

**PLANDSMARP
INVESTMENTS LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 NOVEMBER 2001

PLANDSMARP INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 30 November 2001

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PLANDSMARP INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 30 November 2001.

Principal activity

The company is principally engaged in property investment.

Review of the business

The loss for the year after taxation related to the company's continuing activity and amounted to £15,972,322. The loss has been transferred to reserves.

Directors

The directors in office at the end of the year were Mr R H Smith, Mr J H Williamson and Mrs W M Linnett. All served on the Board throughout the year.

The interests of the directors in the shares of the company at 1 December 2000 and 30 November 2001, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	Ordinary £1 shares		Non-cumulative 5% preference shares of £1 each	
	2001	2000	2001	2000
Mrs W M Linnett	-	-	-	-
R H Smith	-	-	-	-
J H Williamson	-	-	34	34

Mrs W M Linnett is a director of the ultimate parent company and her interests in shares of group companies are disclosed in the financial statements of that company

Directors' responsibilities for the financial statements

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PLANDSMARP INVESTMENTS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Fixed assets

Investment properties are included as follows:

Willen House at a valuation of £5,000,000 (2000 : £5,000,000)

All other properties are included at cost.

The above is not in accordance with Statement of Standard Accounting Practice No. 19 in connection with investment properties as all properties should be included at their market value.

The directors have carefully considered the contents of the Statement of Standard Accounting Practice No. 19 in connection with investment properties. They do not consider that a revaluation along the lines suggested in the Standard would be practical nor that they would have any meaningful value to readers of the financial statements since there is no intention to sell any land and buildings as these are held as long term investments.

Accordingly no valuation of the company's interest in freehold land and buildings have been made. The directors are however, of the opinion that the market value is significantly in excess of cost.

Close company

The company is a close company as defined by section 414 of the Income and Corporation Taxes Act 1988.

Auditors

Sedley Richard Laurence Voulters offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



R H SMITH F C A
Secretary

Registered office:

856 Melton Road
Thurmaston
Leicester
LE4 8BT

13 February 2002

INDEPENDENT AUDITORS' REPORT

PLANDSMARP INVESTMENTS LIMITED

We have audited the financial statements of Plandsmarp Investments Limited on pages 5 to 11 for the year ended 30 November 2001. These financial statements have been prepared under the accounting policies set out on page 7.

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.

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

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 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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the support of the company's bankers and its parent company.

The financial statements have been prepared on a going concern basis, the validity of which depends on future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain funding. Details of the circumstances relating to this fundamental uncertainty are described in note 1 (iii). Our opinion is not qualified in this respect.

Qualified opinion

The investment properties shown in these financial statements have been included at a valuation made by a director and at cost. This is not in accordance with Statement of Standard Accounting Practice No. 19. In the absence of a formal valuation we are unable to quantify the effect of this departure on the balance sheet. There is no effect on the result of the company for the year.

INDEPENDENT AUDITORS' REPORT

PLANDSMARP INVESTMENTS LIMITED

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

Sedley Richard Laurence Voulter

SEDLEY RICHARD LAURENCE VOULTERS
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

1 Conduit Street
London
W15 2XA

13 February 2002

PLANDSMARP INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 November 2001

	Note	2001 £	2000 £
Rents receivable		1,884,030	1,764,819
Administrative expenses		(54,927)	(19,324)
Profit on ordinary activities before interest payable		1,829,103	1,745,495
Interest payable	2	(17,801,425)	(16,129,052)
Loss on ordinary activities before taxation	3	(15,972,322)	(14,383,557)
Tax credit arising from the loss on ordinary activities	4	-	33,821
Loss for the financial year	5/13	(15,972,322)	(14,349,736)

There were no recognised gains or losses other than the loss for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

PLANDSMARP INVESTMENTS LIMITED


BALANCE SHEET AT 30 NOVEMBER 2001

	Note	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	6		14,433,985		14,433,985
Current assets					
Debtors	7	133,098		155,399	
Cash at bank		<u>89,667</u>		<u>28,531</u>	
		<u>222,765</u>		<u>183,930</u>	
Creditors: amounts falling due within one year					
Bank advances	9	10,550,000		10,550,000	
Creditors	8	<u>157,884,463</u>		<u>140,979,732</u>	
		<u>168,434,463</u>		<u>151,529,732</u>	
Net current liabilities			<u>(168,211,698)</u>		<u>(151,345,802)</u>
Total assets less current liabilities			<u>(153,777,713)</u>		<u>(136,911,817)</u>
Creditors: amounts falling due after more than one year					
Amounts owed to group companies	10		<u>(107,322)</u>		<u>(1,000,896)</u>
			<u>(153,885,035)</u>		<u>(137,912,713)</u>
Capital and reserves					
Called up share capital	11		134		134
Revaluation and capital reserves	12		4,430,122		4,430,122
Profit and loss account					
Accumulated losses	5		<u>(158,315,291)</u>		<u>(142,342,969)</u>
Shareholders' funds	13		<u>(153,885,035)</u>		<u>(137,912,713)</u>
Equity shareholder's funds	13		<u>(153,885,069)</u>		<u>(137,912,747)</u>
Non-equity shareholder's fund	13		<u>34</u>		<u>34</u>
			<u>(153,885,035)</u>		<u>137,912,713</u>

The financial statements were approved by the Board of Directors on 13 February 2002.

Mrs W M Linnett

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

PLANDSMARP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 November 2001

1 ACCOUNTING POLICIES

i General

All accounting policies are consistent with those applied in the previous year.

ii Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of one freehold investment property and incorporate the results of the principal activity which is described in the Directors' report and which is continuing.

iii Going concern

These financial statements have been prepared on a going concern basis on the assumption that the company's bankers, its parent company and the Charles Street Group Funded Unapproved Retirement Benefits Scheme will continue to provide support for the foreseeable future.

iv Investment Properties

Investment properties are stated at cost or valuation. As detailed in the Directors' report, the financial statements have not been revised to incorporate the market value of investment properties as required by Statement of Standard Accounting Practice No.19.

