

**REGISTRAR OF
COMPANIES**

Kingward Investments Limited

Report and Financial Statements

Year Ended

30 June 2001



BDO

BDO Stoy Hayward
Chartered Accountants

KINGWARD INVESTMENTS LIMITED

Annual report and financial statements for the year ended 30 June 2001

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Directors

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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 2001

The directors present their report together with audited financial statements for the year ended 30 June 2001.

Results and dividends

The profit and loss account is set out on page 5 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 2001 by the directors at open market value and supported by a review by Chesterton plc.

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 2001 (*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

J M Miller

Secretary

Date *22 April 2002*

KINGWARD INVESTMENTS LIMITED

Report of the independent auditors

To the shareholders of Kingward Investments Limited

We have audited the financial statements of Kingward Investments Limited for the year ended 30 June 2001 on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

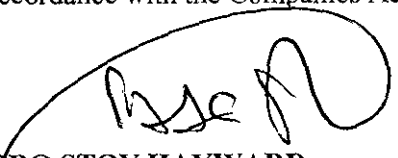
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

KINGWARD INVESTMENTS LIMITED

Report of the independent auditors (*Continued*)

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 2001 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

22 April 2002

KINGWARD INVESTMENTS LIMITED**Profit and loss account for the year ended 30 June 2001**

	Note	2001 £	2000 £
Net rental income		281,616	212,831
Administrative expenses		51,729	30,149
Operating profit		229,887	182,682
Interest payable	2	(112,005)	(121,810)
Profit on ordinary activities before and after taxation and retained for the year	3	117,882	60,872
Retained profit brought forward		736,266	675,394
Retained profit carried forward		854,148	736,266

All amounts relate to continuing activities.

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

There have been no movements in shareholders' funds other than the profit for the year.

The notes on pages 7 to 10 form part of these financial statements

KINGWARD INVESTMENTS LIMITED

Balance sheet at 30 June 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	4		2,050,000		2,050,000
Current assets					
Debtors	5	1,346,749		1,316,680	
Cash at bank and in hand		37,837		3,324	
		<u>1,384,586</u>		<u>1,320,004</u>	
Creditors: amounts falling due within one year	6	487,281		321,245	
		<u></u>		<u></u>	
Net current assets			897,305		998,759
			<u></u>		<u></u>
Total assets less current liabilities			2,947,305		3,048,759
			<u></u>		<u></u>
Creditors: amounts falling due after more than one year	7		1,318,222		1,537,558
			<u></u>		<u></u>
Provision for liabilities and charges					
Deferred taxation	8		9,835		9,835
			<u>1,619,248</u>		<u>1,501,366</u>
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	9		2		2
Revaluation reserve	10		729,177		729,177
Capital reserve			35,921		35,921
Profit and loss account			854,148		736,266
			<u>1,619,248</u>		<u>1,501,366</u>
			<u></u>		<u></u>
Shareholders' funds - equity			1,619,248		1,501,366
			<u></u>		<u></u>

These financial statements were approved by the Board on 22 April 2002

Director

O. TANVEN

The notes on pages 7 to 10 form part of these financial statements

KINGWARD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 June 2001

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 where a deficit is deemed to represent a permanent diminution in value, in which case it is charged 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.

2 Interest payable

	2001 £	2000 £
Bank loans and overdraft	112,005	121,810

3 Taxation on profit from ordinary activities

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

KINGWARD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

4 Tangible assets

	Freehold investment properties £
<i>Cost or Valuation</i>	
Valuation at 1 July 2000 and 30 June 2001	2,050,000
Historical cost	1,320,825

The company's freehold investment properties were valued by the directors, on the basis of open market value, at 30 June 2001 and supported by a review by Chesterton plc.

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.

5 Debtors

	2001 £	2000 £
Amount due from parent undertaking	714,150	668,444
Amounts due from group undertakings	624,948	639,949
Other debtors	7,594	7,594
Prepayments and accrued income	57	693
	<u>1,346,749</u>	<u>1,316,680</u>

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

6 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loan (secured - see note 7 below)	18,152	16,500
Amounts due to group undertakings	396,000	300,000
Accruals and deferred income	73,129	4,745
	<u>487,281</u>	<u>321,245</u>

KINGWARD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

7 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Bank loan (secured)	1,318,222	1,537,558

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 the loan is fixed at 7.81% per annum until expiry in June 2013.

The loan falls due for repayment as follows:

	2001 £	2000 £
1 – 2 years	19,612	17,620
2 – 5 years	68,816	59,040
More than 5 years	1,229,794	1,460,898
	1,318,222	1,537,558

8 Deferred taxation

	2001 Unprovided £	2001 Provided in accounts £	2000 Unprovided £	2000 Provided in accounts £
Short term timing differences	-	9,835	-	9,835

9 Share capital

	Authorised		Allotted, called up and fully paid	
	2001 £	2000 £	2001 £	2000 £
Ordinary shares of £1 each	100	100	2	2

KINGWARD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

10 Revaluation reserve

£

At 1 July 2000 and at 30 June 2001

729,177

11 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.

12 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.