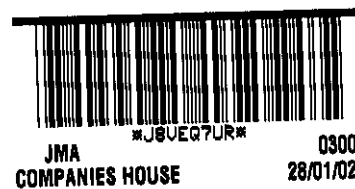




Business Space Services Limited

Accounts 31 March 2001
together with directors' and auditors' reports

Registered number: 2734911



Directors' report

For the year ended 31 March 2001

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 March 2001.

Principal activity and business review

The principal activity of the company is that of property investment. The directors are currently reviewing the possibilities for future business.

Results and dividends

The audited accounts for the year ended 31 March 2001 are set out on pages 5 to 7. In preparing the accounts the directors have considered the issues in note 1a.

The company did not trade during the year.

The directors do not recommend payment of a dividend (2000 - £nil).

Directors and their interests

The directors who served during the year were as follows:

G. Jackson
N.M. Ankers
F.J.C. Pole

The directors are also directors of Hampton Trust PLC, the ultimate parent company, and their interests in the share capital of that company are disclosed in its accounts.

The directors do not have any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

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 period. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

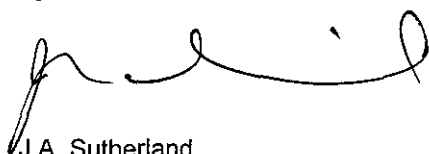
Going concern

The directors have, after making appropriate enquiries, a reasonable expectation that the company will continue in operational existence. A significant part of these enquiries concerned the efforts of the directors of Hampton Trust PLC to renegotiate the covenants on that Company's convertible unsecured loan stock and the efforts of the Directors of Southend Property Holdings PLC, a fellow group company, to renegotiate its financing to enable it to repay a significant liability to the Inland Revenue. For this reason they continue to adopt the going concern basis in preparing the accounts.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



J.A. Sutherland
Secretary

Hampton House
20 Albert Embankment
London
SE1 7TJ

21 December 2001

To the Shareholders of Business Space Services Limited:

We have audited the accounts on pages 5 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1a of the accounts concerning the efforts of the directors of the ultimate parent undertaking, Hampton Trust PLC, to renegotiate covenants on its convertible unsecured loan stock which that company has breached and the efforts of the Directors of Southend Property Holdings PLC, a fellow group company, to renegotiate its financing to enable it to repay a significant liability to the Inland Revenue.

In view of the significance of the fact that the preparation of the financial statements on the going concern basis assumes the successful conclusion of all of these matters, we consider that these disclosures should be brought to your attention. Our opinion is not qualified in this respect.



Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 March 2001 and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

21 December 2001

Balance sheet

31 March 2001

	Notes	2001 £	2000 £
Current assets			
Debtors	2	105	105
Creditors: Amounts falling due within one year	3	(5)	(5)
Net assets		<u>100</u>	<u>100</u>
Capital and reserves			
Called-up share capital	4	<u>100</u>	<u>100</u>

Signed on behalf of the Board



N.M. Ankers
Director

21 December 2001

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 March 2001

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a) *Going concern*

The directors are aware that one of the covenants of the company's ultimate parent undertaking's unsecured loan stock was in breach at 31 March 2001. This breach results in the loan stock becoming repayable on request by the trustees, one fifth of stockholders or after an extraordinary resolution of the stockholders. The company is likely to require financial support in future periods from Hampton Trust PLC. This reliance makes the ability of the Hampton Trust PLC group to meet its liabilities as they fall due key to the solvency of the company. The loan stock has been classified on Hampton Trust PLC's balance sheet as repayable within one year, although, following discussions with certain significant stockholders, the directors believe that the breach of covenant will be waived.

In addition, a liability of £14,340,000 to the Inland Revenue in respect of tax withheld on debenture stock interest payments in previous years is overdue and is payable on demand by a fellow group company. The directors are currently in discussions with the Inland Revenue regarding the payment of this amount.

The directors of Southend Property Holdings PLC, a fellow Group company, have renegotiated some of the terms of that company's debenture stock and have agreed to buy back and cancel £46,115,191 of the nominal value of stock outstanding. The Directors of that company are currently negotiating replacement finance with improved terms and the Directors believe that these negotiations will result in sufficient funds becoming available to repay the Inland Revenue.

On the basis of the assurances received from certain significant holders of the convertible unsecured loan stock and the significant progress made to date with finance providers, the directors have prepared the accounts on the going concern basis.

b) *Basis of accounting*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

c) *Taxation*

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

2 Debtors

Amounts falling due within one year:

	2001 £	2000 £
Amounts due from group companies	<u>105</u>	<u>105</u>

Notes to accounts (continued)

3 Creditors: Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	5	5
	<u>5</u>	<u>5</u>

4 Called-up share capital

	2001 £	2000 £
<i>Authorised, allotted, called-up and fully paid</i> 100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

5 Reserves

	Profit and loss account £
At 1 April 2000 and 31 March 2001	<u>100</u>

6 Cash flow statement

No cash flow statement has been prepared as the accounts for Hampton Trust PLC, the ultimate parent company, include a consolidated cash flow statement prepared in accordance with Financial Reporting Standard No. 1 (Revised 1996).

7 Ultimate controlling party

The company's ultimate parent company, and ultimate controlling party, is Hampton Trust PLC, a company incorporated in the United Kingdom and registered in England and Wales. The largest and smallest group in which the accounts of the company are consolidated is that headed by Hampton Trust PLC. Accounts of this group can be obtained from Hampton House, 20 Albert Embankment, London, SE1 7TJ.

8 Related party transactions

As permitted by Financial Reporting Standard Number 8, the company has not disclosed transactions with other group undertakings as it is a wholly owned subsidiary undertaking of Hampton Trust PLC, incorporated in England and Wales, which has produced consolidated accounts for the group.