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ALVAHERNE LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 29 SEPTEMBER 2002

PHILIP HUDSON & CO
Chartered Accountants
& Registered Auditors
89 Chiswick High Road
London W4 2EF



The Company's Incorporation No. is: 1487931

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REPORT OF THE DIRECTORS

ALVAHERNE LIMITED

The directors submit their report and the accounts for the year ended 29 September 2002.

Principal activity

The principal activity of the company in the year under review was that of property investment.

Results and dividends

The loss for the year of £303 is set out in the profit and loss account. At the annual general meeting held on 9 December 2002 it was agreed that no dividends be declared. It was also agreed based on legal advice that dividends which remained unclaimed after a six year period should be written back. Accordingly £4,000 has been written back as shown in note 5 to the accounts. A further £11,000 of dividends remain unclaimed for a period of less than six years and are shown in creditors in note 7 to the accounts.

Directors and their interests

The directors who have held office during the year and their beneficial interests in the company's issued ordinary share capital were as follows:

| | | Ordinary shares at £1 each | |
|--------------|--------------------|----------------------------|-------------|
| | | <u>2002</u> | <u>2001</u> |
| C Colvin | (Chairman) | 5 | 5 |
| J G Assumall | | 5 | 5 |
| K Moodley | | - | - |
| H Prescott | (resigned 9/12/02) | - | 5 |

On 10 December 2002 Mr M Gleaves resigned as secretary and Mr J Westhead was appointed in his stead.

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 year. In preparing those accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards, 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.

REPORT OF THE DIRECTORS

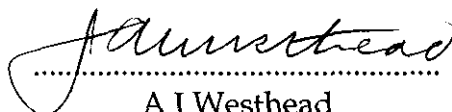
ALVAHERNE LIMITED

(CONTINUED)

Small company provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

BY ORDER OF THE BOARD

A handwritten signature in cursive script, appearing to read 'A J Westhead', written over a horizontal dotted line.

A J Westhead
Secretary

89 Chiswick High Road
London W4 2EF

29 May 2003

ACCOUNTANTS REPORT TO THE DIRECTORS
OF ALVAHERNE LIMITED

As described on the balance sheet on page 5 you are responsible for the preparation of the accounts for the year ended 29 September 2002 set out on pages 4 to 8 and you consider that the company is exempt from an audit under the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Philip Hudson LL

Philip Hudson & Co
Chartered Accountants
89 Chiswick High Road
London W4 2EF

3 July 2003

ALVAHERNE LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29 SEPTEMBER 2002

| | <u>Notes</u> | <u>2002</u> | <u>2001</u> |
|---|--------------|-------------------------|----------------------------|
| Turnover | 1(b) | 510 | 510 |
| Operating costs and administrative expenses | | (1,585) | (2,940) |
| Operating loss | | <u>(1,075)</u> | <u>(2,430)</u> |
| Interest receivable | (2) | 772 | 1,296 |
| Loss on ordinary activities before taxation | (3) | <u>(303)</u> | <u>(1,134)</u> |
| Taxation | (4) | - | - |
| Loss on ordinary activities after taxation | | <u>(303)</u> | <u>(1,134)</u> |
| Dividends | (5) | - | (13,000) |
| Unclaimed dividend written back | (5) | 4,000 | - |
| Retained profit/(loss) for the year | (9) | <u>£ 3,697</u> ===== | <u>£ (14,134)</u> ===== |

The accompanying notes form an integral part of these accounts.

ALVAHERNE LIMITEDBALANCE SHEETAT 29 SEPTEMBER 2002

| | <u>Notes</u> | <u>2002</u> | <u>2001</u> |
|--|--------------|--------------------------|--------------------------|
| <u>Current assets</u> | | | |
| Debtors and prepayments | (6) | 5,837 | 5,417 |
| Cash at bank and in hand | | 27,142 | 29,365 |
| | | <u>32,979</u> | <u>34,782</u> |
| Creditors: amounts falling due within one year | (7) | (12,446) | (17,946) |
| | | <u>20,533</u> | <u>16,836</u> |
| Net assets | | <u>£ 20,533</u> ===== | <u>£ 16,836</u> ===== |
| <u>Capital and reserves</u> | | | |
| Called up share capital | (8) | 65 | 65 |
| Profit and loss account | (9) | 20,468 | 16,771 |
| Shareholders' funds | (10) | <u>£ 20,533</u> ===== | <u>£ 16,836</u> ===== |

In the directors' opinion the company is entitled to the exemption from audit conferred by subsection 1 of section 249A of the Companies Act 1985 for the year ended 29 September 2002.


The directors confirm that no notice under Section 249B (2) of the Companies Act 1985 requiring an audit has been deposited by members.

