

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
FINANCIAL STATEMENTS
FOR
30 JUNE 2001

Company Registration Number 27970 England



SILK & CO
Chartered Accountants & Registered Auditors
23 Havelock Road
Hastings
East Sussex
TN34 1BP

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

CONTENTS	PAGE
The directors' report	1
Auditors' report to the shareholders	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Reconciliation of movements in shareholders' funds	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	9
The following pages do not form part of the financial statements	
Detailed profit and loss account	16
Notes to the detailed profit and loss account	17

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2001

The directors present their report and the financial statements of the company for the year ended 30 June 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be that of management of its freehold commercial property at Portslade, East Sussex.

The company's balance sheet as detailed on page 6 shows a satisfactory position, with shareholders' funds amounting to £1,503,162.

During the year, the directors and the company's surveyors commenced discussions with the tenants relative to the rent review in September 2001. As a result of improvements made by the tenant, which have resulted in the revaluation surplus shown in the accounts, the settlement of the rent review has not been concluded, but it is anticipated that this will be advantageous to the company. This reinforces the directors' view expressed previously, as to their confidence that all capital commitments will be met by the stated dates.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2001 £	2000 £
Dividends paid on preference shares	<u>4,550</u>	<u>4,550</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 30 June 2001	At 1 July 2000
H M Withers FCA FTII	Deferred Ordinary shares	1	1
	Deferred Ordinary shares - Settlement		
	Trustee	1,000	1,000
Mrs J G P Penn	Preference shares	61	61
	Preferred Ordinary shares	40	40
	Deferred Ordinary shares	<u>749</u>	<u>749</u>

RETIREMENT OF DIRECTORS

In accordance with the Articles of Association, Mrs J G P Penn having reached the age of 70, will retire from the board and, being eligible, will stand for re-appointment.

H M Withers FCA FTII will retire from the board by rotation and being eligible, will stand for re-appointment.

FIXED ASSETS

Details of movements in fixed assets are set out in note 9 to the financial statements.

The company's interest in freehold property has been valued at £1,822,412 by the company's insurers on the basis of their previous year's valuation index linked to current year values and taking into account the alterations made to the property by the tenant. The directors have accepted this valuation.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2001

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 9, 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; and

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. The directors 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

A resolution to re-appoint Silk & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
35 Cambridge Road
Hastings
East Sussex
TN34 1DW

Signed by order of the directors



H M WITHERS FCA FTII
Company Secretary

Approved by the directors on 26 November 2001

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 30 JUNE 2001

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE 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 AUDIT 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.

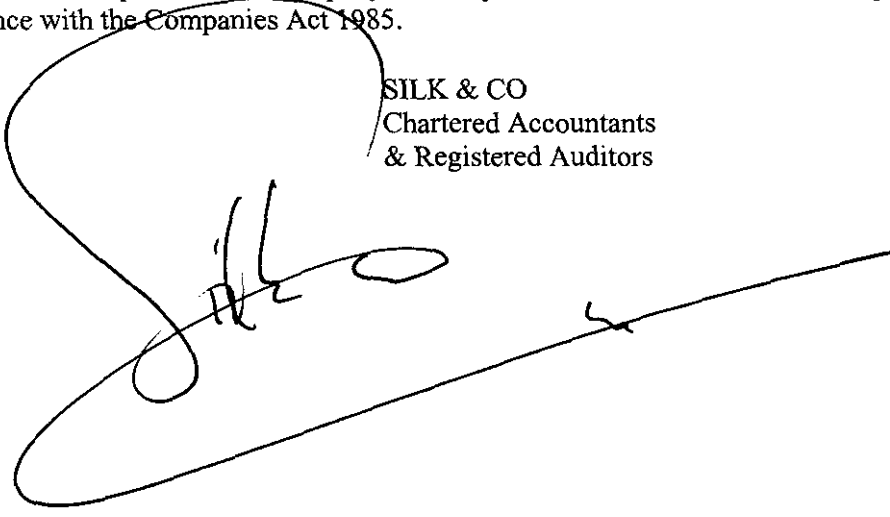
OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

23 Havelock Road
Hastings
East Sussex
TN34 1BP

26 November 2001

SILK & CO
Chartered Accountants
& Registered Auditors



SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2001

	Note	2001 £	2000 £
TURNOVER	2	74,820	72,820
Administrative expenses		<u>(27,220)</u>	<u>(27,003)</u>
OPERATING PROFIT	3	47,600	45,817
Interest payable	6	<u>(21,052)</u>	<u>(23,029)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		26,548	22,788
Tax on profit on ordinary activities	7	<u>(4,908)</u>	<u>(4,561)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		21,640	18,227
Dividends (including non-equity)	8	<u>(4,550)</u>	<u>(4,550)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>17,090</u>	<u>13,677</u>

All of the activities of the company are classed as continuing.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 30 JUNE 2001

