YELLOW DOOR PROPERTY COMPANY LIMITED

DETAILED PROFIT AND LOSS for the period ended 31st March 1998

		1998		1997
Turnover		541,484		45,612
Less Property Costs		396,884		7,998
		-----------		-----------
Gross Profit		144,600		37,614
Less: Management Expenses				
Directors Remuneration	0		0	
Admin Wages	1,550		0	
Telephone	1,567		1,456	
Motor Expenses	4,465		4,007	
Advertising & Stationery	450		185	
Travel Costs	562		124	
Entertainment	1,225		1,362	
Insurances	84		63	
Legal & Professional	85		1,244	
Equipment Repairs	211		0	
Accounting Costs	1,550		1,794	
Bank Charges	521		316	
Sundries	111		20	
Reference Materials and Photographs	119		0	
Depreciation	4,515		3,740	
	-----------		-----------	
Total Expenses		17,015		14,311
		-----------		-----------
		127,585		18,841
Interest Receivable		2,514		803
Interest Payable		44,383		17,734
		----------		----------
Profit Before Taxation		85,716		6,372
		======		======

YELLOW DOOR PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS AS AT 31st MARCH 1998

Analysis of Bank Loans

	1998	1997
Repayable within 12 months		
Overdraft	18,074	15,662
Repayable between 2 years and 5 years		
Bank Loans	120,000	340,000
Other Loans	15,000	65,000
	=======	=======

9) SHARE CAPITAL

	1998	1997
	£	£
Authorised Ordinary Shares £1 each	1,000	1,000
	======	======
Issued Ordinary Shares £1 each	1,000	1,000
	======	======

9) RESERVES

	1998	1997
	£	£
Distributable Reserves	162,364	96,363
Non-distributable Property Revaluation Reserves	77,124	42,474
	-------------	-------------
Total	239,488	138,837
	=======	======

10) RECONCILIATION OF SHAREHOLDERS FUNDS

Shareholders Funds	1998	1997
As at 1st Apr 1997	139,837	123,594
Profit after Tax for the Year	66,001	4,843
Revaluation of Property	34,650	11,400
	-------------	-------------
As at 31st Mar 1998	240,488	139,837
	=======	=======

YELLOW DOOR PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS AS AT 31st MARCH 1998

6. Stocks and Work in Progress

	1998	1997
Property Stocks		278,979
Kitchen Units	2,500	2,500
	------------	------------
	2,500	281,479

7) DEBTORS Amounts falling due within 12 months

	1998	1997
	£	£
Trade Debtors	1,344	4,176
Other Debtors	864	13,730
	-----------	-----------
	2,208	17,906
	======	======

8) CREDITORS

Amounts falling due within one year

	1998	1997
	£	£
Mortgages	18,074	15,662
Corporation Tax	18,400	932
Tax and Social Security	0	3,504
Accrued Expenses	655	5,692
Other Creditors	3,134	0
	----------	----------
	40,263	25,790
	=====	=====

Amounts Due after One Year

Loans	120,000	240,000
Deferred Taxation	24,308	13,958
Loans from Directors	22,514	55,066
Bank Loans	0	100,000
Other Loans	15,000	65,000
	-------------	-------------
	319,896	474,024
	=======	======

The Mortgages are secured by first charges on freehold properties owned by the Company

YELLOW DOOR PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS AT 31st MARCH 1998

3) OPERATING PROFIT

This is stated after Charging:-

	1998	1997
	£	£
Directors Remuneration	0	0
Auditors Fees	350	100
	=====	======

4 TAXATION

Corporation Tax has been provided for at the rate of 21%

	1998	1997
	£	£
Current Year	18,400	1,529
Prior Year	1,315	0
	19,715	1,529
	=====	======

5 FIXED ASSETS

COST	Freehold Cost	Property Valuation	Total	Fixtures Fittings	Total
Cost as at 1st Apr 1997	269,913	56,432	326,345	14,958	341,303
Additions at Cost	0	0	0	3,100	3,100
Revaluation during year	0	45,000	45,000	0	45,000
	-----------	-----------	-----------	-----------	--------------
Total at 31st Mar 98	269,913	101,432	371,345	18,058	399,403
DEPRECIATION					
As at 1st Apr 1997			0	8,760	8760
Charge for Year			0	4,515	4,515
			----	----------	----------
Total at 31st Mar 98			0	13,275	13,275
NET BOOK VALUE					
As at 31st Mar 1998			371,345	4,783	376,128
			======	======	======
As at 31st Mar 1997			326,345	6,198	332,543
			======	======	======

The valuation of the freehold properties has been done by independent surveyors on an open market basis and is split as follows:-

	£
Valuation dated 30th Nov 96	150,000
Valuation dated 31st Mar 97	180,000
Original Cost	41,345

	371,345
	======

YELLOW DOOR PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS AS AT 31st MARCH 1998

1) ACCOUNTING POLICIES

Basis of preparation of financial statements
The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and 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.

Turnover
Turnover comprises Rental from Property Income, Management fees from consultancy on property Development and from the Sales of Developments owned by the company.
All receipts are on a cash received basis.

