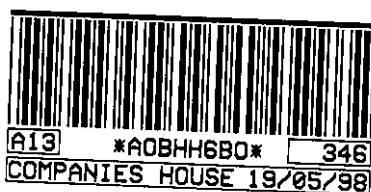


REPORT AND ACCOUNTS

Syrell Limited

30 April 1997



Registered in England : Number 3044510

DIRECTORS' REPORT

The directors present their report together with the financial statements for the year ended 30 April 1997.

PRINCIPAL ACTIVITY

The company is principally engaged in the development of a plot of land at Shillingford, Oxford. The whole of turnover is attributable to this continuing activity.

RESULTS

The loss for the year after taxation amounts to £12,914 (1996: loss £13,086). The directors do not recommend a dividend payment and the loss, has been transferred to reserves.

REVIEW OF THE YEAR

The company sold two houses during the year. The three conversions were completed but remained unsold at the year end. The new build properties were still not completed at the year end, other than unit 5 which was sold.

DIRECTORS

The directors in office during the year are listed below.

R Milne

DIRECTORS' INTERESTS

The interest of the director in the share capital of the company at 30 April 1997 and 1996, was as follows:

	<i>No. of ordinary shares</i>
R Milne	1

FIXED ASSETS

The company does not have any fixed assets.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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;
- 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 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

Hurst Morrison Thomson have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

By order of the Board on 5/5/98.

M. A. Wilcox

Secretary

Hurst Morrison Thomson

Chartered Accountants

5 Fairmile
Henley-on-Thames
Oxfordshire
RG9 2JR

Tel: 07000-789753
Fax: 07000-789752
Email: HMT.office@BTInternet.com
Direct Line:

REPORT OF THE AUDITORS to the members of Syrell Limited

We have audited the accounts on pages 4 to 9, which have been prepared under the historical cost convention and on the basis of 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 the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

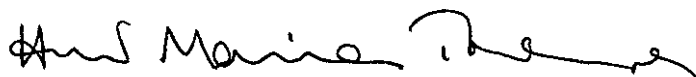
Basis of opinion

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 information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 April 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditor
Henley On Thames

12th May, 1998

3

Partners: David Hurst LLB, FCA, Bruce Morrison BA, ACA, Andrew Thomson MA, CA, Tim O'Brien BA, ACA, Paul Ellison BA, ACA
Registered Auditors

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Associated Firms: HMT Consultants Ltd • The Employee Benefits Corporation Ltd

PROFIT AND LOSS ACCOUNT
for the year ended 30 April 1997

	<i>Notes</i>	<i>1997</i> <i>£</i>	<i>1996</i> <i>£</i>
TURNOVER - continuing operations	2	345,000	-
Cost of sales		(279,529)	-
		<u>65,471</u>	<u>-</u>
Administrative expenses		(51,698)	(11,844)
OPERATING PROFIT/(LOSS)	3	<u>13,773</u>	<u>(11,844)</u>
Bank interest receivable		-	2,915
Interest payable	4	(26,687)	(4,157)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(12,914)</u>	<u>(13,086)</u>
Tax on loss on ordinary activities	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(12,914)</u>	<u>(13,086)</u>
Retained loss brought forward		(13,086)	-
Retained loss carried forward		<u><u>£(26,000)</u></u>	<u><u>£(13,086)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

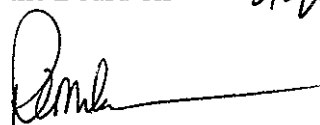
The company has no recognised gains or losses other than the loss for the above financial year.

