

1321490 (England)
4272/D35

DELBOUNTY LIMITED
Directors' Report and Financial Statements
for the year ended 31 March 1998



DELBOUNTY LIMITED

Company Information

Directors	A.M. McLaughlin C.L. Smith
Secretary	S.A. Khan
Company Number	1321490 (England)
Registered Office	Parkway House Sheen Lane East Sheen London SW14 8LS
Auditors	Cavendish & Co Chartered Certified Accountants Registered Auditors 18 Queen Anne Street London W1M 0HB
Business Address	Parkway House Sheen Lane East Sheen London SW14 8LS
Bankers	Bank of Scotland plc West End Office 14-16 Cockspur Street London SW1Y 5BL

DELBOUNTY LIMITED

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DELBOUNTY LIMITED

Directors' Report for the year ended 31 March 1998

The directors present their report and the financial statements for the year ended 31 March 1998.

Principal Activities and Review of the Business

The principal activity of the company in the year under review was property development and investment.

The directors consider the results achieved and the state of the company's affairs at the year end to be satisfactory.

Results and Dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a dividend.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1998	1997
A.M. McLaughlin	Ordinary shares	377	377
C.L. Smith	Ordinary shares	2	-

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Cavendish & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

Basis of preparation

In preparing the above report the directors have taken advantage of special exemptions conferred by Part II of Schedule 8 applicable under s246(1B) of the Companies Act 1985.

DELBOUNTY LIMITED

Directors' Report for the year ended 31 March 1998 (continued)


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.

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.

This report was approved by the Board on 3 November 1998.


S.A. Khan
Secretary

DELBOUNTY LIMITED

**Auditors' Report
to the shareholders of Delbounty Limited**

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and 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 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 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Cavendish & Co
Chartered Certified Accountants
Registered Auditors
18 Queen Anne Street
London W1M 0HB

Date : 5 November 1998

DELBOUNTY LIMITED

Profit and Loss Account
for the year ended 31 March 1998

	Notes	1998 £	1997 £
Turnover	2	1,499,332	1,201,854
Cost of sales		(182,394)	-
Gross profit		1,316,938	1,201,854
Other operating costs		(329,956)	(257,778)
Administrative expenses		(175,162)	(189,286)
Other operating income		37,344	-
Operating profit	3	849,164	754,790
Other interest receivable and similar income	4	4,015	8,818
Interest payable and similar charges	5	(243,382)	(273,864)
Profit on ordinary activities before taxation		609,797	489,744
Tax on profit on ordinary activities	6	(156,753)	(116,146)
Profit for the year	14	£ 453,044	£ 373,598

There are no recognised gains and losses other than those passing through the profit and loss account.

The attached notes form an integral part of these accounts.

DELBOUNTY LIMITED

Balance Sheet
as at 31 March 1998

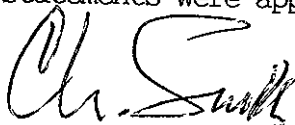
	Notes	1998		1997	
		£	£	£	£
Fixed Assets					
Tangible assets	7		8,175,515		7,996,280
Current Assets					
Stocks	8	241,207		241,207	
Debtors	9	34,836		55,352	
Cash at bank and in hand		100		351,677	
		<u>276,143</u>		<u>648,236</u>	
Creditors: amounts falling due within one year	10	<u>(1,799,774)</u>		<u>(2,381,702)</u>	
Net Current Liabilities			<u>(1,523,631)</u>		<u>(1,733,466)</u>
Total Assets Less Current Liabilities			<u>6,651,884</u>		<u>6,262,814</u>
Creditors: amounts falling due after more than one year	11		<u>(2,941,681)</u>		<u>(3,005,655)</u>
			<u><u>£3,710,203</u></u>		<u><u>£3,257,159</u></u>
Capital and Reserves					
Called up share capital	13		379		379
Share premium account			1,637,414		1,637,414
Profit and loss account	14		2,072,410		1,619,366
Shareholders' Funds (equity interests)	15		<u><u>£3,710,203</u></u>		<u><u>£3,257,159</u></u>

Reduced disclosure

The directors have taken advantage of special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the grounds that, in the directors' opinion, the company is entitled to those exemptions as a small company.

The financial statements were approved by the Board on 3 November 1998.

C.L. Smith
Director



The attached notes form an integral part of these accounts.

DELBOUNTY LIMITED

Notes to the Financial Statements
for the year ended 31 March 1998

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, 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.