Work in Progress
Work in progress is valued at the lower of cost or net realisable value if in the Directors opinion the realisable value of the property is below the total project cost.

Tangible Fixed Assets
Tangible fixed assets are stated at cost or valuation less depreciation.
No depreciation has been charged on freehold properties. This is contrary to the accepted Standard Statement of Accounting Practice and is adopted because these properties are held for investment purposes and are maintained to a sufficiently high standard to not allow any diminution in value.

Depreciation is provided at rates calculated to write off the cost of other fixed assets, less their estimated residual value, over their expected useful lives on a 25% straight line basis

2) TURNOVER

Turnover is analysed across the various activities as follows:-

	1998	1997
	£	£
Sales of Property	501,898	0
Rental Income	39,586	45,612
	-------------	-------------
	541,484	45,612

YELLOW DOOR PROPERTY COMPANY LIMITED

BALANCE SHEET AS AT 31st MARCH 1998

	notes	£	£ 1998	£	£ 1997
TANGIBLE ASSETS					
Fixed Assets	5		376,128		332,543
CURRENT ASSETS					
Stocks	6	2,500		281,479	
Debtors	7	2,208		17,906	
Cash at Bank		81,737		7,723	
		-----------	86,445	-----------	307,108
CURRENT LIABILITIES					
Creditors:Amounts falling due within one year	8		40,263		25,790
			-----------		-----------
NET ASSETS less CURRENT LIABILITIES			422,310		613,861
Creditors : Amounts due after one year	8		181,822		474,024
			-----------		-----------
NET ASSETS			240,488		139,837
			======		======
CAPITAL AND RESERVES					
Share Capital	9	1,000		1,000	
Reserves	10	239,488		138,837	
		-----------		-----------	
Shareholders Funds			240,488		139,837
			======		======

Advantage has been taken in the preparation of the accounts of the special exemptions conferred by part I of Schedule 8 to the Companies Act 1985 on the grounds that the company qualifies as a small company.

Approved on behalf of the Board on 10th September 1998

..................................W. E. C. Hughes Director

The accompanying notes on pages 7 to 10 are an integral part of these financial statements

YELLOW DOOR PROPERTY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 1998

	Note	1998	1997
		£	£
URNOVER	2	541,484	45,612
ost of Sales		396,884	7,998
ROSS PROFIT		144,600	37,614
dministration Expenses		17,015	14,311
PERATING PROFIT		127,585	23,303
dd Interest Receivable		2,514	803
		130,099	24,106
terest Payable		44,383	17,734
ROFIT BEFORE TAXATION	3	85,716	6,372
AXATION	4	19,715	1,529
ROFIT ON ORDINARY ACTIVITIES FTER TAXATION		66,001	4,843
ESERVES at 31st Mar 1996		96,363	91,520
ESERVES at 31st Mar 1997		162,364	96,363

Continuing Operation
In the opinion of the Directors all operations are continuing

Recognised Gains and Losses
The company has no recognised gains or losses other than as shown above

The accompanying notes on pages 7 to 10 are an integral part of these finacial statements

YELLOW DOOR PROPERTY COMPANY LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF YELLOW DOOR PROPERTY COMPANY LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 ,the company's directors are responsible for the preparation of the 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 31st March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

....

Colletta Smith Samuels
32A Billing Road
Northampton
NN1 5DQ

26th November 1998

4) 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 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.

Advantage has been taken in the preparation of the directors' report of the special exemptions conferred by part II of Schedule 8 to the Companies Act 1985.

Signed on behalf of the Board

W. E. C. Hughes - Secretary

10 September 1998

YELLOW DOOR PROPERTY COMPANY LIMITED

DIRECTORS REPORT

The Directors have pleasure in presenting their Annual Report and Accounts of the Company for the year ended 31st March 1998.

1. Results and Dividends

The trading profit for the period after taxation amounted to £66,001 (1997 £4,843). The Directors do not recommend the payment of a Dividend.

2.Principal Activity and Review

The Principal Activity of the Company during the period was the development of property for rental income or resale. The Directors are of the opinion that the future prospects of the Company are satisfactory.

3. Directors and their Interests

The Directors who served during the period and their interests in the Share Capital of the Company were as follows:-

	31st Mar 1998	31st Mar 1997
P. M. Ashley	1,000	850
W. E. C. Hughes	0	0
J. Hood	0	0
B. W. Lamont	0	0

YELLOW DOOR PROPERTY COMPANY LIMITED

Company Information

Directors	Mr. Paul Ashley Mr. Bill Hughes Mr. Barclay Lamont Mr. James Hood
Secretary	Mr. Bill Hughes
Registered Office	31 Cumberland Close Aylesbury Buckinghamshire HP21 7HH
Auditors	Colletta Smith Samuels 31a Billington Road Northampton
Bankers	National Westminster Bank plc 5 St Pauls Churchyard London EC4M 8DP
Company Number	2779638

YELLOW DOOR PROPERTY COMPANY LIMITED

REPORT AND FINANCIAL ACCOUNTS

FOR THE YEAR ENDED

31st MARCH 1998

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