

ARCHITECTURE LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD

1ST MAY 1996 TO 30TH APRIL 1997.



Architecture Limited

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for the Year Ended 30 April 1997

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Architecture Limited

Company Information
for the Year Ended 30 April 1997

| | |
|--------------------|---|
| DIRECTOR: | Ian Alexander Gordon AA Dipl., MASI., FRSH., MIMBM., MaPS |
| SECRETARY: | Park Circus (Secretaries) Limited 6 Park Circus Place Glasgow G3 6AN |
| REGISTERED OFFICE: | 6 Park Circus Place Glasgow G3 6AN |
| REGISTERED NUMBER: | 138029 (Scotland) |
| AUDITORS: | Martin Morrison & Co 102-108 Kingsland High Street London E8 2NS |
| ACCOUNTANTS: | Accountancy 2020 6 Turnpin Lane London SE10 9JA |
| SOLICITORS: | Neill Clerk & Murray 6 Park Circus Place Glasgow G3 6AN |
| BANKERS: | TSB Bank Plc 4-5 Market Place Bexleyheath Kent DA6 7DU |

Architecture Limited

Report of the Director for the Year Ended 30 April 1997

The director presents his report with the financial statements of the company for the year ended 30 April 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of architects, building surveyors, consultant clerks of works, property managers, and construction management consultants. During the current financial year 1996/97 the art dealing and gallery section of the business was transferred to a subsidiary company named The Gallery at Architecture Limited. This activity did not form a significant part of the business of Architecture Limited as shown on note 2 of page 6.

DIRECTORS

The director during the year under review was:

| | |
|----------------------|-----------------------------------|
| Ian Alexander Gordon | 3,501 ordinary shares of £1 each. |
|----------------------|-----------------------------------|

The directors holding office at 30 April 1997 held beneficial interest in the issued share capital of the company at 1 May 1996 and 30 April 1997 as shown above.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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

The auditors, Martin Morrison & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


Ian Gordon - DIRECTOR

Dated: 25 January 1998

Architecture Limited

Report of the Auditors to the Shareholders of
Architecture Limited

We have audited the financial statements on pages four to ten which have been prepared under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors
As described on page two 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

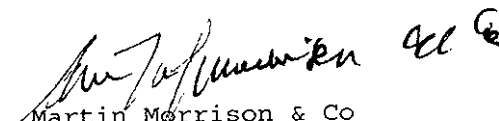
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 as at 30 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Dated: 25 January 1998


Martin Morrison & Co
London

Architecture Limited

Profit and Loss Account
for the Year Ended 30 April 1997

| | | Year Ended 30.04.97 | Year Ended 30.04.96 |
|--|-------|------------------------|------------------------|
| | Notes | £ | £ |
| TURNOVER | 2 | 571,576 | 190,063 |
| Cost of sales | | (470,541) | (131,991) |
| GROSS PROFIT | | 101,035 | 58,072 |
| Administrative expenses | | (81,953) | (45,735) |
| OPERATING PROFIT | 3 | 19,082 | 12,337 |
| Interest receivable and similar income | 4 | 433 | 253 |
| | | 19,515 | 12,590 |
| Interest payable and similar charges | | (927) | (915) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 18,588 | 11,675 |
| Tax on profit on ordinary activities | 5 | (4,268) | (2,918) |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | 14,320 | 8,757 |
| Dividends | | (360) | (360) |
| | | 13,960 | 8,397 |
| Retained profit brought forward | | 24,974 | 16,577 |
| RETAINED PROFIT CARRIED FORWARD | | £38,934 | £24,974 |

CONTINUING OPERATIONS

The secondary business of art dealers was transferred to a subsidiary during the current year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current and previous period.

The notes form part of these financial statements

Architecture Limited

Balance Sheet
30 April 1997

| | | 30.04.97 | | 30.04.96 | |
|--|-------|----------|---------|----------|---------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 6 | | 6,710 | | 3,184 |
| Investments | 7 | | 25 | | - |
| | | | ----- | | ----- |
| | | | 6,735 | | 3,184 |
| CURRENT ASSETS: | | | | | |
| Stocks and Work in Progress | | 21,945 | | 17,773 | |
| Debtors & Prepayments | 8 | 76,534 | | 16,329 | |
| Cash at bank | | 3,179 | | 18,608 | |
| | | ----- | | ----- | |
| | | 101,658 | | 52,710 | |
| CREDITORS: Amounts falling due within one year | | | | | |
| | 9 | (64,758) | | (26,219) | |
| | | ----- | | ----- | |
| NET CURRENT ASSETS: | | | | | |
| | | | 36,900 | | 26,491 |
| | | | ----- | | ----- |
| | | | £43,635 | | £29,675 |
| | | | ===== | | ===== |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 11 | | 4,701 | | 4,701 |
| Profit and loss account | | | 38,934 | | 24,974 |
| | | | ----- | | ----- |
| Shareholders' funds | | | £43,635 | | £29,675 |
| | | | ===== | | ===== |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
Ian Gordon - DIRECTOR

Approved by the Board on 25 January 1998.

