COMPANY NUMBER: 03268801

RIDGEFORD PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH 1998

HORWATH
CLARK WHITEHILL
Chartered Accountants
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RIDGEFORD PROPERTIES LIMITED
DIRECTOR'S REPORT
PERIOD ENDED 31 MARCH 1998

DIRECTOR C T Murray

The sole director has pleasure in presenting his report and the audited financial statements for the period ended 31 March 1998.

NAME CHANGES

The company changed its name from Prolin Limited to City Gate Property Management (London) Limited on 7 November 1996. The company then changed its name to Ridgeford Properties limited on 18 December 1996.

RESULTS AND DIVIDENDS

The company was incorporated on 24 October 1996 and commenced trading on 1 December 1996.

No dividends were proposed during the period.

REVIEW OF THE BUSINESS

The principal activity of the company is that of property managers and developers.

DIRECTOR AND HIS INTERESTS

The director has no beneficial interest in the share capital of the company.

EXEMPTION

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

By Order of the Board

CTMurray

~~Secretary~~ DIRECTOR

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the director to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of the profit or loss for that period. In preparing those accounts 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume 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 accounts 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 or other irregularities.

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AUDITORS' REPORT
TO THE SHAREHOLDERS OF
RIDGEFORD PROPERTIES LIMITED

We have audited the accounts on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 the information in the accounts.

Unqualified opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill

5/3/99

Chartered Accountants
and Registered Auditors

RIDGEFORD PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31 MARCH 1998

	Notes	1998 £
TURNOVER	2	204,703
ADMINISTRATIVE EXPENSES		(312,488)
		(107,785)
OTHER INCOME		183,431
OPERATING PROFIT		75,646
Interest Receivable		144
Interest Payable		(312,107)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(236,317)
Tax on profit on ordinary activities		(21,680)
LOSS FOR THE PERIOD		(257,997)

The notes on pages 6 and 8 form part of these financial statements.

RIDGEFORD PROPERTIES LIMITED
BALANCE SHEET
31 MARCH 1998

	Notes	£	1998 £
FIXED ASSETS			
Tangible assets	4		23,350
CURRENT ASSETS			
Stock and work in progress	5	4,952,600	
Trade debtors		31,302	
Other debtors and prepayments		61,676	
Cash at bank and in hand		34,464	
		5,080,042	
CREDITORS: amounts falling due within one year	6	(89,900)	
NET CURRENT ASSETS			4,990,142
			5,013,492
CREDITORS: amounts falling due after one year	7		(5,271,389)
NET LIABILITIES			(257,897)
CAPITAL AND RESERVES			
Called up share capital	8		100
Profit and loss account			(257,997)
SHAREHOLDERS' FUNDS			(257,897)

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

Approved by the Board on 5.3.99
and signed on its behalf by:

Director

The notes on pages 6 and 8 from part of these financial statements.

1. ACCOUNTING POLICIES

a) Basis of Accounting
The financial statements are prepared under the historical cost convention and in accordance with:

I. the Financial Reporting Standard for Smaller Entities, and

II. the special provision of Part VII of the Companies Act 1985 relating to small companies.

b) Depreciation
Depreciation is provided on all tangible fixed assets in use, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Fixtures and fittings	- 25% p.a. straight line
Office equipment	- 25% p.a. straight line
Motor vehicle	- 25% p.a. straight line

c) Foreign Currencies
Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

d) Stock and Work in Progress
Development land and buildings are stated at the lower of cost, which may include interest incurred on specific project finance, and net realisable value.

2. TURNOVER

Turnover represents the net amount invoiced to customers less trade discounts, excluding value added tax and sales of fixed assets. The turnover is wholly attributable to the company's main activity within the United Kingdom.

3. OPERATING PROFIT

Operating profit is stated after charging	**1998**
	£
Director's remuneration	**47,917**
Depreciation	**3,993**
Auditors remuneration	**3,000**

4. TANGIBLE FIXED ASSETS

	Office equipment £	Fixtures and Fittings £	Motor Vehicle £	Total £
Cost				
Additions	4,668	3,180	19,495	27,343
31 March 1998	**4,668**	**3,180**	**19,495**	**27,343**
Depreciation				
Charge for the period	1,167	795	2,031	3,993
31 March 1998	**1,167**	**795**	**2,031**	**3,993**
Net book value				
31 March 1998	**3,501**	**2,385**	**17,464**	**23,350**

Assets held under finance lease included above:

Net book value:	
31 March 1998	**19,495**
Depreciation for the period	**2,031**

5. STOCK AND WORK IN PROGRESS

Development land and building	**4,952,600**

Development land and buildings, includes attributable interest, which amounts to £111,653.

6. CREDITORS: amounts falling due within one year

	1998 **£**
Trade creditors	**15,466**
Hire purchase	**3,905**
Other creditors	**7,111**
Other taxes and social security	**54,418**
Accruals	**9,000**
	89,900

7. CREDITORS: amounts falling due after one year

	1998
	£
Amounts owed to parent company	99,900
Other loans (secured)	5,163,636
Hire purchase	7,853
	5,271,389

8. CALLED UP SHARE CAPITAL

Authorised	
100 ordinary share of £1	100
Allotted, called up and fully paid	
1 Ordinary shares of £1 each	100

9. SHARES ALLOTTED

During the period the company allotted 100 ordinary shares of £1 each. The company received £100 for these shares.