

THE TEACHERS & GENERAL INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT

and

ACCOUNTS

31ST MARCH 2003



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REPORT OF THE DIRECTORS

The Directors submit their Annual Report and the Audited Accounts of the Company for the year ended 31st March 2003.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the directors 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 these accounts, the directors are required to:

- select suitable accounting policies and 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 accounts;
- prepare the accounts 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 accounts 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.

ACTIVITIES

The Company and its subsidiaries form a small group. The principal activities of the group are property investment, security investment and the provision of personal loan finance.

REVIEW OF THE BUSINESS

The Company results for the year are set out in the Profit and Loss Account on Page 4. The results of the subsidiaries for the year are set out in Note 6.

DIVIDENDS AND RESERVES

An interim dividend of 20p per share has been paid and the directors recommend the payment of a final dividend of 28p per share.

FIXED ASSETS

The Company invested £23,955 in investment properties during the year.

REPORT OF THE DIRECTORS (Continued)DIRECTORS AND THEIR SHARE INTERESTS

- a) The directors who served during the year and their interests in the shares of the company and other group companies at the beginning and at the end of the year were as follows:

	<u>H.A.Watts</u>	<u>L.G.Hicks</u>	<u>C.W.Watts</u>	<u>Q.G.Hicks</u>
<u>Teachers & General Investment Company Limited</u>				
Beneficial				
£1 Ordinary Shares	11095	11105	895	885
(31.03.02)	(11095)	(11105)	(60)	(50)
<u>Teachers Finance Company Limited</u>				
Non-Beneficial				
£1 Ordinary Shares	10	10	-	-
<u>Fosters Imperial Steam Laundry Company Limited</u>				
Non-Beneficial				
£5 Ordinary Shares	1	1	-	-

The directors interests in the parent company are shown in the Directors Report of the parent company.

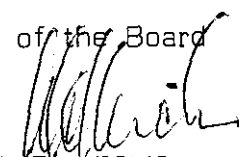
- b) In accordance with the Articles of Association, the Director retiring by rotation is Mr. C.W. Watts.

AUDITORS

The present auditors, Alliotts, have expressed their willingness to continue in office and a resolution will be proposed at the Annual General Meeting to re-appoint them.

This report is prepared in accordance with the provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board


L.G. HICKS
Secretary

Registered Office,
105 Mitcham Lane,
Streatham,
LONDON SW16 6LY.

Company Number 29745

Date: 17 September 2003

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TEACHERS & GENERAL INVESTMENT COMPANY LIMITED

3.

We have audited the financial statements of Teachers & General Investment Company Limited for the year ended 31st March 2003 on pages 5 to 15.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities on page 1 the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider implications for our report if we become aware of any apparent misstatement within it.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TEACHERS & GENERAL INVESTMENT COMPANY LIMITED

4.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom 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 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 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ALLIOTTS
Chartered Accountants
Registered Auditor

Friary Court,
13-21 High Street,
Guildford,
SURREY GU1 3DL.

Date: 22 September 2003

THE TEACHERS & GENERAL INVESTMENT COMPANY LIMITED

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PROFIT AND LOSS ACCOUNTYEAR ENDED 31ST MARCH 2003

	<u>Notes</u>	<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u>
<u>TURNOVER</u>	1g	376,131	353,112
<u>COST OF SALES</u>		48,186	62,097
<u>GROSS PROFIT</u>		327,945	291,015
Administrative Expenses		(96,042)	(91,883)
Other Operating Income -			
Premiums on Long Lease extensions		11,500	12,000
Profit on disposal of Investment Property		14,130	-
Income from Fixed Assets Investments		22,021	21,197
Interest receivable and similar income		563	1,600
Interest payable on Loans		(158,978)	(149,826)
<u>PROFIT ON ORDINARY ACTIVITIES</u>			
<u>BEFORE TAXATION</u>	2	121,139	84,103
Tax on Profit on Ordinary Activities	3	15,578	8,839
<u>PROFIT FOR THE FINANCIAL YEAR</u>		105,561	75,264
Dividends Paid and Proposed	4	48,000	47,000
<u>TRANSFER TO RESERVES</u>	10	57,561 =====	28,264 =====

The results for the year and the previous year as set out above are derived entirely from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSESYEAR ENDED 31ST MARCH 2003