The notes form part of these financial statements

Architecture Limited

Notes to the Financial Statements for the Year Ended 30 April 1997

1. ACCOUNTING POLICIES

Accounting convention

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Office Equipment -25%

Deferred taxation

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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

2. TURNOVER

The turnover and profit before taxation are attributable to the activities of the business as follows;

| | |
|-------------------------------|----------|
| Export Sales | £7,875 |
| Gallery Sales | £2,850 |
| Main Activity Sales | £211,001 |
| Interest | £433 |
| Dealings on behalf of clients | £349,850 |

Architecture Limited

Notes to the Financial Statements for the Year Ended 30 April 1997

3. OPERATING PROFIT

The operating profit is stated after charging:

| | 30.04.97 | 30.04.96 |
|--|----------|----------|
| | £ | £ |
| Depreciation | 2,236 | 2,765 |
| Auditors' remuneration | 450 | 300 |
| | ===== | ===== |
| Staff costs including Directors' emoluments. | 62,372 | 61,014 |
| Subcontractor costs | 58,319 | 23,146 |
| Client account dealings | 349,850 | 47,831 |
| | ===== | ===== |
| | £470,541 | £131,991 |
| | ===== | ===== |

4. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 30.04.97 | 30.04.96 |
|--------------------------|----------|----------|
| | £ | £ |
| Deposit account interest | 433 | 253 |
| | === | === |

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

| | 30.04.97 | 30.04.96 |
|--------------------|----------|----------|
| | £ | £ |
| UK Corporation Tax | 4,268 | 2,918 |
| | ===== | ===== |

UK Corporation Tax was charged at 23% in 1997.

Architecture Limited

Notes to the Financial Statements for the Year Ended 30 April 1997

6. TANGIBLE FIXED ASSETS

Office Equipment

| | £ |
|------------------|--------|
| COST: | |
| At 1 May 1996 | 11,060 |
| Additions | 5,762 |
| | ----- |
| At 30 April 1997 | 16,822 |
| | ----- |
| DEPRECIATION: | |
| At 1 May 1996 | 7,876 |
| Charge for year | 2,236 |
| | ----- |
| At 30 April 1997 | 10,112 |
| | ----- |
| NET BOOK VALUE: | |
| At 30 April 1997 | 6,710 |
| | ===== |
| At 30 April 1996 | 3,184 |
| | ===== |

7. FIXED ASSET INVESTMENTS

| | £ |
|------------------|-------|
| COST: | |
| Additions | 25 |
| | ----- |
| At 30 April 1997 | 25 |
| | ----- |
| NET BOOK VALUE: | |
| At 30 April 1997 | £25 |
| | ===== |

The investment represents a 33% shareholding in The Gallery at Architecture limited.

Architecture Limited

Notes to the Financial Statements
for the Year Ended 30 April 1997

8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

| | 30.04.97 | 30.04.96 |
|---------------------------|----------|----------|
| | £ | £ |
| Trade debtors | 70,962 | 15,454 |
| Directors current account | 4,697 | - |
| Prepayments | 875 | 875 |
| | ===== | ===== |
| | 76,534 | 16,329 |
| | ===== | ===== |

9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

| | 30.04.97 | 30.04.96 |
|-------------------------------|----------|----------|
| | £ | £ |
| Trade creditors & accruals | 28,070 | 3,682 |
| Directors current accounts | - | 309 |
| VAT | 21,797 | 5,106 |
| Social security & other taxes | 11,531 | 16,762 |
| Dividends payable | 360 | 360 |
| Loans | 3,000 | - |
| | ----- | ----- |
| | 64,758 | 26,219 |
| | ===== | ===== |

10. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

| | 30.04.97 | 30.04.96 |
|---|----------|----------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | - | - |
| Loan from Subsidiary | 3,000 | - |
| | ----- | ----- |
| | 3,000 | - |
| | ===== | ===== |
| Amounts falling due between two and five years: | | |
| Bank loans | - | - |
| | ===== | ===== |