The directors confirm that they are responsible for :

- ensuring that the company keeps accounting records which comply with the requirements of section 221 of the Companies Act 1985, and
- preparing accounts which give a true and fair view of the state of affairs of the company as at 29 September 2002 and of its results for the period then ended in accordance with the requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

In preparing these accounts the directors have complied with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The accounts were approved by the board on 29 May 2003.


.....

C. Colvin
Director

The accompanying notes form an integral part of these accounts.

ALVAHERNE LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 29 SEPTEMBER 20021. Accounting policies

The principal accounting policies, which have been consistently applied, are:-

a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Small Entities (effective June 2002).

b) Turnover

Turnover, represents ground rents receivable from lessees.

c) Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard 1 from producing a cash flow statement on the grounds that it is a small company.

2. Interest receivable

| | <u>2002</u> | <u>2001</u> |
|---------------|-------------|-------------|
| | £ | £ |
| Bank interest | 772 | 1,296 |
| | ===== | ===== |

3. Loss on ordinary activities before taxation

| | <u>2002</u> | <u>2001</u> |
|--|-------------|-------------|
| | £ | £ |
| The loss on ordinary activities is stated after charging:- | | |
| Directors' remuneration | NIL | NIL |
| | ===== | ===== |

4. Taxation

No taxation liability arises for the period.

ALVAHERNE LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 29 SEPTEMBER 2002(CONTINUED)5. Dividends

| | <u>2002</u> | <u>2001</u> |
|--|------------------|-----------------|
| Interim Dividend paid 31 October 2000 | - | 12,000 |
| Unclaimed dividend of 31 October 2000 | - | 1,000 |
| Unclaimed dividend of 22 December 1995 written back | (4,000) | - |
| | <u>£ (4,000)</u> | <u>£ 13,000</u> |
| | ===== | ===== |

6. Debtors

| | <u>2002</u> | <u>2001</u> |
|-----------------------------|----------------|----------------|
| Due from associated company | 649 | 422 |
| Corporation tax recoverable | 4,791 | 4,791 |
| Other debtors | 397 | 204 |
| | <u>£ 5,837</u> | <u>£ 5,417</u> |
| | ===== | ===== |

7. Creditors falling due within one year

| | <u>2002</u> | <u>2001</u> |
|------------------------------|-----------------|-----------------|
| Accruals and deferred income | 1,040 | 1,440 |
| Unclaimed dividends | 11,000 | 15,000 |
| Other creditors | 406 | 1,506 |
| | <u>£ 12,446</u> | <u>£ 17,946</u> |
| | ===== | ===== |

ALVAHERNE LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 29 SEPTEMBER 2002(CONTINUED)8. Share Capital

| | <u>2002</u> | <u>2001</u> |
|-------------------------------------|----------------|----------------|
| Ordinary shares of £1 each | | |
| Authorised | £ 100 ===== | £ 100 ===== |
| Allotted , called up and fully paid | £ 65 ===== | £ 65 ===== |

9. Profit and loss account

| | <u>2002</u> | <u>2001</u> |
|-------------------------------------|-------------------|-------------------|
| Brought forward | 16,771 | 30,905 |
| Retained (profit)/loss for the year | 3,697 | (14,134) |
| Carried forward | £ 20,468 ===== | £ 16,771 ===== |

10. Reconciliation of movement on shareholders funds

| | <u>2002</u> | <u>2001</u> |
|---|-------------------|-------------------|
| Loss for the year after taxation | (303) | (1,134) |
| Dividends paid and unclaimed | - | (13,000) |
| Unclaimed dividend written back | 4,000 | - |
| Shareholders funds at beginning of year | 16,836 | 30,970 |
| Shareholders' funds at end of year | £ 20,533 ===== | £ 16,836 ===== |

11. Property investment

The company owns the freehold interest in blocks E & F Townshend Court, Allitsen Road, London NW8, comprising 20 flats. Long leases have been granted on 17 of the flats and 3 flats are subject to short leases which expire in March 2034.

The directors consider the value of the company's interest in the flats subject to short leases to be not less than £120,000 under present market conditions.

ALVAHERNE LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 29 SEPTEMBER 2002

| | <u>2002</u> | <u>2001</u> |
|--|---------------|-----------------|
| Interest received | 772 | 1,296 |
| Ground rent received | 510 | 510 |
| | <hr/> 1,282 | <hr/> 1,806 |
| Less: Expenses | | |
| Secretarial and administrative expenses | - | 600 |
| Insurance | 455 | 455 |
| Legal and professional fees | 1,625 | 328 |
| Management fees (over provision written back) | (1,500) | 500 |
| Printing, postage and stationery | 65 | - |
| Accountancy fees | 940 | 1,057 |
| | <hr/> 1,585 | <hr/> 2,940 |
| NET LOSS FOR THE YEAR BEFORE TAXATION | <hr/> £ (303) | <hr/> £ (1,134) |
| | ===== | ===== |