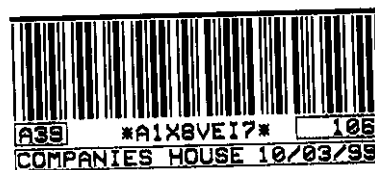


COMPANY NUMBER 3054967

BERKELEY ADAM LIMITED  
ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 MAY 1998



AUDITORS REPORT TO BERKELEY ADAM LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages (2) to (5) together with the full statutory accounts of the company for the year ended 31 May 1998 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

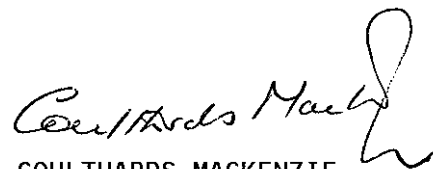
We have carried out the procedures we consider necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full statutory accounts.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages (2) to (5) are properly prepared in accordance with those provisions.

Five Kings House  
1 Queen Street Place  
LONDON EC4R 1QS

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COULTHARDS MACKENZIE  
Chartered Accountants  
Registered Auditors

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28 October 1998

BERKELEY ADAM LIMITED  
ABBREVIATED BALANCE SHEET AS AT 31 MAY 1998

	<u>1998</u>		<u>1997</u>
	£	£	£
<u>FIXED ASSETS</u>			
Intangible Assets	2,053,986		127,164
Tangible Assets	585,521		15,806
	<u>2,639,507</u>		<u>142,970</u>
<u>CURRENT ASSETS</u>			
Cash Deposits	636,826	2,512,781	
Debtors	366,971	64,821	
	<u>1,003,797</u>	<u>2,577,602</u>	
<u>CREDITORS</u>			
Amounts Falling Due Within One Year	<u>186,105</u>	<u>20,999</u>	
<u>NET CURRENT ASSETS</u>	817,692		2,556,603
<u>NET ASSETS LESS CURRENT LIABILITIES</u>	3,457,199		2,699,573
<u>CREDITORS</u>			
Amounts Falling Due after More than One Year	850,000		-
	<u>£2,607,199</u>		<u>£2,699,573</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	1,000		973
Share Premium Account	3,308,623		2,999,250
	<u>3,309,623</u>		<u>3,000,223</u>
Profit and Loss Account	(702,424)		(300,650)
<u>SHAREHOLDERS' FUNDS</u>	<u>£2,607,199</u>		<u>£2,699,573</u>

Approved by the Board on 28 October 1998

J A WATNEY: ..... *J.A. Watney* ..... DIRECTOR

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BERKELEY ADAM LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1998

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention.

Cash Flow

The accounts 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 Number 1 'Cash flow statements'.

Intangible Fixed Assets

The value of intangible fixed assets are assessed by the directors each year and provision made, if considered necessary, for any permanent diminution in value.

Tangible Fixed Assets

No depreciation has been charged in these accounts as the assets had not been brought into use to a material degree during the year. When development is complete, a depreciation policy will be set down by the directors.

2. INTANGIBLE FIXED ASSET

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Direct expenditure incurred in connection with the agreement to lease premises:		
Cost at 1 June 1997	127,164	-
Expenditure during the year	1,926,822	127,164
Cost at 31 May 1998	<u>2,053,986</u>	<u>127,164</u>

The company has entered into an agreement to lease property for a term of 50 years with effect from March 2000, subject to obtaining required planning consents and refurbishing the property within a specified time scale. The amount capitalised comprises fees and other direct costs in connection with those planning consents and the refurbishment of the property. When the terms of the agreement to lease have been complied with and the full lease is in force the costs of development to that date will be re-classified as a tangible fixed asset to be written off over the period of the lease, or shorter if the directors consider appropriate.

BERKELEY ADAM LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1998

(CONTINUED)

3. <u>TANGIBLE FIXED ASSETS</u>	<u>Plant</u> £	<u>Office Equipment</u> £	<u>Furnishings &amp; Fixtures</u> £	<u>Total</u> £
<u>Cost at 31 May 1997</u>	-	6,545	9,261	15,806
Additions	44,334	13,682	511,699	569,715
<u>Cost at 31 May 1998</u>	<u>44,334</u>	<u>20,227</u>	<u>520,960</u>	<u>585,521</u>

4. <u>CALLED UP SHARE CAPITAL:</u>	<u>1998</u> £	<u>1997</u> £
<u>Authorised</u>		
10,000 ordinary shares of 10p each	1,000	1,000
2,000 Convertible Shares of 10p each	200	200
	<u>1,200</u>	<u>1,200</u>
<u>Allotted, called up and fully paid</u>		
8,250 Ordinary Shares of 10p each	825	798
1,000 'A' Convertible Shares of 10p each	100	100
750 'B' Convertible Shares of 10p each	75	75
	<u>1,000</u>	<u>973</u>

On 8 September 1997 the company purchased 62 of its own ordinary shares of 10p each for £24,800. Subsequently, the company issued 332 ordinary shares of 10p for a total allotment price of £334,200.

	£
At 1 June 1997 - 7,980 Ordinary Shares at 10p	798
Purchased (62) Ordinary Shares at 10p	(6)
Issued 332 Ordinary Shares at 10p	33
At 31 May 1998 - 8,250 Ordinary Shares at 10p	<u>825</u>

BERKELEY ADAM LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1998

(CONTINUED)

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Bank Loan (Secured)	150,000	-
Trade Creditors	28,329	14,304
Payroll Taxes	7,776	6,695
	<u>186,105</u>	<u>20,999</u>

6. CREDITORS: AMOUNTS FALLING DUE  
AFTER MORE THAN ONE YEAR

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Bank Loan (Secured)	<u>850,000</u>	<u>-</u>

The above loan is wholly repayable by instalments within five years.