

Registrar of Companies

REALTY, THE LONDON PROPERTY BROKERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 1996



Company No. 1816008

REALTY, THE LONDON PROPERTY BROKERS LIMITED

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The following pages do not form part of the statutory accounts:

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REALTY, THE LONDON PROPERTY BROKERS LIMITED

COMPANY INFORMATION

Directors	Mr L.G. Kirschel Mr N.H. Fattal Mr N.M. Lawson Mr S.M. Margolis
Secretary	Mr S.M. Margolis
Company Number	1816008
Registered Office	124-130 Seymour Place London W1H 6AA
Reporting Accountants	Bright Grahame Murray 124-130 Seymour Place London W1H 6AA

REALTY, THE LONDON PROPERTY BROKERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MAY 1996

The directors present their report together with the financial statements for the year ended 31st May 1996.

Principal Activity

The company's principal activity continued to be that of estate agents.

Directors and Their Interests

The directors at 31st May 1996 and their beneficial interests in the company's issued share capital were as follows:

	<u>At</u> <u>31st May 1996</u> <u>Ordinary Shares</u>	<u>At</u> <u>1st June 1995</u> <u>Ordinary Shares</u>
Mr L.G. Kirschel	15,000	15,000
Mr N.H. Fattal	15,000	15,000
Mr N.M. Lawson	-	-
Mr S.M. Margolis	-	-

Directors' Responsibilities for the Financial Statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. 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.

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 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.

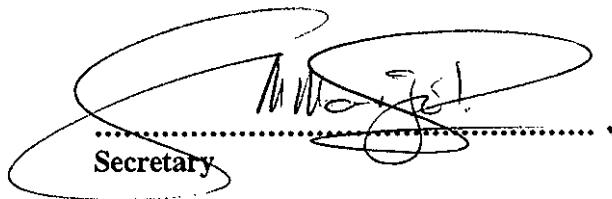
REALTY, THE LONDON PROPERTY BROKERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MAY 1996

Small Companies Exemptions

The report of the directors 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



.....
Secretary

Date: 24.9.97

ACCOUNTANTS' REPORT

ON THE UNAUDITED ACCOUNTS TO THE MEMBERS OF REALTY, THE LONDON PROPERTY BROKERS LIMITED

We report on the financial statements for the year ended 31st May 1996 set out on pages 5 to 10.

Respective Responsibilities of Directors and Reporting Accountants

As described on page 2 the company's directors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of Opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

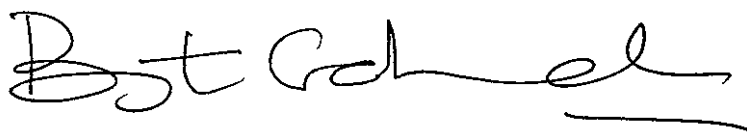
the financial statements are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;

having regard only to, and on the basis of, the information contained in those accounting records:

the financial statements have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and

the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

Bright Grahame Murray
Chartered Accountants
124-130 Seymour Place
London
W1H 6AA



1st October, 1997

REALTY, THE LONDON PROPERTY BROKERS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MAY 1996**

	Notes	1996 £	1995 £
Turnover	2	268,500	75,356
Distribution costs		10,690	9,355
Administrative expenses		73,853	60,931
		<u>183,957</u>	<u>5,070</u>
Other operating income		70,000	-
Operating Profit	3	253,957	5,070
Interest receivable		169	225
Interest payable		(6,447)	(7,949)
Profit/(Loss) on Ordinary Activities before Taxation		247,679	(2,654)
Tax on profit/(loss) on ordinary activities	6	1,002	-
Profit/(Loss) for the Financial Year		246,677	(2,654)
(Adverse balance) brought forward		(306,596)	(303,942)
(Adverse balance) carried forward		(59,919)	(306,596)

All amounts relate to continuing activities.

There were no recognised gains and losses for 1996 or 1995 other than those included in the profit and loss account.

REALTY, THE LONDON PROPERTY BROKERS LIMITED

BALANCE SHEET AS AT 31ST MAY 1996

	Notes	1996	1995
		£	£
Fixed Assets			
Tangible assets	7	41,572	10,219
Current Assets			
Debtors	8	140,976	924
Cash at bank and in hand		98	27
		<u>141,074</u>	<u>951</u>
Creditors			
Amounts falling due within one year	9	<u>212,565</u>	<u>287,766</u>
Net Current Liabilities		<u>(71,491)</u>	<u>(286,815)</u>
Total Assets Less Current Liabilities		<u>(29,919)</u>	<u>(276,596)</u>
Capital and Reserves			
Share capital	10	30,000	30,000
Profit and loss account		(59,919)	(306,596)
Shareholders' funds	11	<u>(29,919)</u>	<u>(276,596)</u>

The directors are of the opinion that the company is entitled to exemption from audit conferred by subsection 2 of Section 249A of the Companies Act 1985 for the year ended 31st May 1996.

