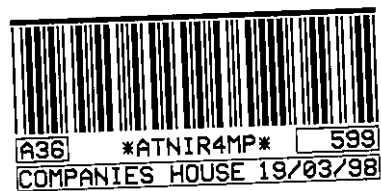


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Project Genesis Limited
Financial Statements
for the year ended 30th June 1997



Chairman

J W Fawcett

Registered Office

Woodthorpe Hall
Old Tupton
Chesterfield
Derbyshire
S42 6HJ

Executive Directors

J W Fawcett
Mrs C W Fawcett
Emeritus Professor B Smythe
Reverend J Hogarth

Secretary

Mrs C W Fawcett

Auditors

Mitchells
93-97 Saltergate
Chesterfield
Derbyshire
S40 1LA

Bankers

Royal Bank of Scotland PLC
5 Church Street
Sheffield
S1 1HF

Solicitors

Dibb Lupton Alsop
Robert Muckle
Clifford Chance

Page No.

1 and 2	Directors' Report
3 and 4	Auditors' Report
5	Profit and Loss Account
6	Balance Sheet
7 to 11	Notes to the Financial Statements

The directors submit their report together with the audited financial statements for the year ended 30th June 1997.

The trading result for the year after taxation was £nil, accordingly there is no transfer from reserves.

The directors do not recommend the payment of a dividend.

Principal activity

The principal activity of the company is the regeneration and development of sites adjoining the town centre of Consett, including the 700 acre site known as Berry Edge.

Directors and their interests

The directors of the company at 30th June 1997, all of whom have been directors for the whole period were as follows:

'A' Directors - J W Fawcett

Mrs C W Fawcett

'B' Directors - Emeritus Professor B Smythe

Reverend J Hogarth

In accordance with the 'Shareholders Agreement', the day to day activities of the company are vested in an executive committee which comprises the 'A' Directors.

The directors had no direct interest in the shares of the company at 30th June 1997, according to the register required to be kept by Section 325 of the Companies Act.

Emeritus Professor Smythe and Reverend Hogarth have an indirect interest in the company by virtue of the fact that they are trustees of Project Genesis Nominees Limited which held 1 'B' share at 30th June 1997.

Dysart Developments Limited, a company in which Mr and Mrs Fawcett are shareholders, held 1 'A' share at 30th June 1997.

Cashflow statement

In the opinion of the directors the company qualifies as a small company and as such no cashflow statement has been prepared.

Directors' statement

Company law requires us as 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 we are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

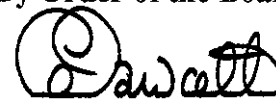
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

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.

Auditors

The Auditors, Mitchells Chartered Accountants, have indicated their willingness to accept re-appointment under Section 385A(2) of the Companies Act 1985.

By Order of the Board:



MRS C W FAWCETT
Secretary

Date: 5 March 1998 .

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 30th June 1997

We have audited the financial statements on pages 5 to 11, which have been prepared under the historical cost convention, and the accounting policies set out on page 7.

Respective responsibilities of the 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 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 information and explanations which we consider 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 30th June 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mitchells
Chartered Accountants
and Registered Auditors

93-97 Saltergate
Chesterfield
Derbyshire
S40 1LA

Date: 5 March 1998 .

We have examined the financial statements of the company and its subsidiary for the year ended 30th June 1997.

Basis of opinion

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

Opinion

In our opinion the company is entitled to the exemption from preparing group financial statements conferred by Section 248 of the Companies Act 1985.

Mitchells

**Chartered Accountants
and Registered Auditors**

93-97 Saltergate
Chesterfield
Derbyshire
S40 1LA

Date: 5 March 1998

Project Genesis Limited
Profit and Loss Account
for the year ended 30th June 1997

	Notes	1997 £	1996 £
Turnover	2	2,389,159	27,588
Operating costs		(2,388,038)	(29,167)
Other operating income		4,932	276
Operating profit/loss	3	6,053	(1,303)
Interest and similar charges	4	(6,053)	-
Loss on ordinary activities before taxation		-	(1,303)
Tax on loss on ordinary activities	5	-	312
Loss on ordinary activities after taxation		-	(991)
Retained loss transferred from reserves	13	-	(991)

All amounts relate to continuing activities.

