TARIAN INVESTMENT COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2004

Company Number: 518421



Jacob Cavenagh & Skeet
Chartered Accountants
5 Robin Hood Lane
Sutton
Surrey SM1 2SW

TARIAN INVESTMENT COMPANY LIMITED

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FOR THE YEAR ENDED

31ST MARCH 2004

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TARIAN INVESTMENT COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31st March 2004.

Principal activity
The principal activity of the company and its subsidiary is holding properties for investment.

Directors and their interests
The directors throughout the year and their interests in the shares of the company were as follows:

	Ordinary shares	
	31st March 2004	***1st April 2003***
D R Carpenter	130	130
R D Jones	89	109

Auditors
Jacob Cavenagh & Skeet were appointed during the year and a resolution proposing their reappointment will be considered at the next Annual General Meeting.

Small company
This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD

~~S H~~ Jones
Secretary

Superla House
127 Chiltern Drive
Berrylands Station
Surbiton
Surrey KT5 8LS

29th June 2004

STATEMENT OF 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 it 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.

REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS OF
TARIAN INVESTMENT COMPANY LIMITED

We have audited the financial statements of Tarian Investment Company Limited for the year ended 31st March 2004 on pages 4 to 8. The financial statements have been prepared under the historical cost convention, as modified for the revaluation of properties held for investment, and the accounting policies set out on page 6.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As described on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and statutory 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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.

Opinion
In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Jacob, Cavenagh & Skeet

5 Robin Hood Lane
Sutton
Surrey SM1 2SW

Jacob Cavenagh & Skeet
Chartered Accountants
and Registered Auditor

29th June 2004

TARIAN INVESTMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2004

	Note	*2004* £	*2003* £
Net rents receivable		235,594	221,629
Administrative expenses		76,052	72,374
Operating profit	2	159,542	149,255
Profit on sale of properties		-	500
Investment income		60,000	60,000
Commission receivable		1,734	1,520
Interest receivable		26,957	28,668
Profit on ordinary activities before taxation		248,233	239,943
Taxation	3	47,855	46,990
Profit for the year after taxation		200,378	192,953
Dividends		112,500	112,500
Retained profit transferred to reserves	9	87,878	80,453

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31ST MARCH 2004

	2004 £	*2003* £
Profit on ordinary activities after taxation	200,378	192,953
Unrealised surplus on revaluation of properties	90,744	-
Total gains and losses relating to the year	291,122	192,953

TARIAN INVESTMENT COMPANY LIMITED

BALANCE SHEET
AS AT 31ST MARCH 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Properties held for investment	4		3,115,532		3,024,788
Investments	5		39,023		39,023
			3,154,555		3,063,811
Current assets					
Debtors	6	76,093		91,680	
Investments		956,013		888,446	
Cash at bank and in hand		65,901		16,847	
		1,098,007		996,973	
Creditors: Amounts falling due within one year	7	292,594		279,438	
Net current assets			805,413		717,535
Total assets less current liabilities			3,959,968		3,781,346
Capital and reserves					
Called up share capital	8		900		900
Revaluation reserve	9		1,612,344		1,521,600
Capital reserve	9		1,524,507		1,524,507
Profit and loss account	9		822,217		734,339
Total shareholders' funds			3,959,968		3,781,346

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board of Directors on 29th June 2004 and signed on its behalf by:

R D JONES



1 ACCOUNTING POLICIES

(a) **Accounting convention**
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, as modified by the revaluation of investment properties.

(b) **Consolidation**
The company and its subsidiary comprise a small group. The company has therefore taken advantage of the exemption provided in Section 248 of the Companies Act 1985 not to prepare group accounts.

(c) **Investment properties**
Properties held as investments are included in the financial statements at their open market value at the balance sheet date and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided since the properties are revalued annually. This represents a departure from the provisions of the Companies Act 1985 and is required for the accounts to give a true and fair view. The amount of depreciation which might otherwise have been shown cannot be separately identified or quantified.

(d) **Capital reserve**
Any profit or loss realised, less attributable taxation, on the disposal of properties, securities or other assets held for investment is transferred to capital reserve from the profit and loss account.

(e) **Deferred taxation**
Provision is made at the rate it is expected to be paid for the estimated deferment of corporation tax liability through the application of capital allowances in advance of the corresponding depreciation charges in the accounts and other short-term timing differences. Provision is not made for taxation arising in the event that the land and buildings are disposed of at the amount at which they are shown in the accounts.

2 OPERATING PROFIT

	2004 £	*2003* £
This is stated after charging:		
Directors' emoluments	17,175	22,728
Pensions to former directors	10,500	10,500
Audit fees	850	800

3 TAXATION ON PROFIT FROM ORDINARY ACTIVITIES

The tax assessed for the period is lower than the rate of corporation of 28.86%. The differences are explained below:

	2004 £	*2003* £
Profit on ordinary activities before tax	248,233	239,943
Profit on ordinary activities multiplied by the corporation tax rate of 25.45 % (2003: 25.34%)	63,166	60,799
Effects of:		
Profit on sale of properties in excess of chargeable gains	-	1,395
Adjustment to tax charge in respect of previous periods	(41)	-
Dividend income not taxable	(15,270)	(15,204)
	47,855	46,990

4 PROPERTIES HELD FOR INVESTMENT

Freehold land and buildings	**£**
Valuation	
At 1st April 2003	3,024,788
Revaluation	90,744
At 31st March 2004	3,115,532

Land and buildings, having an historical cost of £1,503,188, were valued by the directors at the year end on the basis of open market value.

5 FIXED ASSET INVESTMENTS

	£
Cost	
At 1st April 2003 and 31st March 2004	39,023

The company holds the whole of the issued share capital of Carigluz Investment Company Limited, which is engaged in property investment. At 31st March 2004 the aggregate amount of capital and reserves of Carigluz Investment Company Limited was £3,485,964 and the profit for the year after taxation to that date was £211,434.

6 DEBTORS

	2004 **£**	***2003*** **£**
Rent debtors	7,657	26,927
Prepayments and accrued income	8,436	4,753
Amount due from subsidiary undertaking	60,000	60,000
	76,093	91,680

7 CREDITORS: Amounts falling due within one year

	2004 **£**	***2003*** **£**
Current corporation tax	47,896	46,990
Other taxation and social security costs	2,050	2,020
Other creditors	130,148	117,928
Proposed dividends	112,500	112,500
	292,594	279,438

8 CALLED UP SHARE CAPITAL

	2004 **£**	***2003*** **£**
Authorised		
1,000 shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
900 shares of £1 each	900	900

9 RESERVES

	Revaluation reserve £	*Capital reserve* £	*Profit and loss account* £
At 1st April 2003	1,521,600	1,524,507	734,339
Retained profit for the year	-	-	87,878
Revaluation surplus on property portfolio	90,744	-	-
At 31st March 2004	1,612,344	1,524,507	822,217

10 RELATED PARTY TRANSACTIONS

Messrs D R Carpenter and R D Jones are shareholders in H C Jones & Co (Surrey) Limited which has charged £13,474 (2003: £13,514) for property management services during the year ended 31st March 2004 and £41,856 (2003: £29,758) for administrative management fees. Rent receivable includes £2,000 (2003: £2,000) from H C Jones & Co (Surrey) Limited.