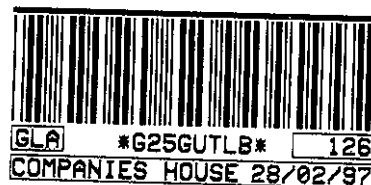


ARCHITECTURE LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD

1ST MAY 1995 TO 30TH APRIL 1996.



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ARCHITECTURE LIMITED.

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ARCHITECTURE LIMITED.

COMPANY INFORMATION.

DIRECTOR: Ian Alexander Gordon
AA Dipl., MASL, FRSH., MIMBM., MaPS

SECRETARIES: Park Circus (Secretaries) Limited
6 Park Circus Place
Glasgow
G3 6AN

REGISTERED OFFICE: 6 Park Circus Place,
Glasgow G3 6AN.

REGISTERED NUMBER: 138029

AUDITORS: Martin Morrison & Co
102-108 Kingsland High Street
London E8 2NS

ARCHITECTURE LIMITED.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.


IAN GORDON
Director.

Dated: 5th February 1997

ARCHITECTURE LIMITED.

REPORT OF THE DIRECTOR.

The Director presents his report with the audited financial statements of the company for the period to 30 April 1996.

PRINCIPAL ACTIVITIES.

The principal activities of the company in the period under review were that of architects, building surveyors, consultant clerks of works, property managers, and construction management consultants.

In December 1995 the company commenced to trade as art dealers using its meeting room at 6 Turnpin Lane as a Gallery under the style of *The Gallery at Architecture Limited*. During the financial year 1996/97 this business was transferred to a subsidiary company named *The Gallery at Architecture Limited*.

REVIEW OF BUSINESS.

The results for the period and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS AND TRANSFERS TO RESERVES.

A dividend of 30p per share is proposed for the period ended 30th April 1996. In view of the need to increase reserves, the Director has waived his right to this year's dividend on the 3,500 shares held by him. The retained profit transferred to reserves will be £8,397.00

DIRECTOR

The Director of the company in office during the period and his beneficial interest in the issued share capital was as follows:

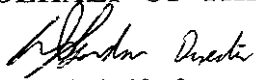
Name	Class of Capital	30.4.96	30.4.95
Ian Alexander Gordon	Ordinary Shares £1	3, 501	3, 500.

The Director, being eligible, offers himself for election at the forthcoming Annual General Meeting.

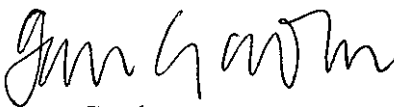
AUDITORS.

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

ON BEHALF OF THE BOARD:


For and on behalf of
Park Circus (Secretaries) Limited
Secretaries

Dated: 5th February 1997


Ian Gordon
Director
Dated: 5th February 1997

MARTIN MORRISON & CO.

CERTIFIED ACCOUNTANTS & REGISTERED AUDITORS

102-108 Kingsland High Street, London E8 2NS
Tel: 0171-249 5990 Fax: 0171-249 5991
Mobile: 0958 339 242 / 0956 387 105

AUDITORS REPORT TO THE SHAREHOLDERS OF ARCHITECTURE LIMITED

We have audited the financial statements on pages 5 to 10 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 2 the company's director is 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 director 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 30th April 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MARTIN MORRISON & CO.
Registered Auditors.

Dated: 5th February 1997

ARCHITECTURE LIMITED.

PROFIT AND LOSS ACCOUNT

for the period to 30th April 1996.

		1996	1995
	Notes	£	£
TURNOVER	2	190, 063	176, 060
Cost of Sales		131, 991	120, 401
		-----	-----
GROSS PROFIT		58, 072	55, 659
Administrative Expenses		46, 650	47, 761
		-----	-----
OPERATING PROFIT	4	11, 422	7, 898
Interest Receivable	5	253	182
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11, 675	8, 080
Tax on Profit on Ordinary Activities	6	2, 918	2, 020
Dividends		360	360
		-----	-----
RETAINED PROFIT CARRIED FORWARD		8, 397	5, 700
		=====	=====

ARCHITECTURE LIMITED.

BALANCE SHEET

for the period to 30th April 1996.

		1996	1995
	Notes	£	£
FIXED ASSETS:			
Tangible Assets	7	3, 184	5, 949
		-----	-----
CURRENT ASSETS:			
Stocks	8	17, 773	17, 897
Debtors and prepayments	9	16, 329	15, 687
Cash at Bank		18, 608	6, 021
		-----	-----
		52, 710	39,605
CREDITORS:			
Amounts falling due within one year	10	(26, 219)	(24,276)
NET CURRENT ASSETS:		26, 491	15, 329
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES:		29, 675	21, 278
		=====	=====
CAPITAL AND RESERVES:			
Called Up Share Capital	11	4, 701	4, 701
Profit & Loss Account		24, 974	29, 675
		-----	-----
		29, 675	21, 278
		=====	=====



 DIRECTOR

Dated: 5th February 1997

Approved by the Board.

