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**STARMOUNT (SECURITIES) LIMITED AND
SUBSIDIARIES**

FINANCIAL STATEMENTS

FOR

30 NOVEMBER 2000



Company Registration Number 00528421

CLAYTON STARK & CO

Chartered Accountants & Registered Auditors
5th Floor Charles House
108 - 110 Finchley Road
London NW3 5JJ

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2000

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STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Sir S Sternberg
Mr M A M Slowe
Lady H Sternberg
Mrs V J Slowe
Mr M V Sternberg

Company secretary

Mr M A M Slowe

Registered office

5th Floor Charles House
108-110 Finchley Road
London NW3 5JJ

Auditors

Clayton Stark & Co
Chartered Accountants
& Registered Auditors
5th Floor Charles House
108 - 110 Finchley Road
London NW3 5JJ

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

THE DIRECTORS' REPORT

YEAR ENDED 30 NOVEMBER 2000

The directors have pleasure in presenting their report and the financial statements of the Group for the year ended 30 November 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is that of property investments and to act as a holding company. The principal activities of the main subsidiary are property dealing, estate management and surveying.

Details of the results are set out in the annexed consolidated profit and loss account. The state of the affairs of the Group, which the directors consider to be satisfactory, is set out in the annexed consolidated balance sheet. The profit of the Group for the year after taxation was £1,868,549. After deducting dividends paid of £89,999 the retained profit for the year was £1,778,550.

DIVIDENDS

Two interim dividends of £105.633 per share on each occasion on both the 'A' and 'B' ordinary shares were paid on 1 July 2000 and 30 November 2000 respectively. The directors do not recommend the payment of a final dividend. The payments of these dividends amounted to £89,999.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		At Class of share 30 November 2000	At 1 December 1999
Sir S Sternberg	'A' Ordinary	211	211
Mr M A M Slowe	'B' Ordinary	-	14
Lady H Sternberg	'A' Ordinary	1	1
Mrs V J Slowe *		-	-
Mr M V Sternberg	'A' Ordinary	<u>25</u>	<u>25</u>

*Mrs V J Slowe has an interest in a family trust which held 30 shares in the company at 30 November 2000 (1999 – 57 shares).

FIXED ASSETS

The acquisition and disposal of fixed assets are recorded in the notes to the financial statements.

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2000

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 the Group at the end of the year and of the profit or loss of the Group for the year then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 11 to 12 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DONATIONS

During the year the Group made the following contributions:

	2000	1999
	£	£
Charitable	<u>200</u>	<u>6,310</u>

AUDITORS

A resolution to re-appoint Clayton Stark & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
5th Floor Charles House
108-110 Finchley Road
London NW3 5JJ

Signed by order of the directors


MR M A M SLOWE
Company Secretary

Approved by the directors on29 AUG 2001....

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 30 NOVEMBER 2000**

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 to 12.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, 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 AUDIT 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 Group'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 affairs of the company and the Group as at 30 November 2000 and of the profit of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

5th Floor Charles House
108 - 110 Finchley Road
London NW3 5JJ



CLAYTON STARK & CO
Chartered Accountants
& Registered Auditors

31 AUG 2001
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STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 2000**

	Note	2000 £	1999 as restated £
TURNOVER	2	5,477,628	4,827,384
Cost of sales		(989,913)	(1,056,034)
GROSS PROFIT		4,487,715	3,771,350
Administrative expenses		(1,233,585)	(1,033,934)
Other operating income - profit on disposal of investment properties		172,108	47,000
OPERATING PROFIT	3	3,426,238	2,784,416
Interest receivable and similar income		42,169	35,935
Interest payable	6	(904,864)	(1,101,254)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,563,543	1,719,097
Tax on profit on ordinary activities	7	(694,994)	42,086
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,868,549	1,761,183
Dividends	8	(89,999)	(89,999)
RETAINED PROFIT FOR THE FINANCIAL YEAR		1,778,550	1,671,184
Earnings per share	9	£4,386.3	£4,134.2

PROFIT AFTER TAXATION

Profit after taxation amounting to £1,230,694 (1999 - £572,624) has been dealt with in the accounts of the holding company.

CONTINUING OPERATIONS

None of the Group's activities were acquired or discontinued during the above two financial years.

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 30 NOVEMBER 2000**

	2000 £	1999 £
Profit for the financial year attributable to the shareholders	1,868,549	1,761,183
Unrealised profit/(loss) on revaluation of properties (net of consolidation adjustment)	1,460,723	(586,439)
Total gains and losses recognised since the last annual report	<u>3,329,272</u>	<u>1,174,744</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	1,868,549	1,761,183
Dividends	(89,999)	(89,999)
	<u>1,778,550</u>	<u>1,671,184</u>
Other net recognised gains and losses	1,460,723	(586,439)
Net addition to funds	<u>3,239,273</u>	<u>1,084,745</u>
Opening shareholders' equity funds	10,952,081	9,867,336
Closing shareholders' equity funds	<u>14,191,354</u>	<u>10,952,081</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2000 £	1999 £
Reported profit on ordinary activities before taxation	2,563,543	1,719,097
Realisation of property revaluation surpluses/(deficits) of previous years	16,097	(48,975)
Historical cost profit on ordinary activities before taxation	<u>2,579,640</u>	<u>1,670,122</u>
Historical cost profit for the year retained after taxation and dividends	<u>1,794,647</u>	<u>1,622,209</u>