Architecture Limited

Notes to the Financial Statements
for the Year Ended 30 April 1997

11. CALLED UP SHARE CAPITAL

| Authorised: | | Nominal value: | 30.04.97 | 30.04.96 |
|----------------------------------|-----------------|-------------------|----------|----------|
| Number: | Class: | | £ | £ |
| 100,000 | Ordinary shares | £1 | 100,000 | 100,000 |
| | | | ===== | ===== |
| | | | | |
| Allotted, issued and fully paid: | | Nominal value: | 30.04.97 | 30.04.96 |
| Number: | Class: | | £ | £ |
| 4,701 | | | 4,701 | 4,701 |
| | | | ===== | ===== |

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 30.04.97 | 30.04.96 |
|---------------------------------|----------|----------|
| | £ | £ |
| Profit for the financial year | 13,960 | 8,397 |
| | ----- | ----- |
| ADDITION TO SHAREHOLDERS' FUNDS | 13,960 | 8,397 |
| Opening shareholders' funds | 29,675 | 21,278 |
| | ----- | ----- |
| CLOSING SHAREHOLDERS' FUNDS | 43,635 | 29,675 |
| | ===== | ===== |

Architecture Limited

Trading and Profit and Loss Account
for the Year Ended 30 April 1997

| | Year Ended 30.04.97 | | Year Ended 30.04.96 | |
|-------------------------|------------------------|-----------|------------------------|----------|
| | £ | £ | £ | £ |
| Sales | | 211,001 | | 140,077 |
| Export sales | | 7,875 | | - |
| Gallery income | | 2,850 | | 2,155 |
| | | ----- | | ----- |
| Turnover | | 221,726 | | 142,232 |
| Cost of sales: | | | | |
| Wages & employers NIC | | (62,372) | | (61,014) |
| Subcontractor payments | | (58,319) | | (23,146) |
| | | ----- | | ----- |
| GROSS PROFIT | | 101,035 | | 58,072 |
| Other income: | | | | |
| Interest | | 433 | | 253 |
| Client account | | 349,850 | | 47,831 |
| | | ----- | | ----- |
| | | 451,318 | | 106,156 |
| Expenditure: | | | | |
| Client account | 349,850 | | 47,831 | |
| Telephone | 4,840 | | 4,277 | |
| Post & stationery | 6,708 | | 1,911 | |
| Advertising | 2,881 | | 3,181 | |
| Travel & motor | 7,426 | | 6,216 | |
| Repairs & renewals | 2,161 | | 5,147 | |
| Equipment rental | 543 | | 1,032 | |
| Cleaning | 964 | | 1,710 | |
| Audit & accountancy | 1,135 | | 1,738 | |
| Legal fees | 869 | | - | |
| Rent & rates | 14,223 | | 8,924 | |
| Insurance | 6,496 | | 3,146 | |
| Pension costs | 3,528 | | - | |
| Light & heat | 2,583 | | 2,453 | |
| Subscriptions | 754 | | 1,404 | |
| Sundry office expenses | 2,434 | | 1,599 | |
| Entertainment | 1,458 | | 232 | |
| Hotel accommodation | 475 | | - | |
| Training | 794 | | - | |
| Bad debts written off | 11,889 | | - | |
| Gallery expenditure | 7,556 | | - | |
| Art work for the office | - | | - | |
| | ----- | (429,567) | ----- | (90,801) |
| | | ----- | | ----- |
| Carried forward | | 21,751 | | 15,355 |

This page does not form part of the statutory financial statements

Architecture Limited

Trading and Profit and Loss Account
for the Year Ended 30 April 1997

| | Year Ended 30.04.97 | | Year Ended 30.04.96 | |
|------------------|------------------------|---------|------------------------|---------|
| | £ | £ | £ | £ |
| Brought forward | | 21,751 | | 15,355 |
| Finance costs: | | | | |
| Bank interest | | (927) | | (915) |
| | | ----- | | ----- |
| | | 20,824 | | 14,440 |
| Depreciation: | | | | |
| Office Equipment | 2,236 | | 2,765 | |
| | ----- | (2,236) | ----- | (2,765) |
| | | ----- | | ----- |
| NET PROFIT | | £18,558 | | £11,675 |
| | | ===== | | ===== |

This page does not form part of the statutory financial statements