



TILEYARD PROPERTIES LIMITED

Report and Financial Statements

30 April 1997

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 1997

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REPORT AND FINANCIAL STATEMENTS 1997

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A M Sugar
C T Sandy

SECRETARY

C T Sandy

REGISTERED OFFICE

Brentwood House
169 Kings Road
Brentwood
Essex CM14 4EF

BANKERS

Merita Bank
19 Thomas More Street
London
E1 9YW

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 1997.

ACTIVITIES

The principal activity of the company is the holding of investment properties.

REVIEW OF DEVELOPMENTS

The profit and loss account for the year is set out on page 5.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not propose the payment of a dividend (1996 - £nil). The accumulated deficit is shown on page 5.

FUTURE PROSPECTS

There are no planned changes to the company's activities.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year are listed below:

A M Sugar
C T Sandy

The following director who held office at 30 April 1997 had interests in the shares of the company.

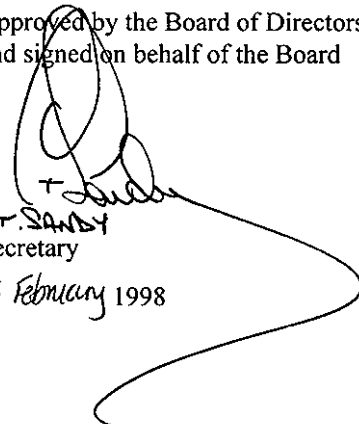
	Ordinary shares of £1 each	
	1997	1996
A M Sugar	41,490,000	41,490,000

The other director did not have any interests in the shares of the company during the year ended 30 April 1997.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


C.T. SANDY
Secretary
23 February 1998



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 as at the end of the financial period 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 a 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.



Chartered Accountants

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

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AUDITORS' REPORT TO THE MEMBERS OF TILEYARD PROPERTIES LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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 30 April 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and
Registered Auditors

23 February 1998

PROFIT AND LOSS ACCOUNT
For the year ended 30 April 1997

	Note	Year ended 30 April 1997 £	16 month period ended 30 April 1996 £
TURNOVER	2	323,837	356,536
Cost of sales		(132,500)	(205,055)
Gross profit		191,337	151,481
Administrative expenses		(104,394)	(108,953)
Other operating income		15,215	138,438
(Provision)/release of provision against property		(450,000)	1,480,000
OPERATING (LOSS)/PROFIT	4	(347,842)	1,660,966
Income receivable and similar income		4,257	23,599
Interest payable and similar charges	5	(88)	(506,111)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(343,673)	1,178,454
Tax on (loss)/profit on ordinary activities	6	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR/PERIOD		(343,673)	1,178,454
Accumulated deficit brought forward		(35,477,826)	(36,656,280)
Accumulated deficit carried forward		(35,821,499)	(35,477,826)

All activities derive from continuing operations.

There is no difference between the reporting (loss)/profit on ordinary activities after taxation and the equivalent historical cost amount.

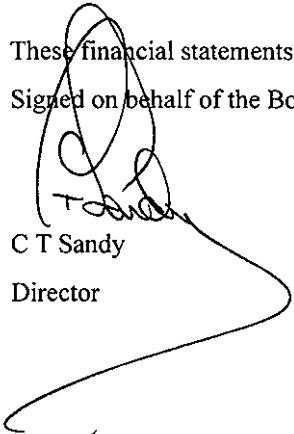
There were no recognised gains or losses in the year or preceding period except for the (loss)/profit for the financial year/period.



BALANCE SHEET
30 April 1997

	Note	30 April 1997 £	30 April 1996 £
FIXED ASSETS			
Investment property	7	5,530,000	5,980,000
CURRENT ASSETS			
Debtors	8	31,022	13,204
Cash at bank and in hand		231,160	83,422
		262,182	96,626
CREDITORS: amounts falling due within one year	9	(123,681)	(64,452)
NET CURRENT ASSETS		138,501	32,174
NET ASSETS		5,668,501	6,012,174
CAPITAL AND RESERVES			
Called up share capital	10	41,490,000	41,490,000
Profit and loss account - deficit		(35,821,499)	(35,477,826)
EQUITY SHAREHOLDERS' FUNDS	11	5,668,501	6,012,174

These financial statements were approved by the Board of Directors on *23 February* 1998.
Signed on behalf of the Board of Directors


C T Sandy
Director

**NOTES TO THE ACCOUNTS**
For the year ended 30 April 1997**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. Compliance with SSAP 19 "Accounting for investment properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given below. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention modified by the revaluation of certain freehold properties.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. Any diminution in value which is believed to be permanent is written off to the profit and loss account in the year in which it arises. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principles set out in SSAP 19. The directors consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to one activity, rental of commercial property.

3. STAFF COSTS

The company has no employees (1996 - nil). The directors received no emoluments during the year (1996 - £nil).

4. OPERATING (LOSS)/PROFIT

The audit fee for the period was £4,500 (1996 - £500).

Remuneration of the company's auditors for provision of non-audit services was £3,000 (1996 - £950).

NOTES TO THE ACCOUNTS
For the year ended 30 April 1997

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 April 1997 £	16 month period ended 30 April 1996 £
Bank loans wholly repayable within five years	88	506,111

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

There is no taxation charge for the current period as there were no taxable profits.

7. INVESTMENT PROPERTY

	Freehold £
At 1 May 1996	5,980,000
Deficit on valuation during the period	(450,000)
At 30 April 1997	5,530,000

The investment property was valued at £5,530,000 as at 30 April 1997 by the directors on an open market basis.

8. DEBTORS

	30 April 1997 £	30 April 1996 £
Trade debtors	29,862	11,108
Management company	250	1,501
Other debtors	-	394
Prepayments and accrued income	910	201
	<u>31,022</u>	<u>13,204</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 April 1997 £	30 April 1996 £
Accruals and deferred income	123,681	64,452



NOTES TO THE ACCOUNTS
For the year ended 30 April 1997

10. CALLED UP SHARE CAPITAL

	30 April 1997	30 April 1996
	£	£
Authorised:		
50,000,000 ordinary shares of £1 each	50,000,000	50,000,000
Called up, allotted and fully paid:		
41,490,000 ordinary shares of £1 each	41,490,000	41,490,000

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Opening shareholders' funds	6,012,174	4,833,720
(Loss)/profit for the financial year	(343,673)	1,178,454
Closing shareholders' funds	5,668,501	6,012,174

12. CAPITAL COMMITMENTS

The company had no significant capital commitments at 30 April 1997 (30 April 1996 - £nil).

13. CONTINGENT LIABILITIES

There were no significant contingent liabilities of the company at 30 April 1997 (30 April 1996 -£nil).

14. ULTIMATE CONTROLLING PARTY

The company is owned by A M Sugar.