The directors confirm that no member or members have requested an audit pursuant to subsection 2 of Section 249B of the Companies Act 1985.

The directors confirm that they are responsible 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 the affairs of the company as at the end of the financial year and of its results 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 this Act relating to accounts, so far as 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.

Director:

Approved on:

29.9.97

Director:

The notes on pages 7 to 10 form part of these financial statements.

REALTY, THE LONDON PROPERTY BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 1996

1 Accounting Policies

Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:-

Leasehold properties	over the term of the lease
Furniture and equipment	25% p.a. on a reducing balance basis

Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Unprovided deferred tax is disclosed as a contingent liability.

2 Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

The turnover was derived from the company's principal activity which was carried out wholly in the United Kingdom.

3 Operating Profit

This is stated after charging:

	1996	1995
	£	£
Depreciation of owned assets	<u>5,499</u>	<u>3,792</u>

4 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	1996	1995
	£	£
Wages and salaries	<u>10,887</u>	<u>17,912</u>

REALTY, THE LONDON PROPERTY BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 1996

5	Interest Payable and Similar Charges	1996	1995
		£	£
	Bank loans and overdrafts	<u>6,447</u>	<u>7,949</u>
6	Taxation	1996	1995
		£	£
	Based on the results for the year		
	UK corporation tax at 24.8%(1995: 25%)	<u>1,002</u>	<u>-</u>
7	Tangible Fixed Assets		
		Short Leasehold Land and Buildings	Plant and Equipment
		Total	
	Cost	£	£
	At 1st June 1995	-	35,816
	Additions	35,915	1,527
	Disposals	-	(806)
	At 31st May 1996	<u>35,915</u>	<u>36,537</u>
	Depreciation		
	At 1st June 1995	-	25,597
	Charge for the year	-	5,499
	Disposals	-	(216)
	At 31st May 1996	<u>-</u>	<u>30,880</u>
	Net Book Value		
	At 31st May 1996	<u>35,915</u>	<u>5,657</u>
	<i>At 31st May 1995</i>	<u><i>-</i></u>	<u><i>10,219</i></u>
8	Debtors	1996	1995
		£	£
	Trade debtors	140,000	-
	Other debtors	976	924
		<u>140,976</u>	<u>924</u>

REALTY, THE LONDON PROPERTY BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 1996

9	Creditors: Amounts Falling Due Within One Year	1996 £	1995 £
	Bank loans and overdrafts	72,255	74,203
	Amounts owed to related undertakings	88,346	203,191
	Corporation tax	1,002	-
	Other taxes and social security	3,263	2,415
	Other creditors	16,066	7,957
	Directors' loan accounts	31,633	-
		<u>212,565</u>	<u>287,766</u>

The bank overdraft is secured on the personal guarantees of the directors up to a limit of £75,000.

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand and also relies upon ongoing support from a related party in which the directors have a material interest as shareholders.

The company is operating within the facility currently agreed and the directors expect it to be able to continue doing so for at least one year from the date on which they approved the financial statements. In view of their relationship with the company's bankers the directors consider it reasonable to rely on the continuation of the overdraft facility.

The related company has given assurances that it will continue to provide such support as may be necessary, and will not call for repayment of the loan for at least one year from the date on which the financial statements were approved.

For these reasons the financial statements have been prepared on a going concern basis.

10	Share Capital	1996 £	1995 £
	Authorised Equity Shares		
	Ordinary shares of £1.00 each	<u>30,000</u>	<u>30,000</u>
	Allotted, called up and fully paid Equity Shares		
	Ordinary shares of £1.00 each	<u>30,000</u>	<u>30,000</u>
11	Reconciliation of Shareholders' Funds	1996 £	1995 £
	Profit/(Loss) for the financial year	246,677	(2,654)
	Opening shareholders' funds	<u>(276,596)</u>	<u>(273,942)</u>
	Closing shareholders' funds	<u>(29,919)</u>	<u>(276,596)</u>

REALTY, THE LONDON PROPERTY BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 1996

12 Disclosable Interests of the Directors

At 31st May 1996 the company owed £88,346 to Consolidated Property Corporation Limited, a related company in which L. Kirschel and N. Fattal are beneficially interested as shareholders and was owed £140,000 by Consolidated Property Corporation Inc. Limited, a related company in which L. Kirschel has a beneficial interest.