	2001 £	2000 £
Profit for the financial year attributable to the shareholders	21,640	18,227
Unrealised profit on revaluation of properties	47,912	759,435
Total gains and losses recognised since the last annual report	<u>69,552</u>	<u>777,662</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

EQUITY SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	21,640	18,227
Dividends	(4,550)	(4,550)
	<u>17,090</u>	<u>13,677</u>
Other net recognised gains and losses	47,912	759,435
Net addition to funds	65,002	773,112
Opening shareholders' equity funds	1,368,160	595,048
Closing shareholders' equity funds	<u>1,433,162</u>	<u>1,368,160</u>

NON-EQUITY SHAREHOLDERS' FUNDS

	2001 £	2000 £
Opening and closing shareholders' non-equity funds	<u>70,000</u>	<u>70,000</u>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

BALANCE SHEET

30 JUNE 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	9	1,825,218	1,778,039
CURRENT ASSETS			
Debtors	10	7,706	4,223
Cash at bank and in hand		15,919	12,494
		<u>23,625</u>	<u>16,717</u>
CREDITORS: Amounts falling due within one year	11	<u>(117,156)</u>	<u>(103,156)</u>
NET CURRENT LIABILITIES		<u>(93,531)</u>	<u>(86,439)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,731,687</u>	<u>1,691,600</u>
CREDITORS: Amounts falling due after more than one year	12	<u>(228,525)</u>	<u>(253,440)</u>
		<u>1,503,162</u>	<u>1,438,160</u>
CAPITAL AND RESERVES			
Called-up share capital	15	75,000	75,000
Revaluation reserve	16	1,441,163	1,393,251
Profit and Loss Account	17	(13,001)	(30,091)
SHAREHOLDERS' FUNDS (including non-equity interests)		<u>1,503,162</u>	<u>1,438,160</u>

These financial statements were approved by the directors on the 26 November 2001 and are signed on their behalf by:

H M WITHERS FCA FTI

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2001

	2001		2000
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		55,960	50,827
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid	(21,052)		(23,029)
Non-equity dividends paid	(4,550)		(4,550)
	<hr/>		<hr/>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(25,602)	(27,579)
TAXATION		(3,777)	(453)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	(171)		(4,418)
	<hr/>		<hr/>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(171)	(4,418)
CASH INFLOW BEFORE FINANCING		26,410	18,377
FINANCING			
Repayment of bank loans	(22,985)		(17,950)
	<hr/>		<hr/>
NET CASH OUTFLOW FROM FINANCING		(22,985)	(17,950)
INCREASE IN CASH		3,425	427
		<hr/>	<hr/>
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
	2001		2000
	£		£
Operating profit	47,600		45,817
Depreciation	904		879
Increase in debtors	(3,483)		(642)
Increase in creditors	10,939		4,773
	<hr/>		<hr/>
Net cash inflow from operating activities	55,960		50,827
	<hr/>		<hr/>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 30 JUNE 2001

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001		2000
	£	£	£
Increase in cash in the period	3,425		427
Net cash outflow from bank loans	<u>22,985</u>		<u>17,950</u>
		<u>26,410</u>	<u>18,377</u>
Change in net debt		26,410	18,377
Net debt at 1 July 2000		(262,646)	(281,023)
Net debt at 30 June 2001		<u>(236,236)</u>	<u>(262,646)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 2000 £	Cash flows £	At 30 Jun 2001 £
Net cash:			
Cash in hand and at bank	<u>12,494</u>	<u>3,425</u>	<u>15,919</u>
Debt:			
Debt due within 1 year	(21,700)	(1,930)	(23,630)
Debt due after 1 year	<u>(253,440)</u>	<u>24,915</u>	<u>(228,525)</u>
	<u>(275,140)</u>	<u>22,985</u>	<u>(252,155)</u>
Net debt	<u>(262,646)</u>	<u>26,410</u>	<u>(236,236)</u>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Investment Property	- Under SSAP 19, no depreciation required
Improvements to Leasehold Premises	- 20% p.a. straight line
Office Equipment	- 15% p.a. straight line

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2001	2000
	£	£
United Kingdom	<u>74,820</u>	<u>72,820</u>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

3. OPERATING PROFIT

Operating profit is stated after charging:

	2001	2000
	£	£
Depreciation	904	879
Auditors' remuneration - as auditors	<u>1,968</u>	<u>1,528</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2001	2000
	No.	No.
Number of management staff	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	2001	2000
	£	£
Wages and salaries	3,092	3,169
Social security costs	-	-
	<u>3,092</u>	<u>3,169</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2001	2000
	£	£
Emoluments receivable	<u>3,092</u>	<u>3,169</u>

6. INTEREST PAYABLE

	2001	2000
	£	£
Other similar charges payable	<u>21,052</u>	<u>23,029</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£	£
Corporation Tax based on the results for the year at 17.93% (2000 - 19.30%)	<u>4,908</u>	<u>4,561</u>

