

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
FINANCIAL STATEMENTS
FOR
30 JUNE 2000

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 2000

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SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2000

The directors present their report and the financial statements of the company for the year ended 30 June 2000.

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 7 shows a satisfactory position, with shareholders' funds amounting to £1,438,160.

During the year, the agreement for occupation of the registered office has been formalised through the creation of an occupation for five years, to give permanence to the registered office.

Following an agreement in the year to 30 June 1996 with Lloyds TSB Bank Plc to extend the repayment period on the bank loan, it was agreed that the unpaid loan stock interest at the time, be carried forward until the bank loan is repaid. On the basis of current base earnings, the directors are confident 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:

	2000	1999
	£	£
Dividends paid on non-equity shares	<u>4,550</u>	<u>3,868</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 2000	At 1 July 1999
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 will retire from the board and, being eligible, will stand for re-appointment.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 JUNE 2000****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 £1,774,500 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.

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 10, 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.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2000

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 23 November 2000

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 30 JUNE 2000

We have audited the financial statements on pages 5 to 15 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 10.

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 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.

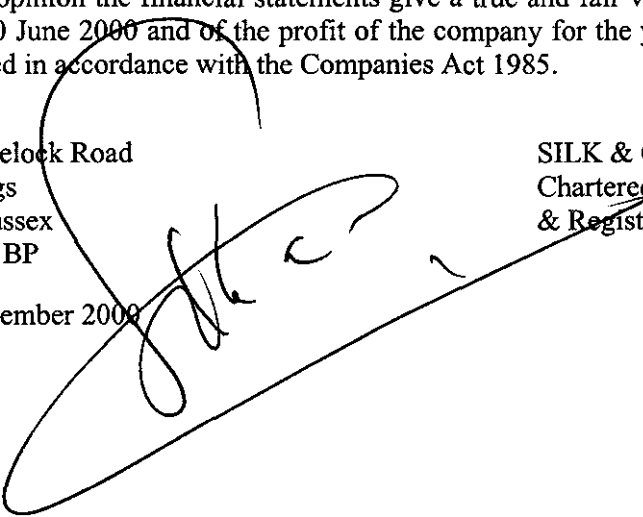
OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2000 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

24 November 2000

SILK & CO
Chartered Accountants
& Registered Auditors



SOUTH WHARF INVESTMENTS (PORTSLADE) LTD**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 JUNE 2000**

	Note	2000 £	1999 £
TURNOVER	2	72,820	72,800
Administrative expenses		(27,003)	(25,057)
OPERATING PROFIT	3	45,817	47,743
Interest payable	6	(23,029)	(25,185)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22,788	22,558
Tax on profit on ordinary activities	7	(4,561)	(4,681)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		18,227	17,877
Dividends (including non-equity)	8	(4,550)	(3,868)
RETAINED PROFIT FOR THE FINANCIAL YEAR		13,677	14,009

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

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

YEAR ENDED 30 JUNE 2000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000 £	1999 £
Profit for the financial year attributable to the shareholders	18,227	17,877
Unrealised profit on revaluation of properties	759,435	16,968
Total gains and losses recognised since the last annual report	<u>777,662</u>	<u>34,845</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

EQUITY SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	18,227	17,877
Dividends	(4,550)	(3,868)
	<u>13,677</u>	<u>14,009</u>
Other net recognised gains and losses	759,435	16,968
Net addition to funds	773,112	30,977
Opening shareholders' equity funds	595,048	564,071
Closing shareholders' equity funds	<u>1,368,160</u>	<u>595,048</u>

NON-EQUITY SHAREHOLDERS' FUNDS

	2000 £	1999 £
Opening and closing shareholders' non-equity funds	<u>70,000</u>	<u>70,000</u>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

BALANCE SHEET

30 JUNE 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	9	1,778,039	1,015,065
CURRENT ASSETS			
Debtors	10	4,223	4,366
Cash at bank and in hand		12,494	12,067
		<u>16,717</u>	<u>16,433</u>
CREDITORS: Amounts falling due within one year	11	<u>(103,156)</u>	<u>(93,360)</u>
NET CURRENT LIABILITIES		<u>(86,439)</u>	<u>(76,927)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,691,600</u>	<u>938,138</u>
CREDITORS: Amounts falling due after more than one year			
	12	<u>(253,440)</u>	<u>(273,090)</u>
		<u>1,438,160</u>	<u>665,048</u>
CAPITAL AND RESERVES			
Called-up share capital	15	75,000	75,000
Revaluation reserve	16	1,393,251	633,816
Profit and loss account	17	(30,091)	(43,768)
SHAREHOLDERS' FUNDS (including non-equity interests)		<u>1,438,160</u>	<u>665,048</u>

These financial statements were approved by the directors on the 23 November 2000 and are signed on their behalf by:


H M WITHERS FCA FTH

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2000

	2000		1999
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		50,827	50,282
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid	(23,029)		(25,185)
Non-equity dividends paid	(4,550)		(3,868)
	<hr/>		<hr/>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(27,579)	(29,053)
TAXATION		(453)	(1,159)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	(4,418)		-
	<hr/>		<hr/>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(4,418)	-
CASH INFLOW BEFORE FINANCING		<hr/> 18,377	<hr/> 20,070
FINANCING			
Repayment of bank loans	(17,950)		(17,815)
	<hr/>		<hr/>
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(17,950)	(17,815)
INCREASE IN CASH		<hr/> 427	<hr/> 2,255
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
	2000		1999
	£		£
Operating profit	45,817		47,743
Depreciation	879		-
Increase in debtors	(642)		129
Increase in creditors	4,773		2,410
Net cash inflow from operating activities	<hr/> 50,827		<hr/> 50,282