1.2 Turnover

Turnover represents sales of properties and rent receivable.

1.3 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 estimated residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Nil
Plant and machinery	-	10 % Straight line
Fixtures, fittings and equipment	-	25 % Straight line

No depreciation is provided in respect of freehold and long leasehold properties.

1.4 Stock

Stock is valued at the lower of cost and net realisable value.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

DELBOUNTY LIMITED

Notes to the Financial Statements
for the year ended 31 March 1998

3.	Operating Profit	1998 £	1997 £
	Operating profit is stated after charging:		
	Depreciation of tangible assets	50,559	54,880
	Auditors' remuneration	5,288	4,524
		<u>55,847</u>	<u>59,404</u>
4.	Other Interest Receivable and Similar Income	1998 £	1997 £
	Bank interest received (gross)	3,210	8,479
	Bank interest received (net)	805	339
		<u>4,015</u>	<u>8,818</u>
		£ 4,015	£ 8,818
5.	Interest Payable	1998 £	1997 £
	On bank loans and overdrafts	36,161	84,347
	On other loans wholly repayable within 5 years	83,802	75,560
	On loans repayable after 5 years	123,419	113,957
		<u>243,382</u>	<u>273,864</u>
		£ 243,382	£ 273,864
6.	Taxation	1998 £	1997 £
	U.K. Current year taxation		
	U.K. Corporation tax at 31% (1997 - 33%)	163,952	145,424
	Prior years		
	U.K. Corporation tax	(7,199)	(29,278)
		<u>156,753</u>	<u>116,146</u>
		£ 156,753	£ 116,146

DELBOUNTY LIMITED

Notes to the Financial Statements
for the year ended 31 March 1998

7. Tangible Assets

	Land and buildings Freehold	Land and buildings Leasehold (long)	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 April 1997	7,201,868	568,295	500,000	28,491	8,298,654
Additions	239,874	—	—	—	239,874
Disposals	(10,080)	—	—	—	(10,080)
At 31 March 1998	<u>7,431,662</u>	<u>568,295</u>	<u>500,000</u>	<u>28,491</u>	<u>8,528,448</u>
Depreciation					
At 1 April 1997	—	—	275,000	27,374	302,374
Charge for year	—	—	50,000	559	50,559
At 31 March 1998	<u>—</u>	<u>—</u>	<u>325,000</u>	<u>27,933</u>	<u>352,933</u>
Net book values					
At 31 March 1998	<u>£7,431,662</u>	<u>£ 568,295</u>	<u>£ 175,000</u>	<u>£ 558</u>	<u>£8,175,515</u>
At 31 March 1997	<u>£7,201,868</u>	<u>£ 568,296</u>	<u>£ 225,000</u>	<u>£ 1,116</u>	<u>£7,996,280</u>

The company's investment properties have not been included in the balance sheet at their open market value as required by the Statement of Standard Accounting Practice No. 19 .

8. Stocks

	1998 £	1997 £
Properties	<u>241,207</u>	<u>241,207</u>

9. Debtors

	1998 £	1997 £
Trade debtors	3,483	14,194
Corporation tax recoverable	11,428	—
Other debtors	19,925	32,558
Prepayments and accrued income	—	8,600
	<u>£ 34,836</u>	<u>£ 55,352</u>

DELBOUNTY LIMITED

Notes to the Financial Statements
for the year ended 31 March 1998

10. Creditors: amounts falling due within one year	1998 £	1997 £
Bank loan and overdraft	368,907	799,454
Trade creditors	37,313	-
Corporation tax	172,404	149,647
Other taxes and social security costs	1,642	1,851
Directors' current accounts	1,027,163	1,221,569
Amounts owed to related company	106,688	90,419
Accruals and deferred income	85,657	118,762
	<u>£1,799,774</u>	<u>£2,381,702</u>

The bank loan and overdraft are secured by a charge over the company's properties and a debenture creating a fixed and floating charge over the company's assets and are supported by the unlimited joint and several guarantee of the directors.

11. Creditors: amounts falling due after more than one year	1998 £	1997 £
Loans		
Wholly repayable within five years	3,048,369	3,807,652
Included in current liabilities	(106,688)	(801,997)
	<u>£2,941,681</u>	<u>£3,005,655</u>

Bank and building society loans are repayable by :-
 September 2001 at interest of 1.5% over LIBOR £1,000,000
 December 2009 at interest of 1.0% over LIBOR £1,341,681

The bank and building society loans are secured by first legal charges over the company's specific freehold properties and floating charges over the company's assets. In addition there is an interest free loan of £600,000 from one of the directors.

