

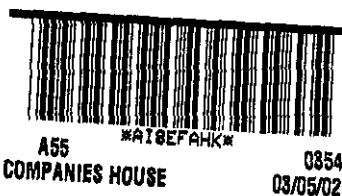


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COURTENAY INVESTMENTS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2002



GERALD EDELMAN

CHARTERED ACCOUNTANTS

25 HARLEY STREET · LONDON W1G 9BR

T +44 (0)20 7299 1400 · F +44 (0)20 7299 1401

E gemail@geraldedelman.com

www.geraldedelman.com

COURTENAY INVESTMENTS LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2002

INDEX

<u>CONTENTS</u>	<u>PAGE</u>
Report of the Directors	1 - 2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Statement of Total Recognised Gains and Losses	6
Note of Historical Cost Profits and Losses	6
Reconciliation of Movements in Shareholders' Funds	6
Notes to the Financial Statements	7 - 11
The following schedules are for management information purposes and do not form part of the statutory financial statements:	
Property Expenses	12
Administrative Expenses	12

COURTENAY INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the financial statements for the year ended 31st January 2002.

ACTIVITY

The principal activity of the company during the year continued to be ownership of property for rental income.

RESULTS AND STATE OF AFFAIRS

The financial statements on pages 4 to 11 set out the results for the year ended 31st January 2002 and reflect the state of the company's affairs at that date.

DIVIDEND

A dividend of £260,000 (2001 - £200,000) was paid during the year.

DONATIONS

During the year the company made the following donations:

Political purposes - Conservative Party	£10,000
Charitable purposes -	£32,600

DIRECTORS AND THEIR INTERESTS

The members of the board during the year were as follows:-

Mrs E Osband
M. Osband
L.J. Osband
R.A.S. Osband
S. Hillman – appointed 11 September 2001
R.J. Presley
M.J. Main
G. Davies – appointed 4th December 2001 (alternate director)

It is with deep regret that the board report the death of Mrs M. Osband on 17th August 2001.

The company is a wholly-owned subsidiary of Courtenay Trust Limited. The directors' beneficial interests in the shares of Courtenay Trust Limited are shown in the financial statements of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the results for that year.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements and that, except for Statement of Standard Accounting Practice No.19, applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis.

The directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 preventing and detecting fraud and other irregularities.

COURTENAY INVESTMENTS LIMITED

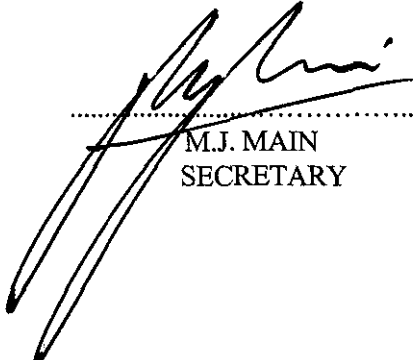
REPORT OF THE DIRECTORS
(CONTINUED)

AUDITORS

In accordance with Section 386, Companies Act 1985, Gerald Edelman will continue in office as auditors for the ensuing year.

BY ORDER OF THE BOARD

16 April 2002
DATED.....


.....
M.J. MAIN
SECRETARY

COURTENAY INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COURTENAY INVESTMENTS LIMITED

We have audited the financial statements of Courtenay Investments Limited on pages 4 to 11. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF 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.

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 the implications in our report if we become aware of any apparent misstatements within it.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board having regard to the matter set out in the opinion paragraph below. 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 mis-statement, 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.

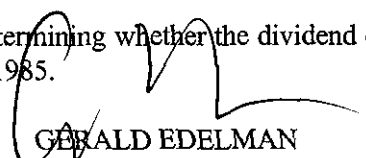
QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE

The company's investment properties have not been revalued at the year end date as required by Statement of Standard Accounting Practice No.19. We have been unable to obtain any independent information to enable us to quantify the effects of this non-compliance on the financial statements.

