

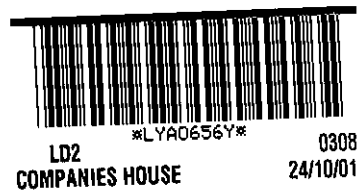
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SKY GROUP OF COMPANIES PLC
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 24TH MARCH 2001



GERALD EDELMAN
CHARTERED ACCOUNTANTS

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SKY GROUP OF COMPANIES PLC

REPORT OF THE DIRECTORS

The directors submit their report and the audited consolidated financial statements for the year ended 24th March 2001.

ACTIVITY

The principal activity of the group is property investment, dealing and development.

RESULTS AND STATE OF AFFAIRS

The financial statements on pages 4 to 17 set out the consolidated results for the year ended 24th March 2001 and reflect the state of the company's and group's affairs at that date.

DIVIDEND

The directors do not propose to declare a dividend in respect of the year.

FIXED ASSETS

Details of movements of fixed assets are shown in notes 8 and 9 to the financial statements. The directors have reviewed the open market values of the investment properties at 24th March 2001 and they consider them to approximate to their balance sheet values.

CREDITOR PAYMENT POLICY

The group's operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is the group's policy that payments to suppliers are made in accordance with those terms provided that suppliers also comply with all relevant terms and conditions. Details of the number of days' purchases represented by year end trade creditors are not given as there were no company nor group trade creditors at 24th March 2001.

DIRECTORS AND THEIR INTERESTS

The members of the board during the year and their interests, including family interests, in the company's shares were as follows:-

	Interest at end of year <u>number of shares</u>	Interest at beginning of year <u>number of shares</u>
M.L.A. Rose	-	-
J. Rose	-	-

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 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.

SKY GROUP OF COMPANIES PLC

REPORT OF THE DIRECTORS
(CONTINUED)

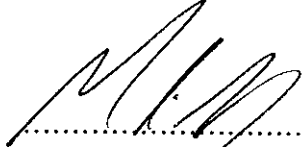
AUDITORS

A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of Gerald Edelman, who have expressed their willingness to continue in office as auditors for the ensuing year.

17th October 2001

Dated

BY ORDER OF THE BOARD


.....
(M. ROSE)
CHAIRMAN

SKY GROUP OF COMPANIES PLC

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF SKY GROUP OF COMPANIES PLC

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 24th March 2001 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

25 Harley Street
London W1G 9BR



GERALD EDELMAN
REGISTERED AUDITOR AND
CHARTERED ACCOUNTANTS

17th October 2001

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 24TH MARCH 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
		£	£
Sale of properties		102,658	241,862
Cost of sales		<u>(3,525)</u>	<u>(318,232)</u>
<u>Gross profit/(loss)</u>		99,133	(76,370)
Gross rental and service charge income		428,223	501,305
Net property outgoings		<u>(109,230)</u>	<u>(106,934)</u>
<u>Net revenue from properties</u>		318,993	394,371
<u>Gross profit</u>		418,126	318,001
Administrative expenses		<u>(330,658)</u>	<u>(340,328)</u>
		87,468	(22,327)
Other operating income		<u>5,250</u>	<u>8,616</u>
<u>Trading profit/(loss)</u>	2	92,718	(13,711)
Share of (loss)/profit of associated undertakings		(342,066)	245,633
Profit on sale of investment properties		<u>48,484</u>	<u>-</u>
		(200,864)	231,922
Interest receivable	4	7,012	13,715
Interest payable	5	<u>(106,008)</u>	<u>(259,041)</u>
		(98,996)	(245,326)
<u>(Loss) on ordinary activities before taxation</u>		(299,860)	(13,404)
Taxation	6	<u>46,525</u>	<u>(47,086)</u>
<u>(Net loss) for the financial year</u>	7	<u>£(253,335)</u>	<u>£ (60,490)</u>

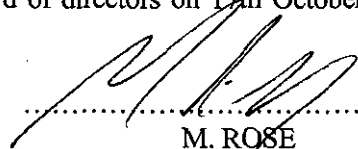
There have been no acquisitions or discontinued operations during the year. The results shown above for this year and the prior year therefore relate to continuing operations.