The notes form part of these financial statements.

ARCHITECTURE LIMITED.

NOTES TO THE FINANCIAL STATEMENTS

for the period to 30th April 1996.

1. ACCOUNTING POLICIES.

Accounting Convention.

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

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 and fees, excluding value added tax.

Intangible Fixed Assets.

Goodwill is written off in the year of acquisition.

Tangible Fixed Assets.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office Equipment - 25% on cost.

Stocks.

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

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 director, there is reasonable probability that the liability will not arise in the foreseeable future.

2. TURNOVER.

The turnover and profit before taxation are attributable to the principal activities of the company.

3. STAFF COSTS.

	1996	1995
Wages and employees NIC	<u>£61,014</u>	<u>£48,266</u>

ARCHITECTURE LIMITED.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period to 30th April 1996.

	1996	1995
	£	£
4. OPERATING PROFIT		
The operating profit is stated after charging:		
Depreciation - Owned Assets	2,765	2,000
Auditors' Remuneration	300	1,500
	<u>2,765</u>	<u>2,000</u>
5. INTEREST RECEIVABLE		
Interest Received	253	182
	<u>253</u>	<u>182</u>
6. TAXATION		
The tax charge on the profit on ordinary activities for the period was as follows:		
Based on the adjusted results of the period:		
UK Corporation Tax	2,918	2,020
	<u>2,918</u>	<u>2,020</u>
UK Corporation Tax has been charged at 25%.		
7. TANGIBLE FIXED ASSETS.		
	Office	Equipment
COST:		
Balance brought forward	11,060	8,437
Additions	—	2,623
	<u>11,060</u>	<u>11,060</u>
DEPRECIATION:		
Charge for Period	(2,765)	(2,000)
Accumulated depreciation brought forward	(5,111)	(3,111)
	<u>(5,111)</u>	<u>(3,111)</u>
NET BOOK VALUE:		
As at 30th April 1995 and 1996	3,184	5,949
	<u>3,184</u>	<u>5,949</u>

ARCHITECTURE LIMITED.

NOTES TO THE FINANCIAL STATEMENTS (continued) for the period to 30th April 1996.

		1996	1995
		£	£
8.	STOCKS		
	Stock	400	400
	Work in Progress	17,373	17,497
		<u>17,773</u>	<u>17,897</u>
9.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR.		
	Trade Debtors	15,454	14,323
	Other Debtors	-	399
	Prepayments	875	875
	ACT Recoverable	-	90
		<u>16,329</u>	<u>15,687</u>
10.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR.		
	Director's Current Account	309	-
	V.A.T.	5,106	9,946
	Taxation	16,762	2,900
	Trade creditors and accruals	3,682	10,980
	Dividends Payable	360	360
	ACT Payable	-	90
		<u>26,219</u>	<u>24,276</u>
11.	CALLED UP SHARE CAPITAL		
	Authorised:		
	Number: Class:		
	100,000 Ordinary Shares £1	100,000	100,000
		<u>100,000</u>	<u>100,000</u>
	Allotted, issued and fully paid:		
	Number: Class:		
	4,701 Ordinary Shares £1	4,701	4,501
		<u>4,701</u>	<u>4,501</u>

ARCHITECTURE LIMITED.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period to 30th April 1996.

12. CONTINGENT LIABILITIES

The company has incurred no contingent liabilities.

13. PENSION COMMITMENTS

The company has incurred no liability in respect of pension costs in the period.

14. OTHER FINANCIAL COMMITMENTS.

CAPITAL COMMITMENTS.

The company has made no capital commitments.

ARCHITECTURE LIMITED.

TRADING AND PROFIT AND LOSS ACCOUNT

for the period to 30th April 1996.

	£	£
Income		
Sales	140,077	
Gallery income	2,155	
Interest	253	
Client Account	47,831	<u>190,316</u>
Gross profit		190,316
 Overheads:		
Client Account	47,831	
Telephone	4,277	
Subcontractors	23,146	
Post & Stationery	1,911	
Advertising	3,181	
Travel & Motor	6,216	
Repairs & Renewals	5,147	
Equipment rental	1,032	
Cleaning	1,710	
Audit & Accountancy	1,738	
Wages	61,014	
Rent & Rates	8,924	
Insurance	3,146	
Light and Heat	2,453	
Subscriptions	1,404	
Sundry Office expenses	1,599	
Bank charges	915	
Depreciation - Office Equipment	2,765	
Entertainment	232	
		<u>178,641</u>
 NET PROFIT before tax		<u>11,675</u>

This page does not form part of the statutory financial statements.