12. Pension Costs

The company operates a defined contribution pension scheme which does not guarantee a minimum level of benefits. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

DELBOUNTY LIMITED

Notes to the Financial Statements
for the year ended 31 March 1998

13. Share Capital		
	1998	1997
	£	£
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
379 Ordinary shares of £1 each	379	379
	<u> </u>	<u> </u>
14. Profit And Loss Account		
	1998	1997
	£	£
Retained profits at 1 April 1997	1,619,366	1,245,768
Retained profit for the year	453,044	373,598
	<u> </u>	<u> </u>
Retained profits at 31 March 1998	£2,072,410	£1,619,366
	<u> </u>	<u> </u>
15. Reconciliation of Movements in Shareholders' Funds		
	1998	1997
	£	£
Profit for the financial year	453,044	373,598
Opening shareholders' funds	3,257,159	2,883,561
	<u> </u>	<u> </u>
Closing shareholders' funds	£3,710,203	£3,257,159
	<u> </u>	<u> </u>
16. Contingent Liabilities		
There is a contingent liability in respect of corporation tax on chargeable gains which would become payable if the properties were disposed off at the current book values.		
17. Directors' Emoluments		
	1998	1997
	£	£
Remuneration	70,034	37,258
	<u> </u>	<u> </u>

DELBOUNTY LIMITED

Notes to the Financial Statements
for the year ended 31 March 1998

18. Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1998 Number	1997 Number
Administration	3	3
	<u> </u>	<u> </u>
Employment costs		
	£	£
Wages and salaries	53,000	45,000
Social security costs	5,299	4,590
Other pension costs	17,034	30,277
	<u> </u>	<u> </u>
	£ 75,333	£ 79,867
	<u> </u>	<u> </u>

DELBOUNTY LIMITED

Detailed Trading and Profit and Loss Account
for the year ended 31 March 1998

	1998		1997	
	£	£	£	£
Sales of properties		195,000		—
Rent receivable		1,304,332		1,201,854
		1,499,332		1,201,854
Cost of sales				
Opening stock and work in progress	241,207		241,207	
Purchases	176,000		—	
Direct costs	2,154		—	
Legal and professional	1,175		—	
Commissions payable	2,291		—	
Repairs	774		—	
		423,601		241,207
Closing stock and work in progress	(241,207)		(241,207)	
		(182,394)		—
Gross profit		1,316,938		1,201,854
Other operating costs	329,956		257,778	
Administrative expenses	175,162		189,286	
		(505,118)		(447,064)
Other operating income		811,820		754,790
Joint venture profit	32,494		—	
Surplus on sale of fixed assets	4,850		—	
		37,344		—
Operating profit		849,164		754,790
Other income and expenses				
Interest receivable				
Bank deposit interest (gross)	3,210		8,479	
Bank deposit interest (net)	805		339	
		4,015		8,818
Interest payable				
Bank interest	36,161		84,347	
Interest on loans repayable in less than 5 years	83,802		75,560	
Interest on loans repayable in more than 5 years	123,419		113,957	
		(243,382)		(273,864)
Net profit for the year		£ 609,797		£ 489,744

DELBOUNTY LIMITED

Other Operating Costs and Administrative Expenses
for the year ended 31 March 1998

	1998 £	1997 £
Other operating costs		
Rent and service charges	60,554	63,780
Rates	760	2,541
Insurance	13,039	10,805
Light and heat	21,606	15,690
Repairs and maintenance	186,801	105,006
Advertising	6,088	8,409
Commission	17,365	14,910
Legal and professional	11,155	29,351
Sundry and cleaning	12,588	7,286
	£ 329,956	£ 257,778
Administrative expenses		
Wages and salaries	5,299	22,923
Staff pension	—	19,686
Directors' remuneration	53,000	26,667
Directors' pension scheme	17,034	10,591
Rent	7,800	7,800
Printing, postage and stationery	3,622	5,177
Telephone	1,668	895
Travelling	2,857	2,021
Legal and professional	19,544	21,836
Audit and accountancy	12,288	15,124
Bank charges	1,387	969
General expenses	104	717
Depreciation on plant and machinery	50,000	50,000
Depreciation on fixtures and equipment	559	4,880
	£ 175,162	£ 189,286