

OPTIMAL LIMITED

**DIRECTORS REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 1999**



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COMPANY NO : 2931957

OPTIMAL LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 OCTOBER 1999

The directors presents their report and the company's accounts for the period ended 31 October 1999.

PRINCIPAL ACTIVITY

The principal activity of the company is the purchase and renovation of residential properties for both re-sale and investment.

DIRECTORS

The directors of the company during the period and their interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	31/10/1999	31/10/1998
M Lench	1	1
H Lench	1	1

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 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 standards have been followed, subject to any material departures described and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

OPTIMAL LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 OCTOBER 1999 (Continued)

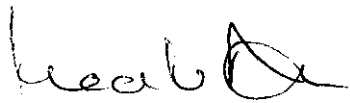
DIRECTORS RESPONSIBILITIES (Continued)

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 him to ensure that the accounts 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.

SMALL COMPANY EXEMPTIONS

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

By order of the Board.



Mrs H Lench
Secretary

31 October 2000

OPTIMAL LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 1999**

	Notes	1999 £	1998 £
TURNOVER	2	222,541	72,847
Cost of Sales		(95,643)	-
GROSS PROFIT		126,898	72,847
Administrative expenses		(39,671)	(30,025)
OPERATING PROFIT	3	87,227	42,822
Interest receivable		62	13
Bank interest payable		(1,196)	-
Loan interest payable		(22,303)	(15,211)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		63,790	27,624
Taxation on profit on ordinary activities		(12,743)	(5,790)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		51,047	21,834

The company's turnover and other items credited or charged in arriving at its operating profit arose entirely from its continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 OCTOBER 1999**

	Notes	1999 £	1998 £
Profit for the year		51,047	21,834
Unrealised surplus on revaluation of properties	4	408,284	33,415
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR		459,331	55,249

OPTIMAL LIMITED

BALANCE SHEET AS AT 31 OCTOBER 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	4	1,378,155	836,513
CURRENT ASSETS			
Property stocks	5	35,000	130,382
Debtors	6	3,032	2,622
Cash at bank & in hand		959	1,154
		<hr/> 38,991	<hr/> 134,158
CREDITORS - amounts falling due within one year	7	(116,361)	(95,391)
		<hr/>	<hr/>
NET CURRENT (LIABILITIES)/ASSETS		(77,370)	38,767
		<hr/>	<hr/>
		1,300,785	875,280
		<hr/>	<hr/>
CREDITORS - amounts falling due after one year	8	788,878	822,704
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Revaluation reserve	11	441,699	33,415
Profit and loss account	11	70,206	19,159
		<hr/>	<hr/>
		1,300,785	875,280
		<hr/>	<hr/>

Statement by the Directors required by section 249B(4) of the Companies Act 1985

During the financial year ended 31 October 1999, the company was entitled to the exemption from audit granted by section 249A(1) of the Companies Act 1985.

No notice under section 249B(2) of the Companies Act 1985 from the shareholders requiring an audit of the accounts for the financial year has been deposited at the company's registered office.

OPTIMAL LIMITED

BALANCE SHEET AS AT 31 OCTOBER 1999 (Continued)

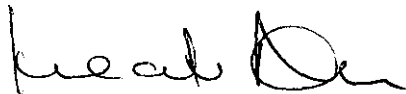
**Statement by the Directors required by section 249B(4) of the Companies Act 1985
(Continued)**

The directors acknowledge their responsibility for:

- ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
- preparing accounts which give a true and fair view of the state of affairs of the company at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, as far as they are applicable to the company.

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

Approved by the Board on 31 October 2000

A handwritten signature in black ink, appearing to read 'H Lench', with a stylized flourish at the end.

H Lench
Director

OPTIMAL LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1999

1. ACCOUNTING POLICIES

a) Accounting Convention

The accounts have been prepared under the historical cost convention, adjusted for the revaluation of investment properties, and in accordance with applicable Accounting Standards.

b) Depreciation

All fixed assets are stated at cost to the company and are depreciated over their expected useful lives at 25% p.a. on the reducing balance.

c) Deferred Tax

Deferred tax is provided in respect of all timing differences using the liability method except to the extent that these are not expected to reverse in the foreseeable future.

d) Leasing Commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

e) Investment properties

Freehold properties held for their investment value are not depreciated. They are revalued at open market value at least once every five years with any increase or decrease in valuation being transferred to a revaluation reserve.

f) Property Stocks

Property stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each property to its present condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

2. TURNOVER

Turnover represents rents receivable from tenants and income from property sales and contracted building work.