Except for the effects of any adjustments that would be necessary in stating the investment properties at open market value, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st January 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the subject matter of the foregoing qualification is not material for determining whether the dividend of £260,000 paid by the company is permitted under Section 270 of the Companies Act 1985.

25 Harley Street
London W1G 9BR


GERALD EDELMAN
REGISTERED AUDITOR AND
CHARTERED ACCOUNTANTS

16 April 2002

COURTENAY INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 2002

	<u>Note</u>	<u>2002</u> £	<u>2001</u> £
Rents receivable	2	2,436,546	2,435,072
Property expenses		(76,843)	(151,275)
		<hr/>	<hr/>
<u>Gross profit</u>		2,359,703	2,283,797
Profit on sale of investment property		224,825	-
Administrative expenses		(1,961,037)	(1,805,176)
Other operating income		5,000	5,000
		<hr/>	<hr/>
<u>Operating profit</u>	3	628,491	483,621
Interest receivable and similar income	5	20,164	72,865
		<hr/>	<hr/>
<u>Profit on ordinary activities before taxation</u>		648,655	556,486
Tax on profit on ordinary activities	6	(99,722)	(124,128)
		<hr/>	<hr/>
<u>Profit on ordinary activities after taxation</u>		548,933	432,358
Transfer to other reserves	12	(224,825)	-
Dividends	7	(260,000)	(200,000)
		<hr/>	<hr/>
<u>Retained profit for the year</u>	12	64,108	232,358
		<hr/> <hr/>	<hr/> <hr/>

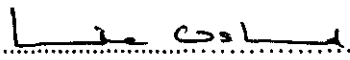
There have been no acquisitions or discontinued operations during the year. The results shown above for the current and the previous year therefore relate to continuing operations.

COURTENAY INVESTMENTS LIMITED

BALANCE SHEET AS AT 31ST JANUARY 2002

	<u>Note</u>	<u>2002</u>	<u>2001</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	8	5,753,314	5,205,688
<u>CURRENT ASSETS</u>			
Debtors	9	7,028,450	7,212,999
Cash at bank and in hand		812,713	781,429
		<hr/>	<hr/>
		7,841,163	7,994,428
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN</u>			
<u>ONE YEAR</u>	10	(641,061)	(535,633)
		<hr/>	<hr/>
<u>NET CURRENT ASSETS</u>		7,200,102	7,458,795
		<hr/>	<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		12,953,416	12,664,483
		<hr/> <hr/>	<hr/> <hr/>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	11	719,250	719,250
Other reserves	12	6,708,209	6,483,384
Profit and loss account	12	5,525,957	5,461,849
		<hr/>	<hr/>
		12,953,416	12,664,483
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 4 to 11 were approved by the board of directors on 16 April 2002 and were signed on its behalf by:

.....DIRECTOR
L.J. OSBAND

COURTENAY INVESTMENTS LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2002

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains and losses other than those included in the results shown on page 4 and therefore no separate statement of total recognised gains and losses has been presented.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated on page 4 and their historical cost equivalents.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2002</u> £	<u>2001</u> £
Total recognised gains and losses for the year	548,933	432,358
Dividends	(260,000)	(200,000)
	<hr/>	<hr/>
Net additions to shareholders' funds	288,933	232,358
Shareholders' funds at 31st January 2001	12,664,483	12,432,125
	<hr/>	<hr/>
Shareholders' funds at 31st January 2002	12,953,416	12,664,483
	<hr/>	<hr/>

COURTENAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards, except in respect of Statement of Standard Accounting Practice No.19 as explained below. The particular accounting policies adopted are described below.

a) Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain freehold properties.

b) Tangible fixed assets

Freehold and long leasehold investment properties are stated at cost or valuation. Investment properties are not revalued to open market value each year as the directors are of the opinion that the information would be of no significant value to members.

Depreciation is not provided on freehold or long leasehold investment properties. The directors consider that this accounting policy (which represents a departure from statutory accounting rules) is necessary to provide a true and fair view.