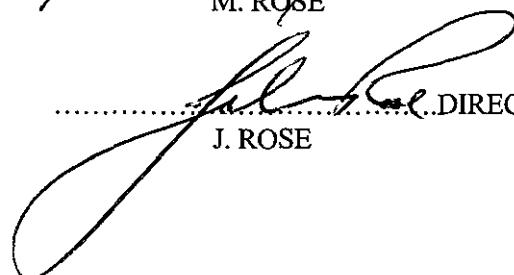
SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 24TH MARCH 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	8	1,530,990	1,756,824
Investments	9	5,487,696	2,994,672
		<u>7,018,686</u>	<u>4,751,496</u>
<u>CURRENT ASSETS</u>			
Stock of properties	10	1,579,204	1,237,065
Debtors	11	233,486	303,092
Cash at bank and in hand		84,555	174,679
		<u>1,897,245</u>	<u>1,714,836</u>
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	12	<u>(2,373,828)</u>	<u>(2,871,201)</u>
<u>NET CURRENT LIABILITIES</u>		<u>(476,583)</u>	<u>(1,156,365)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>6,542,103</u>	<u>3,595,131</u>
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	13	<u>(852,917)</u>	<u>(916,173)</u>
		<u>£5,689,186</u>	<u>£2,678,958</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	14	100,000	100,000
Other reserve	15	1,050,820	839,811
Profit and loss account	16	4,538,366	214,672
Revaluation reserve	17	-	1,524,475
		<u>£5,689,186</u>	<u>£2,678,958</u>

The financial statements on pages 4 to 17 were approved by the board of directors on 17th October 2001 and were signed on its behalf by:

.....DIRECTOR
M. ROSE

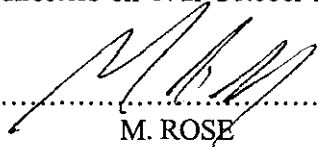
.....DIRECTOR
J. ROSE

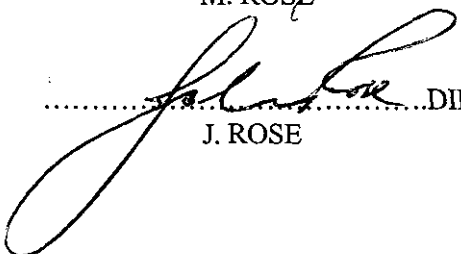
SKY GROUP OF COMPANIES PLC

BALANCE SHEET AS AT 24TH MARCH 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	8	43,978	49,574
Investments	9	30,244	30,244
		<u>74,222</u>	<u>79,818</u>
<u>CURRENT ASSETS</u>			
Debtors	11	3,350,912	3,575,805
Cash at bank and in hand		-	91,117
		<u>3,350,912</u>	<u>3,666,922</u>
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>			
	12	<u>(2,859,926)</u>	<u>(3,498,405)</u>
<u>NET CURRENT ASSETS</u>			
		<u>490,986</u>	<u>168,517</u>
		<u>£ 565,208</u>	<u>£ 248,335</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	14	100,000	100,000
Profit and loss account	16	465,208	148,335
		<u>£ 565,208</u>	<u>£ 248,335</u>

The financial statements on pages 4 to 17 were approved by the board of directors on 17th October 2001 and were signed on its behalf by:


.....DIRECTOR
M. ROSE


.....DIRECTOR
J. ROSE

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES
FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2001

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>2001</u> £	<u>2000</u> £
(Loss) for the financial year	(253,335)	(60,490)
Unrealised surplus on revaluation of investment on associated undertakings	<u>3,263,563</u>	<u>924,114</u>
Total recognised gains and losses for the year	<u>£3,010,228</u>	<u>£863,624</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001</u> £	<u>2000</u> £
Total recognised gains and losses for the year	<u>3,010,228</u>	<u>863,624</u>
Net movement in shareholders' funds	3,010,228	863,624
Shareholders' funds at 24th March 2000	<u>2,678,958</u>	<u>1,815,334</u>
Shareholders' funds at 24th March 2001	<u>£5,689,186</u>	<u>£2,678,958</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