There have been no recognised gains or losses other than the results for the financial year and all profits/losses have been accounted for on an historical cost basis.

Project Genesis Limited

Balance Sheet

as at 30th June 1997

	Notes	1997 £	1997 £	1996 £	1996 £
Fixed assets					
Tangible fixed assets	6		299		-
Investments	7		1		1
			<u>300</u>		<u>1</u>
Current assets					
Long term work in progress	9	295,213		(47,291)	
Debtors	10	204,032		41,701	
Cash at bank and in hand		142,499		28,249	
		<u>641,744</u>		<u>22,659</u>	
Creditors:					
Amounts falling due within one year	11	644,838		25,454	
		<u>644,838</u>		<u>25,454</u>	
Net current liabilities			(3,094)		(2,795)
Total assets less current liabilities			<u>(2,794)</u>		<u>(2,794)</u>
Capital and reserves					
Share capital	12		2		2
Profit and loss account	13		(2,796)		(2,796)
Equity Shareholder Funds			<u>(2,794)</u>		<u>(2,794)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the board on 5 March 1998 and signed upon its behalf by:



J W Fawcett



Mrs C W Fawcett

Directors

The notes on pages 7 to 11 form part of these financial statements.

1 Principal accounting policies

Accounting convention

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

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation, less estimated residual values of tangible fixed assets by reducing balance method over their expected useful lives. The rates generally applicable are:

Fixtures & fittings	25% - reducing balance
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Group accounts

The company has taken advantage of the legal dispensation allowing it not to prepare and publish group accounts, as it is a wholly owned subsidiary of another United Kingdom registered company.

Investments in subsidiary companies

Investments in subsidiary companies are stated at the cost of acquisition. Provision is made against investments where their value at the balance sheet date is lower than cost.

Long-term contracts

Turnover on long term contracts represents total costs incurred plus attributable profit for each development. Profits are included in the financial statements when a legally binding contract for the sale of the development has been entered into and the outcome of the development can be determined with reasonable certainty. Profits attributable to a financial period are calculated by reference to the proportion of a development's construction costs incurred in that period. Provision is made for losses on long term contracts as soon as such losses become apparent.

The amount by which payments on account exceed turnover is shown under current liabilities and where turnover exceeds payments on account the difference is shown under debtors as amounts recoverable on contracts.

Costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown as long term work in progress.

Deferred taxation

Provision is made for deferred taxation under the liability method, at the rate of corporation tax ruling at the end of the financial year, except to the extent that any tax reduction will continue for the foreseeable future. In the opinion of the directors the amounts are not material and accordingly no deferred taxation has been provided.

2 Turnover

The turnover and operating loss for the year was derived from the company's principal activity and was carried out wholly in the UK.

3 Operating loss

The operating loss is stated after charging:

	1997	1996
	£	£
Auditors' remuneration	2,500	1,000
Depreciation on owned assets	99	-
	<u>2,599</u>	<u>1,000</u>

4 Interest payable

	1997	1996
	£	£
Bank funding and overdraft facility	6,053	-
	<u>6,053</u>	<u>-</u>

Notes to the Financial Statements

30th June 1997

5	Taxation on loss on ordinary activities	1997	1996
		£	£
	Based on the loss for the year:		
	Consortium relief receivable	-	(312)
6	Tangible fixed assets		
		Fixtures & fittings	Total
		£	£
	Cost		
	Additions of 'B' Directors fax machines	398	398
		398	398
	Depreciation		
	Charged for the year	99	99
		99	99
	Net book value		
	At 30th June 1997	299	299
7	Fixed asset investments		
	Share in Project Genesis (Town Centre) Ltd		
		Unlisted share	Total
		£	£
	Cost		
	At 1st July 1996	1	1
	At 30th June 1997	1	1

8 Principal fixed asset investments

The company holds more than 10% of the share capital of the following:

Name	Country of registration (or incorporation) and operation	Class of share	Proportion held	Nature of business
Subsidiary undertaking:				
Project Genesis (Town Centre) Limited	England	Ordinary	100%	Property development

At 30th June 1997 Project Genesis (Town Centre) Limited had retained profits of £nil and net assets of £1.

