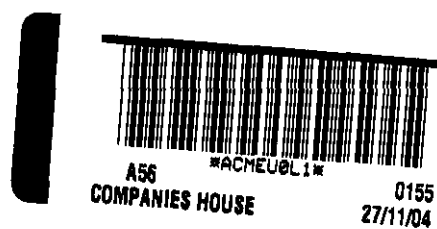


CLASSIC MANAGEMENT SERVICES LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004

Company Registration Number 1479871 (England and Wales)



CLASSIC MANAGEMENT SERVICES LIMITED

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**INDEPENDENT AUDITORS' REPORT
TO CLASSIC MANAGEMENT SERVICES LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of the company for the year ended 31 January 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 247B 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 directors and auditors

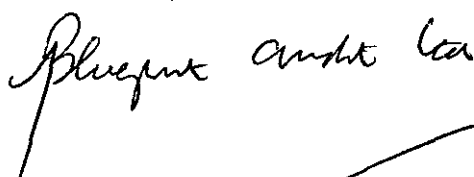
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 6 are properly prepared in accordance with those provisions.



**Blueprint Audit Limited
Registered Auditor**

Date: 15 November 2004

Highfield Court
Tollgate
Chandlers Ford
Eastleigh
SO53 3TY

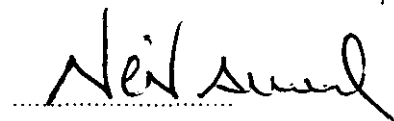
CLASSIC MANAGEMENT SERVICES LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 JANUARY 2004

| | Notes | 2004 £ | £ | 2003 £ | £ |
|--|-------|--------------------|---|--------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 2 | 5,530,715 | | 6,090,564 | |
| Investments | 2 | 495,751 | | 495,750 | |
| | | <u>6,026,466</u> | | <u>6,586,314</u> | |
| Current assets | | | | | |
| Stocks | | 55,327 | | 55,327 | |
| Debtors | 3 | 2,727,200 | | 2,823,363 | |
| Cash at bank and in hand | | 33,349 | | 66,205 | |
| | | <u>2,815,876</u> | | <u>2,944,895</u> | |
| Creditors: amounts falling due within one year | | <u>(1,870,732)</u> | | <u>(947,634)</u> | |
| Net current assets | | <u>945,144</u> | | <u>1,997,261</u> | |
| Total assets less current liabilities | | <u>6,971,610</u> | | <u>8,583,575</u> | |
| Creditors: amounts falling due after more than one year | 4 | <u>(1,132,674)</u> | | <u>(1,451,711)</u> | |
| | | <u>5,838,936</u> | | <u>7,131,864</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 5 | 188,011 | | 188,011 | |
| Share premium account | | 354,617 | | 354,617 | |
| Revaluation reserve | | 1,959,962 | | 2,054,192 | |
| Profit and loss account | | 3,336,346 | | 4,535,044 | |
| Shareholders' funds | | <u>5,838,936</u> | | <u>7,131,864</u> | |

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 14th October 2004



N A Aldred
Director

CLASSIC MANAGEMENT SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for rental income and services rendered net of VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties professionally valued by the directors on an open market value basis. Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|----------------------------------|-------------------|
| Fixtures, fittings and equipment | 25% Straight line |
|----------------------------------|-------------------|

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors non compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.7 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

CLASSIC MANAGEMENT SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

2 Fixed assets

| | Tangible assets £ | Investments £ | Total £ |
|--------------------------|-------------------------|------------------|------------|
| Cost or valuation | | | |
| At 1 February 2003 | 6,102,754 | 851,608 | 6,954,362 |
| Additions | 1,390 | 1 | 1,391 |
| Disposals | (560,000) | - | (560,000) |
| At 31 January 2004 | 5,544,144 | 851,609 | 6,395,753 |
| Depreciation | | | |
| At 1 February 2003 | 12,190 | 355,858 | 368,048 |
| Charge for the year | 1,239 | - | 1,239 |
| At 31 January 2004 | 13,429 | 355,858 | 369,287 |
| Net book value | | | |
| At 31 January 2004 | 5,530,715 | 495,751 | 6,026,466 |
| At 31 January 2003 | 6,090,564 | 495,750 | 6,586,314 |

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

| Company | Country of registration or incorporation | Shares held Class | % |
|--------------------------------|---|----------------------|-----|
| Subsidiary undertakings | | | |
| CMS Developments Limited | England & Wales | Ordinary | 100 |
| Bugmotive Limited | England & Wales | Ordinary | 100 |
| Recordclass Limited | England & Wales | Ordinary | 100 |
| CMS Estates (UK) Limited | England & Wales | Ordinary | 75 |
| Rope Walk Estates Limited | England & Wales | Ordinary | 100 |
| CMS Gosport Limited | England & Wales | Ordinary | 100 |
| Participating interests | | | |
| Enfranchise 302 Limited | England and Wales | Ordinary | 25 |

CLASSIC MANAGEMENT SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

2 Fixed assets

(continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

| | Capital and reserves 2004 £ | Profit/(Loss) for the year 2004 £ |
|---------------------------|--------------------------------------|--|
| CMS Developments Limited | 757,550 | (228,451) |
| Bugmotive Limited | 2 | - |
| Recordclass Limited | 1,195 | - |
| CMS Estates (UK) Limited | 1 | - |
| Rope Walk Estates Limited | (10) | (11) |
| CMS Gosport Limited | 110,989 | 199,933 |
| Enfranchise 302 Limited | 367,794 | (110,040) |

3 Debtors

Debtors include an amount of £334,000 (2003- £400,000) which is due after more than one year.

4 Creditors: amounts falling due after more than one year

2004
£

2003
£

Analysis of loans repayable in more than five years

Not wholly repayable within five years by instalments

322,053

624,843

The aggregate amount of creditors for which security has been given amounted to £1,355,399 (2003 - £1,959,242).

CLASSIC MANAGEMENT SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

| 5 | Share capital | 2004 £ | 2003 £ |
|---|---|----------------|----------------|
| | Authorised | | |
| | 5,811,760 Ordinary "A" shares of 10p each | 581,176 | 581,176 |
| | 733,890 Ordinary "B" shares of 10p each | 73,389 | 73,389 |
| | 733,890 Ordinary "C" shares of 10p each | 73,389 | 73,389 |
| | 266,106 Redeemable preference shares of £1 each | 266,106 | 266,106 |
| | | <u>994,060</u> | <u>994,060</u> |
| | Allotted, called up and fully paid | | |
| | 1,504,090 Ordinary "A" shares of 10p each | 150,409 | 150,409 |
| | 188,010 Ordinary "B" shares of 10p each | 18,801 | 18,801 |
| | 188,010 Ordinary "C" shares of 10p each | 18,801 | 18,801 |
| | | <u>188,011</u> | <u>188,011</u> |

The ordinary A, B, and C shares rank pari passu.

6 Transactions with directors

Included in other debtors is a balance of £161,023 (2003:£161,023) due from CMS Ottershaw Limited, a company in which the directors have a controlling interest.

Each of the directors have provided a guarantee of £100,000 against a loan taken out by Classic Management Services Limited.