

**REGISTRAR OF
COMPANIES****Kingward Investments Limited****Report and Financial Statements****Year Ended****30 June 2000**LD3
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28/12/00**BDO****BDO Stoy Hayward**
Chartered Accountants

KINGWARD INVESTMENTS LIMITED

Annual report and financial statements for the year ended 30 June 2000

Contents

Directors

Page:

1	Report of the directors
3	Report of the auditors
4	Profit and loss account
5	Balance sheet
6	Notes forming part of the financial statements

Directors

D Tannen
M Tannen

Secretary and registered office

J M Miller, Sutherland House, 70-78 West Hendon Broadway, London, NW9 7BT.

Company number

503321

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

KINGWARD INVESTMENTS LIMITED

Report of the directors for the year ended 30 June 2000

The directors present their report together with audited financial statements for the year ended 30 June 2000.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is that of property investment.

The company did not increase its portfolio during the year under review but the directors continue to seek suitable investment opportunities.

There have been no events since the balance sheet date which materially affect the position of the company.

Property valuation

The company's investment properties were valued as at 30 June 2000 by the directors at open market value. A portfolio of the directors valuations were externally reviewed by Chesterton plc who supported the directors valuation in aggregate.

Directors

The directors of the company during the year were D Tannen and M Tannen.

Both the directors are also directors of the parent company, The Tannen Group Limited. Their interests in the ordinary share capital of The Tannen Group Limited are disclosed in the financial statements of that company.

Directors' responsibilities

Company law requires the directors 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements 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 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 the prevention and detection of fraud and other irregularities.

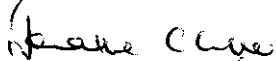
KINGWARD INVESTMENTS LIMITED

Report of the directors for the year ended 30 June 2000 (*Continued*)

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



J M Miller

Secretary

Date 21 DECEMBER 2000

KINGWARD INVESTMENTS LIMITED

Report of the auditors

To the shareholders of Kingward Investments Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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.

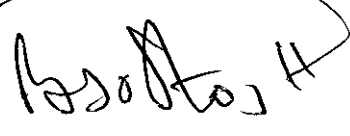
Basis of opinion

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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London

21 December 2000

KINGWARD INVESTMENTS LIMITED**Profit and loss account for the year ended 30 June 2000**

	Note	2000 £	1999 £
Net rental income		212,831	281,908
Administrative expenses		30,149	28,688
Operating profit		182,682	253,220
Interest receivable	2	-	555
Interest payable	3	(121,810)	(123,508)
Profit on ordinary activities before taxation		60,872	130,267
Taxation on profit on ordinary activities	4	-	435
Profit on ordinary activities after taxation retained for the year		60,872	129,832
Retained profit brought forward		675,394	545,562
Retained profit carried forward		736,266	675,394

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 9 form part of these financial statements

KINGWARD INVESTMENTS LIMITED

Balance sheet at 30 June 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	5	2,050,000	2,050,000
Current assets			
Debtors	6	1,316,680	1,291,994
Cash at bank and in hand		3,324	50,755
		<u>1,320,004</u>	<u>1,342,749</u>
Creditors: amounts falling due within one year	7	<u>321,245</u>	<u>387,615</u>
Net current assets		<u>998,759</u>	<u>955,134</u>
Total assets less current liabilities		<u>3,048,759</u>	<u>3,005,134</u>
Creditors: amounts falling due after more than one year	8	1,537,558	1,554,805
Provision for liabilities and charges			
Deferred taxation	9	9,835	9,835
		<u>1,501,366</u>	<u>1,440,494</u>
Capital and reserves			
Called up share capital	10	2	2
Revaluation reserve	11	729,177	729,177
Capital reserve		35,921	35,921
Profit and loss account		736,266	675,394
Shareholders' funds - equity		<u>1,501,366</u>	<u>1,440,494</u>

These financial statements were approved by the Board on 21 DECEMBER 2000

Director *O. TANNEN.*

The notes on pages 6 to 9 form part of these financial statements

KINGWARD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Investment properties

Investment properties are valued at open market value. Any surplus or deficit arising from such revaluation is transferred to the revaluation reserve except that shortfalls against the original cost are written off to the profit and loss account.