Notes to the Financial Statements

30th June 1997

9	Long term work in progress	1997	1996
		£	£
	Contract costs	1,997,729	10,381
	Less payments on account	(1,702,516)	(57,672)
		<u>295,213</u>	<u>(47,291)</u>
10	Debtors	1997	1996
		£	£
	Trade debtors	17,625	41,125
	Amounts owed by group company	-	576
	Other debtors	173,563	-
	Prepayments and accrued income	12,844	-
		<u>204,032</u>	<u>41,701</u>
11	Creditors: amounts falling due within one year	1997	1996
		£	£
	Trade creditors	551,916	20,788
	Other taxes and social security	-	1,166
	Amounts owed to group company	29,240	-
	Accruals and deferred income	63,682	3,500
		<u>644,838</u>	<u>25,454</u>
12	Share capital	1997	1996
		£	£
	Authorised 'A' shares of £1 each	50	50
	Issued and fully paid 'A' shares of £1 each	1	1
	Authorised 'B' shares of £1 each	50	50
	Issued and fully paid 'B' shares of £1 each	1	1

30th June 1997

13 Statement of reserves

	Profit and Loss Account £
At 1st July 1996	(2,796)
Loss for the year	-
Prior year adjustment	-
At 30th June 1997	<u>(2,796)</u>

14 Reconciliation of movements in shareholders' fund

	1997 £	1996 £
Loss for the financial year	-	(991)
Net (reduction in) shareholders' funds	-	(991)
Opening equity shareholders' funds	<u>(2,794)</u>	<u>(1,803)</u>
Closing equity shareholders' funds	<u>(2,794)</u>	<u>(2,794)</u>

15 Ultimate holding company

The directors consider Dysart Developments Limited, a company incorporated in England and Wales, to be the ultimate holding company.

Project Genesis Limited
Trading profit and loss account
for the year ended 30th June 1997

	1997 £	1996 £
Sales	2,389,159	27,588
Operating costs	(2,388,038)	(29,167)
Other operating income	4,932	276
Operating profit/loss	<u>6,053</u>	<u>(1,303)</u>
Interest payable	(6,053)	-
Loss on ordinary activities before taxation	<u>-</u>	<u>(1,303)</u>

Project Genesis Limited**Trading profit and loss account****for the year ended 30th June 1997**

	1997 £	1996 £
Breakdown of costs and overheads:		
Operating costs		
Insurance (general)	256	-
Quantity surveyor	(10,476)	-
Professional fees	95,713	1,850
Letting agents fees	30,065	-
Developer fees	152,683	-
Site maintenance and repairs	131	-
Legal fees	10,690	250
Audit fees	2,200	1,000
Accountancy fees	1,015	518
Miscellaneous fees	(33,889)	17,138
'B' Directors fax rolls	21	-
Fax machine warranties	79	-
Land purchase	82,473	-
Construction costs	2,028,428	8,351
Depreciation on 'B' directors fax machines	99	-
Funding agents fees	22,950	-
Bank charges	175	60
Bank overdraft facility fees	5,425	-
	<u>2,388,038</u>	<u>29,167</u>
Other operating income		
Bank interest received	(4,932)	(276)
	<u>(4,932)</u>	<u>(276)</u>
Interest payable		
Bank overdraft interest	3	-
Funding interest - International Cuisine	6,050	-
	<u>6,053</u>	<u>-</u>