CASH FLOW STATEMENT FOR THE YEAR ENDED 24TH MARCH 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
		£	£
Net cash movement from operating activities	18	37,930	1,949,768
<u>Returns on investments and servicing of finance</u>			
Interest received		7,012	13,715
Interest paid		<u>(106,008)</u>	<u>(259,041)</u>
<u>Net cash movement from returns on investments and servicing of finance</u>		(98,996)	(245,326)
<u>Capital expenditure and financial investment</u>			
Dividend received from associate		294,156	-
Buy back of shares from associate		180,844	-
Purchase of tangible fixed assets		(2,200)	(3,300)
Receipts from sales of tangible fixed assets		<u>268,720</u>	<u>-</u>
<u>Net cash movement from capital expenditure and financial investment</u>		741,520	(3,300)
<u>Cash inflow before use of liquid resources and financing</u>		680,454	1,701,142
 <u>FINANCING</u>			
Repayment of short term loan		(600,000)	(1,500,000)
Long term bank borrowings		<u>(63,256)</u>	<u>(75,183)</u>
<u>Net cash movement from financing</u>		<u>£ 17,198</u>	<u>£ 125,959</u>
 Increase in cash in the year	19,20	 <u>£ 17,198</u>	 <u>£ 125,959</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2001

1. ACCOUNTING POLICIES

The principal accounting policies adopted are as follows:-

a) Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investment properties, and in accordance with applicable accounting standards.

b) Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the parent company and its subsidiary undertakings made up to the end of the financial year.

In accordance with S230 of the Companies Act 1985, a separate profit and loss account for the parent company is not presented with these financial statements.

c) Associated undertakings

The consolidated profit and loss account includes the relevant share of the results of associated undertakings. The group's share of post acquisition retained profits and reserves of the associated undertakings is included in the consolidated balance sheet.

d) Investment properties

In accordance with Statement of Standard Accounting Practice No. 19:-

- i) Properties held for investment are periodically revalued. Where the revaluation is adopted in the group's financial statements the net surplus is transferred to the revaluation reserve.
- ii) No depreciation is provided in respect of the investment properties. The directors consider that this accounting policy, which is a departure from the accounting requirement of the Companies Act 1985, is necessary to ensure that the financial statements show a true and fair view.

e) Trading properties

Properties which are held for trading are included at the lower of cost and net realisable value.

f) Depreciation

Depreciation is provided on all tangible fixed assets, except investment properties, at annual rates calculated to write off the cost of each asset over its expected useful life, as follows:

Motor vehicles	- 25% reducing balance method
Fixtures, fittings and equipment	- 15% reducing balance method

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2001 (CONTINUED)

1. ACCOUNTING POLICIES - (continued)

g) Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

h) Pension costs

The company operates a defined contribution scheme. The charge to the profit and loss account is the contribution paid to the scheme in respect of the period.

i) Deferred taxation

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Investment properties are held as long term investments and there is no intention to dispose of them. Therefore, no provision is made for the potential liability to taxation which would result in the event of realisation of the properties at the amounts at which they are stated in the financial statements. If they were disposed of the taxation liability could amount to approximately £Nil.

j) Turnover

Turnover is derived from proceeds received on the sale of properties.

2. TRADING PROFIT

2001
£

2000
£

Trading profit is stated after charging:

Staff costs (note 3)	128,480	143,297
Auditors' remuneration	25,471	20,550
Depreciation	7,796	13,422
Operating leases - premises	<u>55,450</u>	<u>32,800</u>

3. STAFF COSTS

a) Staff costs comprise:

Wages and salaries	100,000	123,500
Social security costs	11,130	12,597
Pension contributions	<u>17,350</u>	<u>7,200</u>
	<u>£128,480</u>	<u>£143,297</u>

b) Employees

The average number of employees, in administration, during the year was 2. (2000 - 2).

