

Registered no. 1540057

**KNIGHTSBRIDGE BUSINESS CENTRE
(GLOUCESTER) LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1998

**NICHOLAS TEE & CO.
THE OLD SCHOOL HOUSE
LECKHAMPTON ROAD
CHELTENHAM
GLOS**



KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

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KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 1998

Director's Responsibilities

Company law requires the director 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 director is 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Director

R.N. Devereux

Secretary

N. Devereux

Registered Office

Four Acres
Knightsbridge
Cheltenham
Glos

Principal Activity

The principal activity of the company throughout the year was that of renting industrial units.

Results and Dividends

The results of the year's trading and the financial position of the company are shown in the annexed financial statements.

Director

The present director is as shown above. He served in office throughout the year.

Director's Interests

The interests of the director in the shares of the company and group at the beginning and end of the year were as follows:

	COMPANY		GROUP	
	31 March 1998	1 April 1997	31 March 1998	1 April 1997
R.N. Devereux				
Ordinary shares of £1 each				
Beneficial interests	NIL	NIL	990	990

KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 1998 (CONT)

The director's report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

SIGNED:

A handwritten signature in black ink, consisting of a stylized 'D' followed by a horizontal line that ends in a small upward tick.

R.N. DEVEREUX - DIRECTOR

Date: 28 January 1999

KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

ACCOUNTANTS' REPORT ON THE UNAUDITED FINANCIAL STATEMENTS TO THE DIRECTOR OF KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31 March 1998, set out on pages 4 to 12, and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Nicholas Tee & Co.
Chartered Accountants
Registered Auditors

Date: 28 January 1999

The Old School House
Leckhampton Road
Cheltenham
Glos

KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1998

	Note	1998 £	1997 £
TURNOVER	2	246,521	300,307
Cost of sales		65,478	116,463
GROSS PROFIT		181,043	183,844
Net operating expenses	3	203,866	182,342
OPERATING (LOSS)/PROFIT	4	(22,823)	1,502
Other interest receivable and similar income		273	240
Interest payable and similar charges		(10,052)	(8,120)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(32,602)	(6,378)
Tax on loss on ordinary activities	5	(3,782)	3,265
RETAINED LOSS FOR THE FINANCIAL YEAR		(28,820)	(9,643)
Retained profit brought forward		17,908	27,551
RETAINED (LOSS)/PROFIT CARRIED FORWARD		(10,912)	17,908

The annexed notes form part of these financial statements.

KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

BALANCE SHEET AT 31 MARCH 1998

	Note	1998 £	1997 £
FIXED ASSETS			
Tangible assets	6	1,073,263	1,091,305
CURRENT ASSETS			
Stocks	7	25,146	34,961
Debtors	8	26,119	18,804
		<u>51,265</u>	<u>53,765</u>
CREDITORS			
Amounts falling due within one year	9	394,554	326,276
		<u></u>	<u></u>
NET CURRENT LIABILITIES		(343,289)	(272,511)
		<u></u>	<u></u>
TOTAL ASSETS LESS CURRENT LIABILITIES		729,974	818,794
CREDITORS			
Amounts falling due after more than one year	10	(9,167)	(69,167)
		<u></u>	<u></u>
NET ASSETS		720,807	749,627
		<u></u>	<u></u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Revaluation reserve		731,619	731,619
Profit and loss account		(10,912)	17,908
		<u></u>	<u></u>
SHAREHOLDERS' FUNDS		720,807	749,627
		<u></u>	<u></u>

The annexed notes form part of these financial statements.

KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

BALANCE SHEET AT 31 MARCH 1998 (CONT)

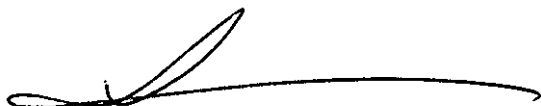
The director is satisfied that the company was entitled to exemption under subsection (1) of section 249A of the Companies Act 1985 and that no member or members have requested an audit pursuant to subsection (2) of section 249B in relation to the financial statements for the financial year.

The director acknowledges his responsibilities for:

- i ensuring that the company keeps accounting records which comply with section 221; and
- ii preparing financial statements 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 its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of this Act relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

These financial statements were approved by the director on 28 January 1999.



R.N. DEVEREUX - DIRECTOR

The annexed notes form part of these financial statements.

KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same financial statements.

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

The effect of events in relation to the year ended 31 March 1998 which occurred before the date of approval of the financial statements by the director, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 March 1998 and of the results for the year ended on that date.

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following annual rates and methods:

Plant and machinery	- 10%-15% reducing balance
Office equipment	- 15% reducing balance
Farm buildings	- 5% straight line
Tractors	- 25% reducing balance
Motor vehicles	- 25% reducing balance

Freehold land has not been depreciated.

Investment property

In accordance with standard accounting practice, the investment property is revalued annually and the aggregate surplus or deficit transferred to a revaluation reserve. No depreciation is provided in respect of the freehold investment property.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the director believes that the policy of not providing depreciation is necessary in order to give a true and fair view, since the current value of the investment property, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred Taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998 (CONT)

Pension Costs

Contributions are charged to the profit and loss account in the year in which they are paid.