	<u>2003</u> £	<u>2002</u> £
Profit for the financial year	105,561	75,264
Unrealised surplus on revaluation of properties	749,915	784,460
	<hr/>	<hr/>
Total gains and losses recognised since last annual report	£ 855,476 =====	£ 859,724 =====

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>2003</u> £	<u>2002</u> £
Reported profit on ordinary activities before taxation	121,139	84,103
Realisation of property revaluation gains in previous years	-	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	£ 121,139 =====	£ 84,103 =====
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation and dividends	£ 57,561 =====	£ 28,264 =====

THE TEACHERS & GENERAL INVESTMENT COMPANY LIMITED

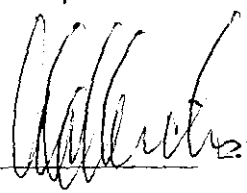
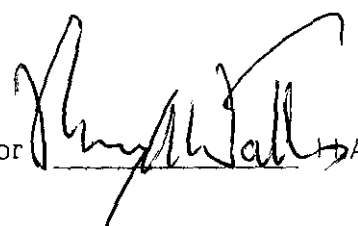
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BALANCE SHEET

31ST MARCH 2003

	Notes	2003	2002
		£	£
<u>FIXED ASSETS</u>			
Tangible Assets	5	4,107,000	3,336,000
Investments	6	254,888	254,888
		<u>4,361,888</u>	<u>3,590,888</u>
<u>CURRENT ASSETS</u>			
Stocks -			
Dealing Property	1d & 14	861,038	861,038
Debtors	7	-	6,250
Cash at Bank		156,808	42,172
		<u>1,017,846</u>	<u>909,460</u>
<u>CREDITORS</u>			
Amounts falling due within one year	8	(1,474,140)	(1,402,230)
<u>NET CURRENT (LIABILITIES)</u>		<u>(456,294)</u>	<u>(492,770)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>3,905,594</u>	<u>3,098,118</u>
<u>CAPITAL RESERVES</u>			
Called-Up Share Capital	9	100,000	100,000
Revaluation Reserve	10	2,625,533	1,875,618
Profit & Loss Account	10	1,180,061	1,122,500
<u>SHAREHOLDERS FUNDS' - equity</u>	11	<u>3,905,594</u>	<u>3,098,118</u>

These accounts set out on Pages 5 to 15 were approved by the Board on 17 September 2003 and were signed on its behalf by:

 G. HICKS, Director  H. A. WATTS, Director

NOTES THE THE ACCOUNTSYEAR ENDED 31ST MARCH 20031. ACCOUNTING POLICIESa) Basis of Accounting

The Accounts of the Company are prepared under the historical cost convention with the exception of investment properties included at valuation, and in accordance with applicable accounting standards.

b) Investment Property

Investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. The surplus or deficit over valuation arising on disposal of investment properties is included in the Profit & Loss Account. The realised valuation surplus corresponding to properties sold is transferred to the Profit and Loss Account. Depreciation is not provided in respect of investment properties. The Directors consider that this accounting policy results in the Accounts giving a true and fair view. Investment properties as at 31st March 2003 are shown in the company's Balance Sheet at the valuation of the directors on the basis of the open market value for investment properties.

c) Other Tangible Fixed Assets

Other tangible fixed assets are shown at cost less depreciation calculated to write-off the assets on a reducing balance basis over their useful lives as follows:

Office Equipment	15-20% per annum
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d) Stocks - Dealing Property

These are valued at the lower of cost and net realisable value.

e) Taxation

No provision is made for potential liability to Corporation Tax on any Capital Gains which would arise on the disposal of the properties at the value stated in the Balance Sheet.

f) Deferred Tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- . deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement; and
- . the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.
- . Deferred tax balances are not discounted.