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2001 (CONTINUED)

3. STAFF COSTS - (continued)

	<u>2001</u>	<u>2000</u>
c) <u>Directors' remuneration</u>		
i) Directors' remuneration is included in staff costs and consists of:-		
Fees, including benefits in kind	<u>£113,386</u>	<u>£140,000</u>

4. INTEREST RECEIVABLE

	£	£
Bank interest	2,565	3,715
Other interest	<u>4,447</u>	<u>10,000</u>
	<u>£ 7,012</u>	<u>£ 13,715</u>

5. INTEREST PAYABLE

Bank interest	97,845	125,432
Other interest	<u>8,163</u>	<u>133,609</u>
	<u>£106,008</u>	<u>£259,041</u>

6. TAXATION

Taxation attributed to associated undertakings	<u>£(46,525)</u>	<u>£ 47,086</u>
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7. RETAINED PROFIT FOR THE FINANCIAL YEAR

The group (loss)/profit is attributable to:		
Parent company	316,873	156,957
Subsidiary undertakings	(274,667)	(415,994)
Associated undertakings	<u>(295,541)</u>	<u>198,547</u>
	<u>£(253,335)</u>	<u>£(60,490)</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2001 (CONTINUED)

8. <u>TANGIBLE FIXED ASSETS</u>				
a) <u>The Group</u>				
	<u>Total</u>	<u>Freehold</u>	<u>Motor</u>	<u>Fixtures,</u>
<u>Cost/valuation</u>	<u>£</u>	<u>investment</u>	<u>vehicles</u>	<u>fittings</u>
		<u>properties</u>	<u>£</u>	<u>and</u>
		<u>£</u>		<u>equipment</u>
				<u>£</u>
At 25th March 2000	1,834,177	1,707,250	4,945	121,982
Additions	2,200	-	-	2,200
Disposal	(220,238)	(220,238)	-	-
At 24th March 2001	<u>1,616,139</u>	<u>1,487,012</u>	<u>4,945</u>	<u>124,182</u>
<u>Depreciation</u>				
At 25th March 2000	77,353	-	4,666	72,687
Charge for the year	7,796	-	72	7,724
At 24th March 2001	<u>85,149</u>	<u>-</u>	<u>4,738</u>	<u>80,411</u>
<u>Balance sheet as at 24th March 2001</u>	<u>£1,530,990</u>	<u>1,487,012</u>	<u>207</u>	<u>43,771</u>
<u>Balance sheet as at 24th March 2000</u>	<u>£1,756,824</u>	<u>1,707,250</u>	<u>279</u>	<u>49,295</u>

The group's freehold investment properties are included in the financial statements at cost which, in the opinion of the directors, approximates to their open market value at the balance sheet date.

b) <u>The Company</u>			
	<u>Total</u>	<u>Motor</u>	<u>Fixtures</u>
<u>Cost</u>	<u>£</u>	<u>vehicles</u>	<u>and</u>
		<u>£</u>	<u>fittings</u>
			<u>£</u>
At 25th March 2000	126,927	4,945	121,982
Additions	2,200	-	2,200
At 24th March 2001	<u>129,127</u>	<u>4,945</u>	<u>124,182</u>
<u>Depreciation</u>			
At 25th March 2000	77,353	4,666	72,687
Charge for the year	7,796	72	7,724
At 24th March 2001	<u>85,149</u>	<u>4,738</u>	<u>80,411</u>
<u>Balance sheet as at 24th March 2001</u>	<u>£ 43,978</u>	<u>207</u>	<u>43,771</u>
<u>Balance sheet as at 24th March 2000</u>	<u>£ 49,574</u>	<u>279</u>	<u>49,295</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2001 (CONTINUED)

9. FIXED ASSET INVESTMENTS

a)	<u>The Group</u>	<u>Associated undertakings</u> £
	<u>Shares at cost</u>	
	At 24th March 2000	2,994,672
	Share of post acquisition reserves:	
	Profit and loss account	2,493,024
	Revaluation reserve	-
	At 24th March 2001	<u>£5,487,696</u>
b)	<u>Parent Company</u>	<u>Subsidiary undertakings</u>
	<u>Shares at cost</u>	
	At 24th March 2000 and 2001	<u>£ 30,244</u>
c)	<u>Details of fixed asset investments</u>	