No depreciation is provided on investment properties comprising freehold investment properties. This policy represents a departure from statutory accounting principles, which requires depreciation to be provided on all fixed assets, but is in accordance with Statement of Standard Accounting Practice No. 19.

v Deferred taxation

Deferred taxation is provided under the liability method. Where the directors consider that the liability is unlikely to become payable in the foreseeable future no provision is made.

2 INTEREST PAYABLE

	2001 £	2000 £
Interest payable on		
Bank advances repayable within five years other than by instalments	662,800	666,917
The Charles Street Group FURBS	16,893,023	15,120,794
Group company advances		
Loan interest - Note 10(a)	245,602	341,341
	<u>17,801,425</u>	<u>16,129,052</u>

PLANDSMARP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 November 2001

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2001 £	2000 £
Auditors' remuneration	<u>2,500</u>	<u>2,500</u>

4 TAXATION

UK taxation consists of:

	2001 £	2000 £
Amounts due for group relief	-	85,087
Adjustments to amounts due for group relief in previous year	<u>-</u>	<u>(51,266)</u>
	<u>-</u>	<u>33,821</u>

5 PROFIT AND LOSS ACCOUNT

	2001 £	2000 £
At 1 December 2000 (deficit)	(142,342,969)	(127,993,233)
Loss for the year	<u>(15,972,322)</u>	<u>(14,349,736)</u>
At 30 November 2001 (deficit)	<u>(158,315,291)</u>	<u>(142,342,969)</u>

6 TANGIBLE FIXED ASSETS

	2001 £	2000 £
Freehold investment properties		
Cost or valuation		
At 1 December 2000	14,433,985	14,311,805
Additions	-	122,180
At 30 November 2001	<u>14,433,985</u>	<u>14,433,985</u>

All properties are shown in the financial statements at their balance sheet figure at 30 November 2001. Willen House is included at a director's valuation of £5,000,000, and all other properties are included at cost.

No provision has been made for deferred taxation because any likely disposal would result in a chargeable gain which would be covered by available losses.

PLANDSMARP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 November 2001

7 DEBTORS

	2001 £	2000 £
Trade debtors	133,098	51,456
Amount due from fellow subsidiary company	-	85,087
Prepayments	-	18,856
	<u>133,098</u>	<u>155,399</u>

8 CREDITORS

	2001 £	2000 £
Amounts falling due within one year		
Trade creditors	2,032	3,018
Accruals and deferred income	274,754	265,040
Amount due to fellow subsidiary companies	3,920	940
The Charles Street Group FURBS	113,935,880	113,935,880
Accrued interest payable to the Charles Street Group FURBS	43,667,877	26,774,854
	<u>157,884,463</u>	<u>140,979,732</u>

9 BANK ADVANCES

The company's indebtedness to its bankers is secured by first legal charges over its investment properties as follows:

Barclays Bank PLC	Willen House Bath Street London EC1
Allied Irish Bank (GB)	Mill Lane Glenfield Leicester
	Aylestone Road Leicester

PLANDSMARP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 November 2001

10 AMOUNTS OWED BY/(TO) GROUP COMPANIES

	2001 £	2000 £
Charles Street Buildings (Leicester) Limited		
Current account	4,138,280	4,140,445
Less: Loan account - Note 10(a)	<u>(4,245,602)</u>	<u>(5,141,341)</u>
Amount owed to holding company	<u>(107,322)</u>	<u>(1,000,896)</u>

- a The loan account carries interest at Barclays Bank PLC base rate and is secured by a second legal charge over the investment property, Willen House, Bath Street, London EC1.

The above account is repayable after two and within five years

11 SHARE CAPITAL

	2001 and 2000 £
Authorised, allotted, called up and fully paid	
100 ordinary shares of £1 each	100
34 non-cumulative 5% preference shares of £1 each	<u>34</u>
	<u>134</u>

Preference shares

The non-cumulative 5% preference shares are non-equity shares which carry an entitlement to a fixed non-cumulative preferential dividend at the rate of 5% per annum, such dividend to be paid as regards each financial year out of the profits of such financial year only. Preference share holders have the right on a winding up to receive £1 per share in priority to the holders of the ordinary shares.

PLANDSMARP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 November 2001

12 REVALUATION AND CAPITAL RESERVES

	Revaluation reserve £	Capital reserve £	Total £
At 1 December 2000 and 30 November 2001	<u>3,142,348</u>	<u>1,287,774</u>	<u>4,430,122</u>

The revaluation reserve relates to Willen House.

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Loss for the financial year	(15,972,322)	(14,349,736)
Shareholders' funds at 1 December 2000	<u>(137,912,713)</u>	<u>(123,562,977)</u>
Shareholders' funds at 30 November 2001	<u>(153,885,035)</u>	<u>(137,912,713)</u>
Attributable to:		
Equity shareholders	(153,885,069)	(137,912,747)
Non-equity shareholders		
Non-cumulative 5% preference shares	<u>34</u>	<u>34</u>
	<u>(153,885,035)</u>	<u>(137,912,713)</u>

14 CAPITAL COMMITMENTS

The company had no capital commitments at 30 November 2001 or 30 November 2000.

15 ULTIMATE PARENT UNDERTAKING/CONTROLLING RELATED PARTY

The ultimate parent undertaking of this company is its parent company, Charles Street Buildings (Leicester) Limited.

Charles Street Buildings (Leicester) Limited is the company's controlling related party under the definitions set out in FRS 8 by virtue of its shareholding in the company.