NOTES TO THE ACCOUNTS (Continued)YEAR ENDED 31ST MARCH 20031. ACCOUNTING POLICIES (Continued)g) Turnover

Turnover is the amounts received in the ordinary course of business from rents, interest and fees.

h) Group Accounts

These accounts represent information about the company as an individual undertaking and not about its group. Group accounts are not presented. The company and its subsidiaries qualify as a small group under Section 249 of the Companies Act 1985 and the company is exempt from the requirement to prepare group accounts under Section 248 of the Act.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2003</u> £	<u>2002</u> £
After Charging:		
Interest payable to parent undertaking	72,448	65,818
Interest payable to subsidiary undertaking	80,000	70,000
Interest payable on other loans	6,530	14,008
Auditors' Remuneration	7,199	7,610
Depreciation on Fixtures and Fittings	1,000	1,090
Directors' Emoluments (Note 12)	41,000	39,000
Employee Staff Costs		
Wages and Salaries	7,100	7,100
Social Security Costs	2,508	3,861
Average weekly Staff 1 (2002 -1)	=====	=====

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2003</u> £	<u>2002</u> £
Current Tax		
UK Corporation Tax on Profits for the Year	15,000	13,000
Adjustments in respect of prior years	578	(4,161)
	<u>15,578</u> =====	<u>8,839</u> =====

NOTES TO THE ACCOUNTS (Continued)YEAR ENDED 31ST MARCH 20033. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

	<u>2003</u> £	<u>2002</u> £
<u>Factors affecting the tax charge for the year</u>		
Profit on ordinary activities before taxation	121,139 =====	84,103 =====
Profit on ordinary activities multiplied by the small companies rate of UK Corporation Tax of 19%	23,016	16,820
Effects of:	-----	-----
(Over)Underprovision in previous years	578	(4,161)
Other tax adjustments	(3,833)	419
Dividends and distributions	(4,183)	(4,239)
	----- (7,438) =====	----- (7,981) =====
Current Tax	15,578 =====	8,839 =====

4. DIVIDENDS

	<u>2003</u> £	<u>2002</u> £
First Interim Dividend of 20p per share (2002 - 20p per share)	20,000	20,000
Proposed Final Dividend of 28p per share (2002 - 27p per share)	28,000	27,000
	----- 48,000 =====	----- 47,000 =====

NOTES TO THE ACCOUNTS (Continued)YEAR ENDED 31ST MARCH 20035. TANGIBLE FIXED ASSETS

	Freehold Investment Properties at Valuation £	Furniture, Office Equipment at Cost £	Total £
At 1st April 2002	3,330,000	16,041	3,346,041
Additions during the year	23,955	-	23,955
Disposals during the year	(1,870)	-	(1,870)
	<hr/>	<hr/>	<hr/>
	3,352,085	16,041	3,368,126
Surplus on revaluation as at 31st March 2003	749,915	-	749,915
	<hr/>	<hr/>	<hr/>
At 31st March 2003	4,102,000	16,041	4,118,041
	=====	=====	=====
<u>Depreciation</u>			
At 1st April 2002	-	10,041	10,041
Charge for Year	-	1,000	1,000
	<hr/>	<hr/>	<hr/>
At 31st March 2003	NIL	11,041	11,041
	=====	=====	=====
Written down value at 31st March 2003	4,102,000	5,000	4,107,000
	=====	=====	=====
Written down value at 31st March 2002	3,330,000	6,000	3,336,000
	=====	=====	=====
		<hr/>	<hr/>
		2003	2002
		£	£
<u>Historical Cost of Investment Properties</u>		1,476,467	1,454,382
		=====	=====

No provision has been made in the financial statements for the liability to corporation tax of £790,000 (2002 - £565,000) that would arise if all the investment properties were disposed of at the revalued amounts as it is not the intention of the directors to make substantial property disposals in the foreseeable future.

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31ST MARCH 2003

6. FIXED ASSET INVESTMENTS

	<u>Shares in Subsidiary Undertakings</u>	<u>Other Investments</u>	<u>Total</u>
<u>Cost</u>			
At 31st March 2002	£ 39,600	£ 215,288	£ 254,888
Disposals	-	-	-
At 31st March 2003	£ 39,600 =====	£ 215,288 =====	£ 254,888 =====
<u>Subsidiary Undertakings</u>	<u>Capital & Reserves</u>	<u>Interest</u>	<u>Activity</u>
Teachers Finance Company Limited 12,000 £1 Ordinary Shares (Registered in England and Wales)	£ 687,779 =====	100%	Finance Company
Profit for the Year Ended 31.03.03	£ 60,555 =====		
Fosters Imperial Steam Laundry Company Limited 3,733 £5 Ordinary Shares (Registered in England and Wales)	£ 249,327 =====	77.77%	Property
Profit for the Year Ended 31.03.03	£ 2,667 =====		
Teagen Securities Limited 2 £1 Ordinary Shares (Registered in England and Wales)	-	100%	Not Trading

In the opinion of the directors the value of the shares in the subsidiaries is not less than their book value.