Depreciation on other assets is provided in equal annual instalments over the estimated useful life of the assets concerned and is calculated using the following rates:

Fixtures and fittings	- 25% per annum on cost
Computer equipment	- 33.33% per annum on cost

c) Pension costs

Retirement benefits to employees of the company are provided by a defined contribution scheme. Payments are made to companies which are financially separate from the Courtenay Trust Limited group. Pension costs are recognised in the period to which the payment relates.

2. RENTS RECEIVABLE

	<u>2002</u> £	<u>2001</u> £
Rents receivable from third parties	2,436,546	2,435,072

All rents receivable arise from the principal activity, which is carried out in the United Kingdom.

3. OPERATING PROFIT

	<u>2002</u> £	<u>2001</u> £
Operating profit is after charging:		
Staff costs (see note 4)	1,728,852	1,540,928
Auditors' remuneration	25,307	26,657
Depreciation	3,035	3,456
Operating leases - land and buildings	50,899	48,241

COURTENAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2002
(CONTINUED)

4.	<u>STAFF COSTS</u>	<u>2002</u> £	<u>2001</u> £		
a)	<u>Staff costs, including directors' remuneration, comprise:</u>				
	Wages and salaries	1,538,949	1,367,933		
	Social security costs	175,841	160,370		
	Pensions	14,062	12,625		
		<hr/>	<hr/>		
		£1,728,852	£1,540,928		
		<hr/>	<hr/>		
b)	<u>Employees</u>				
	The average number of employees during the year, including directors, was 15 (2001 - 15).				
c)	<u>Directors' remuneration</u>	<u>2002</u> £	<u>2001</u> £		
	Aggregate emoluments	1,257,916	1,154,855		
		<hr/>	<hr/>		
	Emoluments of highest paid director	424,089	435,340		
		<hr/>	<hr/>		
5.	<u>INTEREST RECEIVABLE AND SIMILAR INCOME</u>	<u>2002</u> £	<u>2001</u> £		
	Income from short-term investments	20,164	72,865		
		<hr/>	<hr/>		
6.	<u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u>	<u>2002</u> £	<u>2001</u> £		
	UK Corporation tax at 30% (2001 - 30%) on profit for the year	99,722	133,464		
	Adjustments in respect of prior years	-	(9,336)		
		<hr/>	<hr/>		
		99,722	124,128		
		<hr/>	<hr/>		
7.	<u>DIVIDENDS</u>	<u>Per share</u> £	<u>2002</u> £	<u>Per share</u> £	<u>2001</u> £
	Paid	0.3614	260,000	0.278	200,000

COURTENAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2002
(CONTINUED)

8. <u>TANGIBLE FIXED ASSETS</u>	<u>Total</u>	<u>Freehold</u>	<u>Long</u>	<u>Fixtures</u>
<u>Cost/valuation</u>	<u>£</u>	<u>investment</u>	<u>leasehold</u>	<u>fittings</u>
		<u>properties</u>	<u>investment</u>	<u>and</u>
		<u>£</u>	<u>properties</u>	<u>computer</u>
			<u>£</u>	<u>equipment</u>
				<u>£</u>
At 1st February 2001:				
At valuation 1960	453,250	453,250	-	-
At valuation 1969	380,000	380,000	-	-
At cost	4,414,191	4,286,649	80,817	46,725
	-----	-----	-----	-----
	5,247,441	5,119,899	80,817	46,725
Additions at cost	573,527	572,793	-	734
Disposals at cost	(22,866)	(22,866)	-	-
	-----	-----	-----	-----
At 31st January 2002	5,798,102	5,669,826	80,817	47,459
	-----	-----	-----	-----
<u>Depreciation</u>				
At 1st February 2001	41,753	-	-	41,753
Charge for the year	3,035	-	-	3,035
	-----	-----	-----	-----
At 31st January 2002	44,788	-	-	44,788
	-----	-----	-----	-----
<u>Net book value:</u>				
At 31st January 2002	5,753,314	5,669,826	80,817	2,671
	=====	=====	=====	=====
At 31st January 2001	5,205,688	5,119,899	80,817	4,972
	=====	=====	=====	=====

It is not feasible to state the historical cost comparative figures for properties stated at valuation.