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 30 JUNE 2000

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000		1999
	£	£	£
Increase in cash in the period	427		2,255
Net cash outflow/(inflow) from bank loans	17,950		17,815
	<u> </u>	<u> </u>	<u> </u>
		18,377	20,070
Change in net debt		18,377	20,070
Net debt at 1 July 1999		(281,023)	(301,093)
Net debt at 30 June 2000		<u>(262,646)</u>	<u>(281,023)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 1999	Cash flows	At 30 Jun 2000
	£	£	£
Net cash:			
Cash in hand and at bank	12,067	427	12,494
Debt:			
Debt due within 1 year	(20,000)	(1,700)	(21,700)
Debt due after 1 year	(273,090)	19,650	(253,440)
	<u>(293,090)</u>	<u>17,950</u>	<u>(275,140)</u>
	<u> </u>	<u> </u>	<u> </u>
Net debt	<u>(281,023)</u>	<u>18,377</u>	<u>(262,646)</u>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2000****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.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2000

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:

	2000	1999
	£	£
United Kingdom	<u>72,820</u>	<u>72,800</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2000	1999
	£	£
Depreciation	879	-
Auditors' remuneration		
- as auditors	<u>1,528</u>	<u>1,351</u>

4. PARTICULARS OF EMPLOYEES

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

	2000	1999
	No.	No.
Number of management staff	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	3,169	3,231
Social security costs	-	-
	<u>3,169</u>	<u>3,231</u>

5. DIRECTORS' EMOLUMENTS

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

	2000	1999
	£	£
Emoluments receivable	<u>3,169</u>	<u>3,231</u>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2000

6. INTEREST PAYABLE

	2000	1999
	£	£
Other similar charges payable	<u>23,029</u>	<u>25,185</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Corporation tax based on the results for the year at 19.30% (1999 - 20.75%)	<u>4,561</u>	<u>4,681</u>

8. DIVIDENDS

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

	2000	1999
	£	£
Dividends paid on non-equity shares	<u>4,550</u>	<u>3,868</u>

9. TANGIBLE FIXED ASSETS

	Freehold Investment Property £	Improvements to Leasehold Premises £	Office Equipment £	Total £
COST OR VALUATION				
At 1 July 1999	1,017,873	-	-	1,017,873
Additions	-	4,324	94	4,418
Revaluation	759,435	-	-	759,435
At 30 June 2000	<u>1,777,308</u>	<u>4,324</u>	<u>94</u>	<u>1,781,726</u>
DEPRECIATION				
At 1 July 1999	2,808	-	-	2,808
Charge for the year	-	865	14	879
At 30 June 2000	<u>2,808</u>	<u>865</u>	<u>14</u>	<u>3,687</u>
NET BOOK VALUE				
At 30 June 2000	<u>1,774,500</u>	<u>3,459</u>	<u>80</u>	<u>1,778,039</u>
At 30 June 1999	<u>1,015,065</u>	-	-	<u>1,015,065</u>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2000

9. TANGIBLE FIXED ASSETS *(continued)*

Revaluation of fixed assets

In relation to the freehold investment property, the 2000 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 2000, the valuation of £1,774,500 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

	2000	1999
	£	£
Other debtors	3,668	3,334
ACT recoverable against future taxation	-	785
Prepayments and accrued income	555	247
	<u>4,223</u>	<u>4,366</u>

11. CREDITORS: Amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	21,700	20,000
Corporation tax	3,777	454
Other taxation and social security	42	33
Other creditors	55,193	51,180
Accruals and deferred income	22,444	21,693
	<u>103,156</u>	<u>93,360</u>

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

	2000	1999
	£	£
Bank loans and overdrafts	70,259	89,909
Other creditors:		
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>253,440</u>	<u>273,090</u>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2000

13. SECURITY GIVEN FOR BORROWINGS

The bank loans of £21,700 (1999 £20,000) repayable within one year and the bank loans of £70,259 (1999 £89,909) repayable after more than one year, are secured by way of a mortgage and a debenture over the company's assets.

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 improvements to leasehold premises disclosed under tangible fixed assets in the balance sheet, have also been incurred in the same building in which the director H M Withers FCA FTII has an interest.

The major shareholders in the company as at 30 June 2000 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

Included within other creditors due within one year, are amounts due to related companies of £6,853 (1999 £5,953) owed to The Silver Lady Fund and £5,170 (1999 £3,200) owed to The Elizabeth Baxter Hostel.

15. SHARE CAPITAL

Authorised share capital:

	2000	1999
	£	£
5,000 Deferred Ordinary shares of £1 each	5,000	5,000
1,800 6.5% Preferred Ordinary shares of £25 each	45,000	45,000
1,000 6.5% Preference shares of £25 each	25,000	25,000
	<u>75,000</u>	<u>75,000</u>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2000

15. SHARE CAPITAL *(continued)*

Allotted, called up and fully paid:

	2000		1999	
	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

	2000	1999
	£	£
Balance brought forward	633,816	616,848
Revaluation of fixed assets	759,435	16,968
	<u>1,393,251</u>	<u>633,816</u>

Included within the revaluation reserve at both 30 June 2000 and 1999, is an amount of £181,234, which represents pre 1980 reserves.

17. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
Balance brought forward	(43,768)	(57,777)
Retained profit for the financial year	13,677	14,009
Balance carried forward	<u>(30,091)</u>	<u>(43,768)</u>