

ARTHUR ANDERSEN

Esterkin Developments Limited

Accounts 31 March 1999

together with director's and auditors' reports

Registered number: 3376161



DIRECTOR

N.J. Esterkin

SECRETARY

Mrs G. Esterkin

REGISTERED OFFICE

Bank House
9 Charlotte Street
Manchester
M1 4EU

Director's report

For the year ended 31 March 1999

The director presents his second report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 March 1999.

Director's responsibilities

Company law requires the director to prepare accounts 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 accounts, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. He is 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 and business review

The principal activities of the company are that of property investors and developers.

The director considers the result for the year and the year end financial position to be satisfactory.

Director and his interests

The director who served during the year and his interest in the share capital of the company at the beginning and end of the year is as shown below.

	£1 ordinary shares fully paid	
	1999 Number	1998 Number
N.J. Esterkin	25	25

Director's report (continued)

Results and dividends

Results and recommended transfers to reserves are as follows:

	1999 £
Balance at 1 April 1998	-
Loss for the year	16,607
Balance at 31 March 1999	<u>16,607</u>

Year 2000

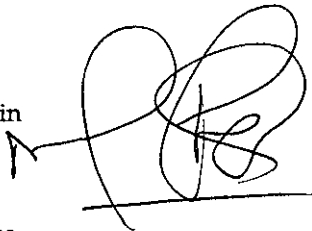
The director has undertaken a review of the likely impact of the year 2000 on the company's computer systems and future business. Where necessary, appropriate work is in hand to upgrade systems. The risk from third parties with whom financial and business transactions are undertaken is considered to be minimal but nevertheless the director is continuing to monitor the position.

Auditors

The director will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board

N.J. Esterkin



Bank House
9 Charlotte Street
Manchester
M1 4EU

17 January 2000

ARTHUR ANDERSEN

Auditors' report

Manchester

To the Shareholders of Esterkin Developments Limited:

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of director and auditors

As described on page 2 the company's director is 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.

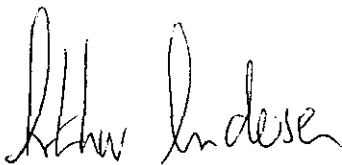
Basis of opinion

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 director 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 company's state of affairs at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

17 January 2000

Profit and loss account

For the year ended 31 March 1999

	Notes	1999 £	Ten months ended 31 March 1998 £
Turnover	2	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(11,161)	-
Operating loss		(11,161)	-
Interest payable	3	(5,446)	-
Loss on ordinary activities before taxation	4	(16,607)	-
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	12	(16,607)	-

All activity has arisen from continuing operations. There were no recognised gains and losses other than the loss for the year.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

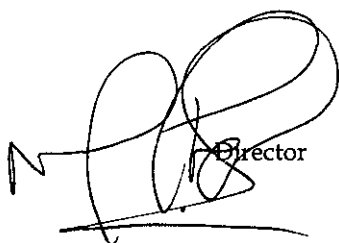
31 March 1999

	Notes	1999 £	1998 £
Current assets			
Stocks	7	499,646	-
Debtors	8	4,732	100
		<u>504,378</u>	<u>100</u>
Creditors: Amounts falling due within one year	9	(55,885)	-
Total assets less current liabilities		<u>448,493</u>	<u>100</u>
Creditors: Amounts falling due for payment after one year	10	(465,000)	-
Net liabilities		<u>(16,507)</u>	<u>100</u>
Capital and reserves			
Called-up share capital	11	100	100
Profit and loss account	12	(16,607)	-
(Deficit) surplus of equity shareholders' funds		<u>(16,507)</u>	<u>100</u>

Signed on behalf of the Board

N.J. Esterkin

17 January 2000



Director

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 March 1999

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and the preceding period, is set out below.

a) Basis of accounting

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

b) Turnover

Turnover represents amounts receivable by the company in respect of properties sold and rent receivable in the U.K. during the year. Sales of properties are recognised where contracts have been exchanged by the balance sheet date. Rental income is derived by letting properties on a temporary basis whilst undergoing development.

c) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes the purchase price of each property together with legal and other incidental costs of acquisition and any costs of development.

d) Cash flow statement

Under the provisions of Financial Reporting Standard No 1, the company has not prepared a cash flow statement because it is entitled to the exemptions available in sections 246 and 247 of the Companies Act 1985 for small companies when filing accounts with the Registrar of Companies.

2 Turnover

	1999	Ten months ended 31 March 1998
	£	£
Rental income and sale proceeds of property	-	-

3 Interest payable

	1999	Ten months ended 31 March 1998
	£	£
On bank loans	5,446	-

Notes to accounts (continued)

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	1999 £	Ten months ended 31 March 1998 £
Auditors' remuneration	500	-
Staff costs (see note 5)	-	-
	<u> </u>	<u> </u>

5 Staff costs

The directors are the only employees of the company and they received no remuneration during the year (period ended 31 March 1998 - £nil).

6 Tax on Loss on ordinary activities

There is no corporation tax charge for the year on the results for the year (period ended 31 March 1998 - £nil).

7 Stocks

	1999 £	1998 £
Properties at cost	<u>499,646</u>	<u>-</u>

8 Debtors

Amounts falling due within one year:

	1999 £	1998 £
VAT recoverable	4,632	-
Unpaid share capital	<u>100</u>	<u>100</u>
	<u>4,732</u>	<u>100</u>

9 Creditors: Amounts falling due within one year

	1999 £	1998 £
Bank overdraft	5,624	-
Director's current account	49,761	-
Accruals and deferred income	<u>500</u>	<u>-</u>
	<u>55,885</u>	<u>-</u>

Notes to accounts (continued)

10 Creditors: Amounts falling due for payment after more than one year

	1999 £	1998 £
Bank loan (see below)	<u>465,000</u>	<u>-</u>

Security

The loan is secured by a fixed charge over the assets of the company. Interest is charged at 1.5% over the bank's base rate and the loan is repayable by 30 September 2014.

11 Share capital

	1999 £	1998 £
<i>Authorised</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Alotted, and called-up</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

12 Reserves

	Profit and loss account £
Beginning of year	-
Loss for the year	(16,607)
End of year	<u>(16,607)</u>

13 Reconciliation of movements in equity shareholders' funds

	1999 £	Ten months ended 31 March 1998 £
Loss for the financial year	(16,607)	-
Issue of share capital	-	100
(Reduction of) addition to equity shareholders' funds	<u>(16,607)</u>	<u>100</u>
Opening equity shareholders' funds	100	-
Closing equity shareholders' deficit	<u>(16,507)</u>	<u>100</u>