The group's and the company's fixed asset investments and shareholdings therein are as follows:

Company

<u>Name</u>	<u>Country of incorporation</u>	<u>Class of Shares held</u>	<u>Proportion shares held direct/indirect</u>	<u>Activity</u>
<u>Subsidiary undertakings</u>				
Sky Properties Limited	England and Wales	Ordinary	100%	Property dealing
Sky Invest Limited	England and Wales	Ordinary	100%	Property investment
Geoplanetary Investments Limited	England and Wales	Ordinary	100%	Dormant
Subject Properties Limited	England and Wales	Ordinary	100%	Dormant
Sky Properties (Construction) Limited	England and Wales	Ordinary	100%	Building services
<u>Group Associated undertakings</u>				
The Red Box Development Company Limited	England and Wales	Ordinary 'B'	50%	Dormant
Riverview Holdings Limited	England and Wales	Ordinary 'B'	25%	Property dealing
Blastland Limited	England and Wales	Ordinary	25%	Property dealing
Imagegreen Limited	England and Wales	Ordinary	25%	Property dealing

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2001 (CONTINUED)

9. FIXED ASSET INVESTMENTS - (continued)

c) Details of fixed asset investments - (continued)

Joint ventures

<u>Name</u>	<u>Country of incorporation</u>	<u>Class of Shares held</u>	<u>Proportion shares held direct/indirect</u>	<u>Activity</u>
Lloyds Wharf	England	-	70%	Property investment
Alma Road	England	-	50%	Property investment

Financial Reporting Standard No.9 ('FRS9') requires the following additional disclosures in respect of the group's investments in its associate companies.

	<u>Riverview Holdings Limited</u> £	<u>Blastland Limited</u> £	<u>Imagegreen Limited</u> £
Turnover	46,898	195,921	16,091
Profit before tax	276,402	92,858	(17,168)
Taxation	(5,805)	-	(40,720)
Profit after tax	282,207	92,858	(130,961)
Fixed assets	9,060,216	-	-
Current assets	462,214	3,389,938	2,539,284
Liabilities due within one year	5,995,657	34,943	94,197
Liabilities due after one year	2,638,398	-	-

The Red Box Development Company Limited was all dormant during the period under review.

	<u>2001</u> £	<u>The Group</u> <u>2000</u> £	<u>2001</u> £	<u>Parent Company</u> <u>2000</u> £
10. <u>STOCK</u>				
Trading properties	921,142	921,142	-	-
Interest in joint ventures	658,062	315,923	-	-
	<u>£1,579,204</u>	<u>£1,237,065</u>	<u>£ -</u>	<u>£ -</u>

	<u>2001</u> £	<u>The Group</u> <u>2000</u> £	<u>2001</u> £	<u>Parent Company</u> <u>2000</u> £
11. <u>DEBTORS</u>				
Amount due from subsidiary undertaking	-	-	3,310,715	3,500,545
Other debtors	199,067	222,218	14,405	29,618
Prepayments and accrued income	34,419	80,874	25,792	45,642
	<u>£233,486</u>	<u>£303,092</u>	<u>£3,350,912</u>	<u>£3,575,805</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2001 (CONTINUED)

12. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>The Group</u>		<u>Parent Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	£	£	£	£
Bank loans and overdrafts(note 13)	88,560	195,882	37,572	154,975
Other loan	2,000,000	2,600,000	2,000,000	2,600,000
Other taxation and social security	-	3,885	-	3,885
Other creditors	261,800	29,510	1,527	3,824
Amounts due to subsidiary undertakings	-	-	818,757	714,525
Accruals and deferred income	23,398	41,924	2,000	21,196
Directors' current account	70	-	70	-
	<u>£2,373,828</u>	<u>£2,871,201</u>	<u>£2,859,926</u>	<u>£3,498,405</u>

13. <u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	<u>The Group</u>		<u>Parent Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Bank loans	<u>£852,917</u>	<u>£916,173</u>	<u>£ -</u>	<u>£ -</u>

The bank borrowings are secured on certain of the trading and investment properties and bear interest at between 2% and 2½% above LIBOR.