8. DIVIDENDS

The following dividends have been paid in respect of the year:

	2001	2000
	£	£
Dividends paid on preference and preferred ordinary shares	<u>4,550</u>	<u>4,550</u>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

9. TANGIBLE FIXED ASSETS

	Freehold Investment Property £	Improvements to Leasehold Premises £	Office Equipment £	Total £
COST OR VALUATION				
At 1 July 2000	1,777,308	4,324	94	1,781,726
Additions	-	-	171	171
Revaluation	47,912	-	-	47,912
At 30 June 2001	1,825,220	4,324	265	1,829,809
DEPRECIATION				
At 1 July 2000	2,808	865	14	3,687
Charge for the year	-	865	39	904
At 30 June 2001	2,808	1,730	53	4,591
NET BOOK VALUE				
At 30 June 2001	1,822,412	2,594	212	1,825,218
At 30 June 2000	1,774,500	3,459	80	1,778,039

Revaluation of fixed assets

In relation to the freehold investment property, the 2001 valuation was made by the company's insurers, Royal & Sun Alliance, on the basis of their previous year's valuation index linked to current day values and taking into account the alterations made to the property by the tenant.

At 30 June 2001, the valuation of £1,822,412 for the freehold investment property, represents the company's 91% interest in the freehold property situated at Portslade, East Sussex. The other 9% of the property is owned equally by The Elizabeth Baxter Hostel and The Silver Lady Fund.

10. DEBTORS

	2001 £	2000 £
Other debtors	5,496	3,668
Prepayments and accrued income	2,210	555
	7,706	4,223

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

11. CREDITORS: Amounts falling due within one year

	2001		2000
	£	£	£
Amount owed to related company: The Silver Lady Fund		8,653	6,853
Amount owed to related company: The Elizabeth Baxter Hostel		5,423	5,170
Bank loans and overdrafts		23,630	21,700
Other creditors including taxation Corporation Tax	4,908		3,777
Other taxation and social security	10		42
Other creditors	49,525		43,170
		<u>54,443</u>	46,989
Accruals and deferred income		25,007	22,444
		<u>117,156</u>	<u>103,156</u>

12. CREDITORS: Amounts falling due after more than one year

	2001	2000
	£	£
Bank loans and overdrafts	45,344	70,259
Other creditors including:		
Amount owed to related company - due after 1 year:		
The Silver Lady Fund	63,181	63,181
12% loan stock 1998 - 2005	120,000	120,000
	<u>228,525</u>	<u>253,440</u>

13. SECURITY GIVEN FOR BORROWINGS

The bank loans of £23,630 (2000 £21,700) repayable within one year and the bank loans of £45,344 (2000 £70,259) repayable after more than one year, are secured by way of a mortgage and a debenture over the company's assets.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

14. RELATED PARTY TRANSACTIONS

The rent, rates and office services paid by the company, are provided in a building in which the director H M Withers FCA FTII has an interest.

The major shareholders in the company as at 30 June 2001 were as follows:

Mrs J G P Penn: 61 Preference shares
 40 Preferred Ordinary shares
 749 Deferred Ordinary shares

The Silver Lady Fund (England & Wales):
 387 Preference shares
 692 Preferred Ordinary shares
 9 Deferred Ordinary shares

The Trustees of The Elizabeth Baxter Hostel (England & Wales):
 498 Preference shares
 843 Preferred Ordinary shares
 2666 Deferred Ordinary shares

15. SHARE CAPITAL**Authorised share capital:**

	2001	2000
	£	£
5,000 Deferred Ordinary shares of £1.00 each	5,000	5,000
1,800 6.5% Preferred Ordinary shares of £25.00 each	45,000	45,000
1,000 6.5% Preference shares of £25.00 each	25,000	25,000
	<u>75,000</u>	<u>75,000</u>

Allotted, called up and fully paid:

	2001		2000	
	No.	£	No.	£
Deferred Ordinary shares	5,000	5,000	5,000	5,000
6.5% Preferred Ordinary shares	1,800	45,000	1,800	45,000
6.5% Preference shares	1,000	25,000	1,000	25,000
	<u>7,800</u>	<u>75,000</u>	<u>7,800</u>	<u>75,000</u>

16. REVALUATION RESERVE

	2001	2000
	£	£
Balance brought forward	1,393,251	633,816
Revaluation of fixed assets	47,912	759,435
Balance carried forward	<u>1,441,163</u>	<u>1,393,251</u>

Included within the revaluation reserve at both 30 June 2001 and 2000, is an amount of £181,234, which represents pre 1980 reserves.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

17. PROFIT AND LOSS ACCOUNT

	2001 £	2000 £
Balance brought forward	(30,091)	(43,768)
Retained profit for the financial year	<u>17,090</u>	<u>13,677</u>
Balance carried forward	<u>(13,001)</u>	<u>(30,091)</u>