9. <u>DEBTORS</u>	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Trade debtors	29,379	21,461
Amount owed by parent company	6,938,277	7,130,352
Other debtors	11,774	3,637
Prepayments and accrued income	49,020	57,549
	-----	-----
	7,028,450	7,212,999
	=====	=====

COURTENAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2002
(CONTINUED)

10. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>2002</u> £	<u>2001</u> £
Current corporation tax	99,722	61,464
Other taxation and social security	112,086	116,358
Other creditors	13,738	2,140
Accruals and deferred income	415,515	355,671
	<hr/>	<hr/>
	641,061	535,633
	<hr/>	<hr/>

11. <u>CALLED UP SHARE CAPITAL</u>	<u>2002</u> £	<u>2001</u> £
<u>Authorised</u>		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>
<u>Allotted and fully paid</u>		
719,250 Ordinary shares of £1 each	719,250	719,250
	<hr/>	<hr/>

12. <u>RESERVES</u>	<u>Total</u> £	<u>Profit and loss account</u> £	<u>Other reserves</u> £
Balance at 1st February 2001	11,945,233	5,461,849	6,483,384
Retained profit for the year	288,933	64,108	224,825
	<hr/>	<hr/>	<hr/>
Balance at 31st January 2002	12,234,166	5,525,957	6,708,209
	<hr/>	<hr/>	<hr/>

Other reserves represent accumulated surpluses realised on sales of properties which, in accordance with the Articles of Association, are credited to a non-distributable reserve.

13. FUTURE COMMITMENTS

Operating lease commitments

At the year end the company was committed to making the following payments during the next year in respect of operating leases which expire in the following periods:-

<u>Land and buildings</u>	<u>2002</u> £	<u>2001</u> £
Due within 1 year	25,963	25,963
	<hr/>	<hr/>

COURTENAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2002
(CONTINUED)

14. RELATED PARTY TRANSACTIONS

Included within other income are management fees of £5,000 receivable from either a related company or from companies under common control.

The company has taken advantage of the exemption available whereby no disclosure is required for related party transactions with companies within the Courtenay Trust Limited group.

15. ULTIMATE HOLDING COMPANY

The ultimate holding company is Courtenay Trust Limited.

COURTENAY INVESTMENTS LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2002

<u>PROPERTY EXPENSES</u>	<u>2002</u> £	<u>2001</u> £
Insurance	12,202	6,822
Rates	6,453	57,964
Refurbishment and repairs	5,921	1,446
Rent	24,938	22,278
Service charges - not recovered from tenants	749	510
Sundry expenses	26,580	62,255
	<hr/>	<hr/>
	76,843	151,275
	<hr/>	<hr/>
 <u>ADMINISTRATIVE EXPENSES</u>		
Audit fee	25,307	26,657
Bank charges	883	674
Computer expenses	5,362	10,072
Gross payroll	1,538,949	1,367,933
Pension costs	14,062	12,625
Private health plan	31,494	50,378
Employer's NIC	175,841	160,370
Pensions paid to former employees	3,930	3,537
Donations	42,600	40,000
Entertaining	2,444	3,078
Legal and professional	60,211	63,101
Cleaning	1,814	1,945
Office expenses	1,253	4,577
Rent and rates	33,417	32,275
Staff refreshments	1,320	1,145
Printing, postage, stationery and travel	8,601	7,495
Telephone and fax	6,584	8,167
Depreciation	3,035	3,456
Subscriptions	1,160	796
Staff recruitment	2,770	6,895
	<hr/>	<hr/>
	1,961,037	1,805,176
	<hr/>	<hr/>