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STRAND ESTATES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 1996

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* FOR DIRECTORS CONSIDERATION ONLY



COMPANY INFORMATION

DIRECTORS:

A. SURI
T. MAEIZUMI
R. SURI
N. SURI

SECRETARY:

P. S. CHIMA

REGISTERED
OFFICE:

STRAND HOUSE,
GALWAY ROAD,
BLACKBUSHE BUSINESS PARK,
YATELEY,
HAMPSHIRE,
GU46 6GE.

AUDITORS:

THAKRAR COOMBS & CO.,
CHARTERED CERTIFIED ACCOUNTANTS AND
REGISTERED AUDITOR,
THE DAIRY HOUSE,
MONEYROW GREEN,
HOLYPORT,
MAIDENHEAD,
BERKS, SL6 2ND.

SOLICITORS:

CAMERONS,
1, PETERBOROUGH ROAD,
HARROW,
MIDDLESEX, HA1 2YW.

BANKERS:

LLOYDS BANK PLC,
HARROW BRANCH,
286, STATION ROAD,
HARROW,
MIDDX. HA1 2EB.

REPORT OF THE DIRECTORS TO THE MEMBERS OF
STRAND ESTATES LIMITED

The Directors submit their report, together with the financial statements of the Company for the year ended 31st December 1996.

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 judgements 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 and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

PRINCIPAL ACTIVITIES

The company's principal activity is the Rental of the Freehold Property.

RESULTS AND APPROPRIATIONS

The results for the year and the financial position of the company are shown in the annexed accounts.

DIVIDENDS

Interim dividend of £400 per share was paid during the year. The directors do not recommend the payment of a final dividend for the year.

REPORT OF THE DIRECTORS TO THE MEMBERS OF
STRAND ESTATES LIMITED
(CONTINUED)

FIXED ASSETS

Details of the movement in fixed assets are set out in Note 7 to these financial statements.

No depreciation is provided on the Freehold Property as the property is maintained in good condition so as to prolong its useful life.

Furthermore, the freehold property was valued by Vail-Williams Chartered Surveyors on 23rd December 1996. In their opinion, the open market value of the property as at that date was £1,750,000.

DIRECTORS

The Directors who served during the year and their beneficial interests in the company's issued share capital were as follows, at the beginning and end of the year.

Name	Fully Paid Ordinary Shares of £1 each
A. Suri	50
T. Maeizumi	50
R. Suri	-
N. Suri	-

AUDITORS

The auditors Messrs. Thakrar Coombs & Co. have signified their willingness to remain in office. In accordance with Section 384 of the Companies Act 1985, a resolution proposing their re-appointment will be put at the forthcoming Annual General Meeting.

In preparing the above report, the directors have taken advantage of special exemptions applicable to small companies.

By Order of the Board



Secretary
P. S. Chima

Dated: 17th June 1997

REPORT OF THE AUDITORS
TO THE MEMBERS OF
STRAND ESTATES LIMITED

We have audited the financial statements on Pages 5 to 11 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 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 judgements 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 31st December 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985, as applicable to small companies.

Thakrar Coombs & Co.

Thakrar Coombs & Co.,
Chartered Certified Accountants and
Registered Auditor,
Date: 17th June 1997

The Dairy House,
Moneyrow Green,
Holyport,
Maidenhead,
Berks, SL6 2ND.

STRAND ESTATES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1996

	<u>NOTE</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Turnover	(1b)	164,825	160,145
Administrative Costs		25,240	24,628
		<u>139,585</u>	<u>135,517</u>
Other Operating Income	(2)	-	5
		<u>139,585</u>	<u>135,522</u>
Interest Payable	(3)	61,770	71,565
Profit on Ordinary Activities before Taxation	(4)	<u>77,815</u>	<u>63,957</u>
Taxation	(5)	26,732	17,123
Profit on Ordinary Activities after Taxation		<u>51,083</u>	<u>46,834</u>
Dividends	(6)	40,000	-
Retained Profit for the Year		<u>11,083</u>	<u>46,834</u>
Retained Profit Brought Forward		133,522	86,688
Retained Profit Carried Forward		<u>£144,605</u> =====	<u>£133,522</u> =====

