and 4,999 'B' ordinary shares of £1 each were issued at par to finance working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 March 1996

10. PROFIT AND LOSS ACCOUNT

Loss for the period, retained	£(31,290)
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11. COMMITMENTS UNDER OPERATING LEASES

The company is committed to the payment of rent to Nottingham City Council at a peppercorn rent for the first year, £10,000 per annum for the next two years, £18,750 for the fourth year and £50,000 per annum thereafter subject to certain rental criteria being met.

12. CAPITAL COMMITMENTS

At 31 March 1996 the company had contracted for capital expenditure totalling £11,800 which has not been provided in these financial statements.