2. TURNOVER

The company's turnover represents the value, excluding Value Added Tax, of goods and services supplied to customers during the year.

3. NET OPERATING EXPENSES

	1998 £	1997 £
Administrative expenses	203,866	182,342

4. OPERATING LOSS

Operating loss is stated after charging:

	1998 £	1997 £
Director's emoluments	68,075	70,164
Auditors' remuneration	-	2,000
Depreciation and amortisation of owned assets	7,645	11,643
Depreciation of assets held under finance leases and hire purchase	11,500	2,000
Profit on sale of fixed assets	-	(6,250)

5. TAXATION ON ORDINARY ACTIVITIES

	1998 £	1997 £
Current year		
Corporation tax at 24%	-	3,265
Prior year		
Corporation tax over-provided	(3,782)	-
	<u>(3,782)</u>	<u>3,265</u>

No corporation tax liability arises on the results for the year due to the loss incurred.

KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998 (CONT)

6. TANGIBLE FIXED ASSETS

Cost or valuation	Freehold investment property £	Plant and machinery £	Office equipment £	Farm buildings £	Tractors £	Motor vehicles £	Freehold land £	Total £
At 1 April 1997	975,000	33,708	35,637	33,783	18,946	63,651	20,350	1,181,075
Additions	-	-	1,103	-	-	-	-	1,103
At 31 March 1998	975,000	33,708	36,740	33,783	18,946	63,651	20,350	1,182,178
Depreciation								
At 1 April 1997	-	20,575	20,970	18,720	13,929	15,576	-	89,770
Charge for the year	-	1,864	2,320	1,689	1,254	12,018	-	19,145
At 31 March 1998	-	22,439	23,290	20,409	15,183	27,594	-	108,915
Net book value								
At 31 March 1998	975,000	11,269	13,450	13,374	3,763	36,057	20,350	1,073,263
At 31 March 1997	975,000	13,133	14,667	15,063	5,017	48,075	20,350	1,091,305

The director considers the current market value of the freehold investment property to be £975,000.

Included in the net book value of tangible fixed assets are the following amounts in respect of assets held under finance leases and hire purchase contracts:

At 31 March 1998	34,500
At 31 March 1997	46,000

KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998 (CONT)

Cost or valuation of the freehold investment property comprises:

	£
Cost	243,381
Valuation 1998	975,000
	<u>731,619</u>

The comparable amounts determined according to the historical cost convention are as follows:

	£
Cost	<u>243,381</u>
Accumulated depreciation	<u>-</u>
Net book value	
At 31 March 1998	<u>243,381</u>
At 31 March 1997	<u>243,381</u>

7. STOCKS

	1998 £	1997 £
Horses	23,346	33,361
Cattle	1,800	1,600
	<u>25,146</u>	<u>34,961</u>

8. DEBTORS

	1998 £	1997 £
Director's loan account	23,749	17,304
Corporation tax	1,470	-
Other debtors	900	1,500
	<u>26,119</u>	<u>18,804</u>

KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998 (CONT)

9. CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	1998 £	1997 £
Bank overdraft	67,106	35,739
Pension fund loan	50,000	-
Obligations under finance leases and hire purchase contracts	10,000	10,000
Amount due to holding company	236,734	242,969
Corporation tax	-	2,045
Social security and other taxes	16,925	18,576
Other creditors	13,789	16,947
	<u>394,554</u>	<u>326,276</u>

The bank overdraft is secured by a charge over the assets of the company.

Obligations under finance leases and hire purchase contracts are secured by charges over the assets to which they relate.

10. CREDITORS - AMOUNTS DUE AFTER ONE YEAR

	1998 £	1997 £
Pension fund loan	-	50,000
Obligations under finance leases and hire purchase contracts	9,167	19,167
	<u>9,167</u>	<u>69,167</u>

Obligations under finance leases and hire purchase contracts are repayable by instalments between one and two years.

11. PROVISIONS FOR LIABILITIES AND CHARGES

The amount provided and the potential liability for deferred taxation are as follows:

	Provided £	1998 Potential £	Provided £	1997 Potential £
Capital gains tax payable in the event of the freehold investment property being sold at its current valuation	-	125,500	-	130,000

KNIGHTSBRIDGE BUSINESS CENTRE (GLOUCESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998 (CONT)

12. SHARE CAPITAL

	1998 £	1997 £
Authorised 100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid 100 ordinary shares of £1 each	100	100

13. TRANSACTIONS WITH THE DIRECTOR

Director's overdrawn loan account

During the year the director mentioned below had overdrawn balances with the company as follows:

	1998 £
R.N. DEVEREUX	
Balance outstanding at 1 April 1997	17,304
Maximum balance outstanding during the year	23,749
Balance outstanding at 31 March 1998	23,749

The company has not charged interest on the overdrawn balances.

14. HOLDING COMPANY

Knightsbridge Business Centre (Gloucester) Limited is a wholly-owned subsidiary of Knightsbridge Developments (Cheltenham) Limited, a company incorporated in the United Kingdom.