Syrell Limited

BALANCE SHEET at 30 April 1997

	<i>Notes</i>	<i>1997</i> <i>£</i>	<i>1996</i> <i>£</i>
CURRENT ASSETS			
Stock and work in progress	6	995,851	740,329
Debtors	7	164,420	173,533
Cash at bank and in hand		358	509
		<u>1,160,629</u>	<u>914,371</u>
CREDITORS: amounts falling due within one year	8	(1,186,627)	(927,455)
NET CURRENT ASSETS		<u>(25,998)</u>	<u>(13,084)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(25,998)	(13,084)
		<u>£(25,998)</u>	<u>£(13,084)</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account		(26,000)	(13,086)
		<u>£(25,998)</u>	<u>£(13,084)</u>

Approved by the Board on 5/5/98.



)
Directors
)

NOTES TO THE ACCOUNTS
at 30 April 1997

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Stocks

Stocks are stated at the lower cost and net realisable value less foreseeable losses and payments on account. Cost of finished goods and work in progress comprises direct materials, direct labour and attributable overheads.

Net realisable value is based on estimated selling prices less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate of which is estimated that taxation will be payable.

2 TURNOVER

Turnover, which is stated net of value added tax, represents amounts received for the sale of properties and arises wholly in the United Kingdom.

The turnover and pre-tax loss is attributable to the company's principal and continuing activity, land development.

3 OPERATING PROFIT/(LOSS)

(a) This is stated after charging:

	<i>1997</i> £	<i>1996</i> £
Auditors' remuneration	£2,350	£2,350

(b) Directors' remuneration

The directors did not receive emoluments during the period.

NOTES TO THE ACCOUNTS
at 30 April 1997

4 INTEREST PAYABLE

	<i>1997</i> £	<i>1996</i> £
Bank loans	22,668	-
Other interest	4,019	4,157
	<u>£26,687</u>	<u>£4,157</u>

5 TAX ON LOSS ON ORDINARY ACTIVITIES

	<i>1997</i> £	<i>1996</i> £
Based on the loss for the year:		
Corporation tax at 24% (1996: 25%)	-	-
	<u>£-</u>	<u>£-</u>

The company is a close company as defined by Section 414 of the Income and Corporation Taxes Act 1988.

6 STOCK AND WORK IN PROGRESS

	<i>1997</i> £	<i>1996</i> £
Cost of land	397,817	480,000
Valuation of construction works	557,261	229,912
Other building costs	40,773	30,417
	<u>£995,851</u>	<u>£740,329</u>

7 DEBTORS

	<i>1997</i> £	<i>1996</i> £
Other debtors	164,420	72,520
Prepayments and accrued income	-	1,014
	<u>£164,420</u>	<u>£73,534</u>

NOTES TO THE ACCOUNTS
at 30 April 1997

8 CREDITORS: amounts falling due within one year

	<i>1997</i> £	<i>1996</i> £
Bank loans (see below)	299,669	-
Other loans	562,800	284,200
Current corporation tax	-	-
Directors loan Account	286,074	520,905
Other creditors	406	120,000
Accruals	37,678	2,350
	<u>£1,186,627</u>	<u>£927,455</u>

The bank loan is secured by a charge over the freehold property known as Development at Shillingford House, Henley Road, Shillingford, Oxford.

9 DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows:

	<i>Provided</i> £	<i>1997</i> <i>Not</i> <i>provided</i> £	<i>Provided</i> £	<i>1996</i> <i>Not</i> <i>provided</i> £
Capital allowances in advance of depreciation	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10 SHARE CAPITAL

	<i>1997</i> <i>No.</i>	<i>Authorised</i> <i>1996</i> <i>No.</i>	<i>Allotted, called up</i> <i>and fully paid</i> <i>1997</i> £	<i>1996</i> £
Ordinary shares of £1 each	2	2	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
at 30 April 1997

11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>1997</i> <i>£</i>	<i>1996</i> <i>£</i>
Retained loss for the year	(12,914)	(13,086)
Opening shareholders' funds	(13,084)	2
	<u>£(25,998)</u>	<u>£(13,084)</u>

12 CAPITAL COMMITMENTS

The company had no capital commitments as at 30 April 1997.

13 CONTINGENT LIABILITIES

There are no unprovided contingent liabilities as at 30 April 1997.