14. <u>CALLED UP SHARE CAPITAL</u>	<u>2001</u>	<u>2000</u>
<u>Authorised, issued and fully paid</u>		
100,000 Ordinary shares of £1 each	<u>£ 100,000</u>	<u>£ 100,000</u>

15. <u>OTHER RESERVE</u>	<u>The Group</u>		<u>Parent Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	£	£	£	£
Balance at 25 March 2000	839,811	839,811	-	-
Transfer profit and loss	211,009	-	-	-
Balance at 24 March 2001	<u>£1,050,820</u>	<u>£ 839,811</u>	<u>£ -</u>	<u>£ -</u>

16. <u>PROFIT AND LOSS ACCOUNT</u>	<u>The Group</u>		<u>Parent Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	£	£	£	£
Balance at 25th March 2000	214,672	275,162	148,335	(8,622)
Retained profit/(net loss) for the year	(253,335)	(60,490)	316,873	156,957
Transfer from revaluation	4,788,038	-	-	-
Transfer other reserves	(211,009)	-	-	-
Balance at 24th March 2001	<u>£4,538,366</u>	<u>£ 214,672</u>	<u>£465,208</u>	<u>£ 148,335</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2001 (CONTINUED)

17. <u>GROUP</u>	<u>2001</u> £	<u>2000</u> £
Balance at 25th March 2000	1,524,475	600,361
Share of post acquisition revaluation reserves in associated undertakings	3,263,563	924,114
Transfer to profit and loss	(4,788,038)	-
Balance at 24th March 2001	<u>£ -</u>	<u>£1,524,475</u>

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH
MOVEMENT FROM OPERATING ACTIVITIES

Trading (loss)/profit	92,718	(13,711)
Depreciation charges	7,796	8,791
Movement in stocks	(342,139)	2,044,274
Movement in debtors	69,606	(42,464)
Movement in creditors	209,949	(47,122)
<u>Net cash movement from operating activities</u>	<u>£ 37,930</u>	<u>£1,949,768</u>

19. ANALYSIS OF CHANGES IN NET DEBT

<u>Year to 24th March 2001</u>	<u>2000</u> £	<u>cashflow</u> £	<u>2001</u> £
Cash at bank and in hand	174,679	(90,124)	84,555
Bank overdrafts	(195,882)	107,322	(88,560)
	<u>£ (21,203)</u>	<u>17,198</u>	<u>(4,005)</u>

<u>Year to 24th March 2000</u>	<u>1999</u> £	<u>cashflow</u> £	<u>2000</u> £
Cash at bank and in hand	173,833	846	174,679
Bank overdrafts	(320,995)	125,113	(195,882)
	<u>£(147,162)</u>	<u>125,959</u>	<u>(21,203)</u>

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS
IN NET DEBT

	<u>2001</u> £	<u>2000</u> £
Increase in cash in period	17,198	125,959
Net funds at 25th March 2000	(21,203)	(147,162)
Net debt at 24th March 2001	<u>£ (4,005)</u>	<u>£ (21,203)</u>

21. CONTINGENT LIABILITY

The company has guaranteed the bank borrowings of one of its subsidiary undertakings, which amounted to £200,463 at 24th March 2001.

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2001 (CONTINUED)

22. RELATED PARTY TRANSACTIONS

<u>Party</u>	<u>Relationship</u>	<u>Transaction</u>	<u>Value</u>	<u>2001</u>	<u>Value</u>	<u>2000</u>
				Balance due from/(to)		Balance due from/(to)
					£	£
M. Rose	Director	Loan account	1,640	(43)	1,187	(1,683)
J. Rose	Director	Loan account	(1,012)	(27)	189	(1,039)
Riverview Holdings Limited	Associated undertaking	Loan account	(323,541)	(223,541)	-	100,000
"	"	Interest receivable	29,877	-	10,000	29,877
Blastland Limited	"	Investment	20,000	-	-	20,000
Imagegreen Limited	"	"	10,000	-	-	10,000

The group has taken advantage of the exemptions available whereby no disclosure is required for related party transactions and balances fully eliminated on consolidation.