Turnover is wholly attributable to the company's principal activity and has arisen entirely within the United Kingdom.

OPTIMAL LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1999 (Continued)

3. OPERATING PROFIT

Operating profit is stated after charging:

	1999 £	1998 £
Depreciation	2,052	2,735
Director's remuneration	-	-
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4. TANGIBLE FIXED ASSETS

	Freehold Properties £	Vehicles £	Plant & Equipment £	Total £
COST/VALUATION				
At 1 November 1998	828,306	9,924	2,419	840,649
Revaluations	408,284	-	-	408,284
Additions	135,410	-	-	135,410
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 1999	1,372,000	9,924	2,419	1,384,343
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 November 1998	-	3,158	978	4,136
Charge for the year	-	1,692	360	2,052
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 1999	-	4,850	1,338	6,188
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 October 1999	1,372,000	5,074	1,081	1,378,155
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At 31 October 1998	828,306	6,766	1,441	836,513
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OPTIMAL LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1999 (Continued)

4. TANGIBLE FIXED ASSETS (Continued)

Freehold properties are investment properties valued at their historic / revalued cost in accordance with note 1(e) to the accounts. The revaluations were carried out in December 1999 by a qualified, independent valuer. The directors considered that the values were relevant to the balance sheet date and have adjusted the accounts accordingly.

The investment properties have not depreciated in accordance with note 1(e) to the accounts.

5. STOCKS

	1999 £	1998 £
Property stocks held for resale	35,000	130,382

6. DEBTORS

	1999 £	1998 £
Prepayments	3,032	2,622

7. CREDITORS - amounts falling due within one year

	1999 £	1998 £
Bank overdraft	15,865	3,986
Loan	6,011	4,733
Current taxation	18,530	5,787
Trade creditors	6,563	9,461
Social security & other taxes	3,901	2,358
Amounts due to related companies	58,541	65,491
Deposits held	5,775	-
Accruals & deferred income	1,175	3,575
	116,361	95,391

OPTIMAL LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 OCTOBER 1999 (Continued)****8. CREDITORS - amounts falling due after one year**

	1999 £	1998 £
Loans	239,443	245,454
Director's current account	549,435	577,250
	<hr/>	<hr/>
	788,878	822,704
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9. PROVISIONS FOR LIABILITIES & CHARGESDeferred Tax

Deferred tax has not been provided for as in accordance with note 1c to the accounts no liability is expected to arise in the foreseeable future.

10. CALLED UP SHARE CAPITAL

	Ordinary shares of £1 each 1999 & 1998	
	No	£
Authorised	100	100
	<hr/>	<hr/>
Allotted called up & fully paid	2	2
	<hr/>	<hr/>

OPTIMAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 OCTOBER 1999 (Continued)

11. RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital allotted & fully paid £	Revaluation reserve £	Profit & loss account £	Total shareholders funds £
At 31 October 1997	2	-	(2,675)	(2,673)
Revaluations		33,415		33,415
Retained profits	-	-	21,834	21,834
At 31 October 1998	2	33,415	19,159	52,576
Revaluations	-	408,284	-	408,284
Retained profit	-	-	51,047	51,047
At 31 October 1999	2	441,699	70,206	511,907

12. CONTINGENT LIABILITIES

The company had no contingent liabilities at 31 October 1999 (1998: Nil).

13. FINANCIAL COMMITMENTS

Capital & Other Financial Commitments

There were no capital or other financial commitments at 31 October 1999 (1998: Nil).

14. CONTROLLING PARTY

The company was controlled throughout the year by Mr & Mrs M Lench by virtue of the fact that between them they hold 100% of the share capital in the company.

15. RELATED PARTY TRANSACTIONS

During the current year, Optimal Limited made loan repayments of £6,950 (1998: received loans of £47,275), to Optimal Media Limited, a company jointly owned by Mr & Mrs Lench. At 31 October 1999, the balance owed to the related company was £58,541 [refer note 7].