There were no recognised gains and losses for 1996 or 1995 other
than those included in the Profit and Loss Account

The notes on Pages 7 to 11 form part of these financial statements

STRAND ESTATES LIMITED
BALANCE SHEET
AS AT 31ST DECEMBER 1996

	<u>NOTE</u>	<u>1996</u> £	£	<u>1995</u> £	£
<u>FIXED ASSETS</u>					
Tangible Assets	(7)		1,442,068		1,447,646
<u>CURRENT ASSETS</u>					
Debtors and Prepayments	(8)	11,919		18,179	
Cash at Bank		17,640		140,592	
		<u>£29,559</u>		<u>158,771</u>	
<u>CREDITORS</u>					
Amount falling Due within one year	(9a)	<u>£727,844</u>		<u>£266,587</u>	
Net Current Liabilities			(698,285)		(107,816)
Total Assets less Current Liabilities			<u>743,783</u>		<u>1,339,830</u>
<u>CREDITORS</u>					
Amount falling due after more than one year	(9b)		599,078		1,206,208
<u>NET ASSETS</u>			<u>£144,705</u> =====		<u>£133,622</u> =====
<u>CAPITAL AND RESERVES</u>					
Called up Share Capital	(10)		100		100
Profit and Loss Account			144,605		133,522
<u>SHAREHOLDER'S FUNDS</u>	(11)		<u>£144,705</u> =====		<u>£133,622</u> =====

The directors have taken advantage, in the preparation of these financial statements, of special exemptions applicable to small companies on the grounds that the company qualifies as a small company by virtue of Section 247 of the Companies Act 1985.

Approved by the Board on 17th June 1997

Signed: _____

(Director)

A. Suri

The notes on Pages 7 to 11 form part of these financial statements

STRAND ESTATES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1996

NOTE 1 - ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and include the results of the company's operations which are described in the Directors Report and all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

(b) Turnover

Turnover comprises the rent receivable by the company, net of Value Added Tax.

(c) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost, less their estimated residual value, over their expected useful lives on the following basis:

Motor Vehicle - 25% per annum reducing balance

No depreciation is provided on freehold property as the company's policy is to maintain its property in good condition so as to prolong its useful life and any depreciation involved would not be material.

(d) Foreign Currencies

Transactions in foreign currencies are translated into sterling at the rates ruling when the transactions were incurred. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Balance Sheet date. Exchange differences are taken into account in arriving at operating profit.

(e) Leasing and Hire Purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

STRAND ESTATES LIMITED
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1996

NOTE 2 - OTHER OPERATING INCOME

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Exchange profit	£ - =====	£5 ==

NOTE 3 - INTEREST PAYABLE

Bank Overdraft interest	22	8
On bank loan repayable by instalment	60,527	71,212
Other Interest	-	-
Hire Purchase Interest	1,221	345
	<u>£61,770</u> =====	<u>£71,565</u> =====

NOTE 4 - PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
This is stated after charging:-		
Auditors Remuneration	1,750	1,750
Depreciation of Tangible fixed assets held under finance lease	5,578	7,436
Exchange Losses (Profit)	62	(5)
Directors Remuneration	9,000	7,490
Operating Lease rental receivable	(164,825)	(160,145)
	<u>=====</u>	<u>=====</u>

NOTE 5 - TAXATION

Charge to U. K. Corporation Tax at the rate of 33%/25%	<u>£26,732</u>	<u>£17,123</u>
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NOTE 6 - DIVIDENDS

Interim dividend amounting to £40,000 (1995 £NIL) were paid during the year under review. No final dividend are proposed for the year.