No provision is made for depreciation on these properties. The directors consider that this accounting policy, which represents a departure from the Companies Act 1985, is necessary to provide a true and fair view.

Net rental income

Net rental income comprises gross rental income net of property expenses.

Deferred taxation

No provision is made for deferred taxation that would arise on the disposal of any company properties. Provision is made, if material, for timing differences between the treatment of certain items of income and expenditure for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Facility fees

Facility fees are amortised over the period of the loan for which they relate.

2 Interest receivable

	2000 £	1999 £
Other interest	-	555
	<u> </u>	<u> </u>

3 Interest payable

	2000 £	1999 £
Bank loans and overdraft	121,810	123,319
Other interest	-	189
	<u> </u>	<u> </u>
	<u>121,810</u>	<u>123,508</u>

KINGWARD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000 (*Continued*)

4 Taxation on profit from ordinary activities

	2000 £	1999 £
Adjustment in respect of prior year	-	435

There is no charge to corporation tax in the year due to the availability of group loss relief.

5 Tangible assets

	Freehold investment properties £
<i>Cost or Valuation</i>	
Valuation at 1 July 1999 and 30 June 2000	2,050,000

The historical cost of the freehold investment properties is £1,320,825 (1999 - £1,320,825).

The company's freehold investment properties were valued by the directors, on the basis of open market value, at 30 June 2000.

If the investment properties were sold at this valuation a tax liability of approximately £6,000 would arise. No provision has been made for this contingent liability.

6 Debtors

	2000 £	1999 £
Amount due from parent undertaking	668,444	596,444
Amounts due from group undertakings	639,949	687,956
Other debtors	7,594	7,594
Prepayments and accrued income	693	-
	<u>1,316,680</u>	<u>1,291,994</u>

All amounts shown under debtors fall due for payment within one year.

KINGWARD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000 (Continued)

7 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loan (secured see note 8 below)	16,500	15,339
Amounts due to group undertakings	300,000	312,949
Accruals and deferred income	4,745	59,327
	<u>321,245</u>	<u>387,615</u>

8 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Bank loan (secured)	1,537,558	1,554,805

The bank loan is secured by means of a fixed charge against one of the company's freehold investment properties, by a floating charge over the other assets of the company and by a limited guarantee given by the parent company.

Interest on £1,389,000 of the loan is charged at 7.8% per annum and is fixed until expiry in June 2013. Interest on the balance is charged at LIBOR plus 1.5% per annum. The loan falls due for repayment as follows:

	2000 £	1999 £
1 – 2 years	17,620	16,500
2 – 5 years	59,040	55,660
More than 5 years	1,460,898	1,482,645
	<u>1,537,558</u>	<u>1,554,805</u>

9 Deferred taxation

	2000 Unprovided £	2000 Provided in accounts £	1999 Unprovided £	1999 Provided in accounts £
Short term timing differences	-	9,835	-	9,835

KINGWARD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000 (*Continued*)

10 Share capital

	Authorised		Allotted, called up and fully paid	
	2000 £	1999 £	2000 £	1999 £
Ordinary shares of £1 each	100	100	2	2

11 Revaluation reserve

	£
At 1 July 1999 and at 30 June 2000	729,177

12 Ultimate parent company and controlling party

The company's ultimate parent company is The Tannen Group Limited, which is controlled by the Tannen family. Group accounts can be obtained from the Registrar of Companies.

13 Cash flow statement

The company has taken advantage of the exemption allowed under Financial Reporting Standard 1 (Revised) 'Cash Flow Statements' not to produce a cash flow statement, as it is a wholly owned subsidiary of The Tannen Group Limited. A group cash flow statement is included in the financial statements of that company.

14 Reconciliation in movement of shareholders' funds

	2000 £	1999 £
Opening shareholders' funds	1,440,494	1,310,662
Profit for the year	60,872	129,832
Closing shareholders' funds	1,501,366	1,440,494