	<u>2003 £</u>	<u>2002 £</u>
<u>Other Investments</u>		
Unlisted - at Cost	215,288	215,288
Directors' Valuation £300,000 (2002 - £300,000)		
	215,288 =====	215,288 =====

7. DEBTORS

Sundry Debtors	-	6,250
	-	6,250
	=====	=====

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31ST MARCH 2003

	<u>2003</u> £	<u>2002</u> £
8. <u>CREDITORS</u>		
Amounts falling due within one year		
Loans - owed to parent undertaking	576,039	557,510
Loans - other	102,857	110,195
Bank Overdraft (see Note 16)	-	15,166
Amounts owed to subsidiary undertaking	668,286	591,629
Taxation	15,000	13,000
Sundry Creditors	83,958	87,730
Proposed Dividend	28,000	27,000
	<u>1,474,140</u> =====	<u>1,402,230</u> =====

The loans are repayable at one months notice.

9. CALLED-UP SHARE CAPITAL

Authorised, Allotted, Called-Up and Fully Paid

100,000 Shares of £1 each	<u>100,000</u> =====	<u>100,000</u> =====
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10. RESERVES

	<u>Non-Distributable</u>	<u>Distributable</u>		
	Investment Revaluation Reserve £	Profit & Loss Account £	2003 Total £	2002 Total £
Balance at 1st April 2002	1,875,618	1,122,500	2,998,118	2,185,394
Transfer on Sale of Property	-	-	-	-
Revaluation Surplus (Note 5)	749,915	-	749,915	784,460
Profits Retained for the Year	-	57,561	57,561	28,264
	<u>2,625,533</u> =====	<u>1,180,061</u> =====	<u>3,805,594</u> =====	<u>2,998,118</u> =====

NOTES TO THE ACCOUNTS (Continued)31ST MARCH 200311. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2003</u> £	<u>2002</u> £
Profit for financial year	105,561	75,264
Movement in revaluation reserve	749,915	784,460
Dividends	(48,000)	(47,000)
Net addition to shareholders funds	<u>807,476</u>	<u>812,724</u>
Opening shareholders funds	3,098,118	2,285,394
Closing shareholders funds	<u>3,905,594</u>	<u>3,098,118</u>

12. INFORMATION REGARDING DIRECTORS

Directors' Emoluments		
- payable by the company	41,000	39,000
- payable by subsidiary undertakings and charged in the respective accounts of those subsidiary companies	9,655	13,202
	<u>50,655</u>	<u>52,202</u>

13. CONTROLLING COMPANY AND CONTROLLING PARTY

The ultimate holding company and controlling party is West Streatham Building Company Limited registered in England and Wales.

14. STOCKS OF DEALING PROPERTIES

The estimated replacement cost of the stock of dealing properties in the Company at 31st March 2003 was £3,855,000 (2002 - £3,285,000) as valued by the Company's directors on the basis of the open market value of similar properties. Corporation tax is payable on profits made on the sale of dealing properties at rates current when realised.

NOTES TO THE ACCOUNTS (Continued)

31ST MARCH 2003

15. RELATED PARTY TRANSACTIONS

The company undertakes various transactions with its parent undertaking, West Streatham Building Company Limited, and its subsidiary undertaking, Teachers Finance Company Limited. Relevant details of interest payable to and balances with the parent and subsidiary are disclosed elsewhere in these accounts. No transactions were undertaken with other group companies in the year.

Mr. L.G. Hicks is a partner of Messrs. Hyland, Riches & Raw who act as advising accountants to the Company and received fees of £8,900 + VAT for this service.

Mr. C.W. Watts is proprietor of Messrs. Avery Cole who act as advising estate agents to the Company and received fees of £10,000 + VAT for this service.

16. BANK LOAN

The Company arranged a facility with Barclays Bank plc of £300,000 secured on freehold property. The amount utilised as at 31st March 2003 was £NIL.