STRAND ESTATES LIMITED
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1996

NOTE 7 - TANGIBLE FIXED ASSETS

	Freehold Property	Motor Vehicle	Total
<u>COST</u>	<u>£</u>	<u>£</u>	<u>£</u>
As at 1st January 1996	1,425,336	29,746	1,455,082
Additions	-	-	-
Disposals	-	-	-
As at 31st December 1996	£1,425,336 =====	£29,746 =====	£1,455,082 =====
<u>DEPRECIATION</u>			
As at 1st January 1996	-	7,436	7,436
Charge for the Year	-	5,578	5,578
Eliminated on Disposals	-	-	-
As at 31st December 1996	£ - =====	£13,014 =====	£13,014 =====
<u>NET BOOK VALUES</u>			
As at 31st December 1996	£1,425,336 =====	£16,732 =====	£1,442,068 =====
As at 31st December 1995	£1,425,336 =====	£22,310 =====	£1,447,646 =====

The net book values of tangible fixed assets include an amount of £16,732 (1995 £22,310) in respect of assets held under finance leases or hire purchase contracts. The related depreciation charges for the year was £5,578 (1995 - £7,436).

No depreciation has been provided on the Freehold Property.

The company's freehold property was valued by Vail-Williams Chartered Surveyors on 23rd December 1996. In their opinion, the open market value of the property at that date was £1,750,000. This valuation has not been incorporated into the accounts.

NOTE 8 - DEBTORS

Amount falling due within one year:

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Other Debtors	-	6,438
Prepayment and accrued income	-	11,741
Amounts due from related company	11,919	-
	£11,919	£18,179

STRAND ESTATES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1996

NOTE 9 - CREDITORS

	<u>1996</u>	<u>1995</u>
<u>(a) Amounts falling due within one year:</u>		
	<u>£</u>	<u>£</u>
Bank Loan (secured)	84,000	84,000
Accruals	37,000	15,073
Directors Current Account	568,282	86,417
Corporation Taxation	26,732	17,123
Social Security and other Taxes	1,994	563
Amount due to related company	-	50,297
Net obligation under finance lease and hire purchase contracts (secured)	9,836	13,114
	<u>£727,844</u>	<u>£266,587</u>
	=====	=====
<u>(b) Amount falling due after one year:</u>		
Bank Loan (secured) repayable between		
2-5 years	336,000	336,000
after 5 years	263,078	327,080
Directors Loans	-	533,292
Net obligation under finance lease and hire purchase contracts (secured)	-	9,836
	<u>£599,078</u>	<u>£1,206,208</u>
	=====	=====

The Bank Loan is secured over the company's freehold property.

The hire purchase creditors are secured over the motor vehicle.

NOTE 10 - SHARE CAPITAL**Authorised, Issued and Fully Paid**

	<u>1996</u>	<u>1995</u>
Ordinary Shares of £1 each	£100	£100
	_____	_____

**NOTE 11 - RECONCILIATION OF MOVEMENT
IN SHAREHOLDERS FUNDS**

Net Profit for the Year	51,083	46,834
Less: Dividends	40,000	-
Net Increase in Shareholders Funds	<u>11,083</u>	<u>46,834</u>
Opening Shareholders Funds as at 1st January 1996	133,622	86,788
Closing Shareholders Funds as at 31st December 1996	<u>£144,705</u>	<u>£133,622</u>
	=====	=====

STRAND ESTATES LIMITED
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1996

NOTE 12 - OBLIGATION UNDER HIRE PURCHASE CONTRACTS
AND OPERATING LEASES

At the Balance Sheet date, the company was committed to the following future payments under hire purchase contracts (net of finance charge) :-

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Within one year	9,836	13,114
Within 2-5 years	-	9,836
	<u>£9,836</u>	<u>£22,950</u>
	=====	=====

NOTE 13 - RELATED PARTY TRANSACTIONS

Strand Europe Limited occupies the freehold property owned by the company. A. Suri, a director and shareholder, is also a director of Strand Europe Limited and holds 20.9% of the issued share capital of that company.

Transaction with Strand Europe Limited, a related party, during the year was rent receivable of £164,825.

Amounts due from Strand Europe Limited, as at 31st December 1996, amounted to £11,919.