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

BALANCE SHEET – CONSOLIDATED

30 NOVEMBER 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	10	20,288,840	18,962,873
Investments	11	301	301
		<u>20,289,141</u>	<u>18,963,174</u>
CURRENT ASSETS			
Stocks	12	4,479,752	4,358,943
Debtors	13	273,644	389,485
Cash at bank and in hand		6,700	136
		<u>4,760,096</u>	<u>4,748,564</u>
CREDITORS: Amounts falling due within one year	14	<u>(2,679,281)</u>	<u>(3,696,538)</u>
NET CURRENT ASSETS		<u>2,080,815</u>	<u>1,052,026</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,369,956</u>	<u>20,015,200</u>
CREDITORS: Amounts falling due after more than one year	15	<u>(8,178,602)</u>	<u>(9,063,119)</u>
		<u>14,191,354</u>	<u>10,952,081</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	426	426
Share premium account		41,061	41,061
Revaluation reserve	20	3,214,840	1,770,214
Profit and loss account	21	10,935,027	9,140,380
SHAREHOLDERS' FUNDS		<u>14,191,354</u>	<u>10,952,081</u>

These financial statements were approved by the directors on the 29 AUG 2001....., and are signed on their behalf by:



SIR S STERNBERG
Director

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**BALANCE SHEET – HOLDING COMPANY****30 NOVEMBER 2000**

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	10	20,122,000	18,840,000
Investments	11	553	553
		<u>20,122,553</u>	<u>18,840,553</u>
CURRENT ASSETS			
Debtors	13	287,715	81,226
Cash at bank		90	45
		<u>287,805</u>	<u>81,271</u>
CREDITORS: Amounts falling due within one year	14	<u>(6,690,054)</u>	<u>(5,344,481)</u>
NET CURRENT LIABILITIES		<u>(6,402,249)</u>	<u>(5,263,210)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,720,304</u>	<u>13,577,343</u>
CREDITORS: Amounts falling due after more than one year	15	<u>(520,000)</u>	<u>(2,978,457)</u>
		<u>13,200,304</u>	<u>10,598,886</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	426	426
Share premium account		41,061	41,061
Revaluation reserve	20	3,566,818	2,122,192
Profit and loss account	21	9,591,999	8,435,207
SHAREHOLDERS' FUNDS		<u>13,200,304</u>	<u>10,598,886</u>

These financial statements were approved by the directors on the ...29 AUG 2001....., and are signed on their behalf by:



SIR S. STERNBERG
Director

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**CASH FLOW STATEMENT****YEAR ENDED 30 NOVEMBER 2000**

	2000	1999
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,970,239	4,073,628
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	38,065	35,935
Interest paid	(897,651)	(1,103,486)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(859,586)	(1,067,551)
TAXATION	(149,615)	(479,166)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(335,382)	(3,164,303)
Receipts from sale of fixed assets	603,607	207,500
Consolidation adjustment	-	(1,799,632)
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE	268,225	(4,756,435)
EQUITY DIVIDENDS PAID	(89,999)	(89,999)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING	2,139,264	(2,319,523)
FINANCING		
Repayment of debenture loans	(5,118,952)	(2,229,183)
New bank loans	8,500,000	4,875,000
Repayment of bank loans	(5,129,617)	(261,547)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	(1,748,569)	2,384,270
INCREASE IN CASH	390,695	64,747

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 30 NOVEMBER 2000

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	3,426,238	2,784,416
Depreciation	36,155	33,994
Profit on disposal of fixed assets	(169,624)	(47,257)
(Increase)/Decrease in stocks	(120,809)	1,337,253
Decrease in debtors	3,945	234,949
(Decrease)/Increase in creditors	(205,666)	(269,727)
Net cash inflow from operating activities	2,970,239	4,073,628

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Increase in cash in the period	390,695	64,747
Net cash outflow from debentures	5,118,952	2,229,183
Net cash inflow from bank loans	(3,370,383)	(4,613,453)
Long-term creditors re-classified as short-term	-	501,168
	<u>2,139,264</u>	<u>(1,818,355)</u>
Change in net debt	2,139,264	(1,818,355)
Net debt at 1 December 1999	(11,389,420)	(9,571,065)
Net debt at 30 November 2000	(9,250,156)	(11,389,420)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Dec 1999 £	Cash flows £	At 30 Nov 2000 £
Net cash:			
Cash in hand and at bank	136	6,564	6,700
Overdrafts	(612,385)	384,131	(228,254)
	<u>(612,249)</u>	<u>390,695</u>	<u>(221,554)</u>
Debt:			
Debt due within 1 year	(1,714,052)	864,052	(850,000)
Debt due after 1 year	(9,063,119)	884,517	(8,178,602)
	<u>(10,777,171)</u>	<u>1,748,569</u>	<u>(9,028,602)</u>
Net debt	(11,389,420)	2,139,264	(9,250,156)

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2000****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Therefore, certain fixed assets are not depreciated in accordance with the Companies Act as explained in the depreciation policy note.

In particular, in last year's accounts, adjustment had to be made to eliminate "intra-group" loss on transfer of properties from a subsidiary company's stock of properties to the parent company's portfolio of investment properties, resulting in a 'consolidation' adjustment to the revaluation reserve as shown in note 20.

Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the company and its subsidiary undertakings. No profit and loss account is presented for the company as permitted by section 230 of the Companies Act 1985.

Turnover

All sales of trading properties are stated net of value added tax and costs incurred on their disposal, and recognised where contracts have been completed during the accounting period.

Rents and service charges and fees receivable are stated gross of any expenses incurred in providing the services but excluding value added tax.

Property and refurbishment costs

Irrecoverable running costs directly attributable to specific properties within the Group's portfolio are charged to the profit and loss account as costs of sales. Costs incurred in the improvement of the portfolio which, in the opinion of the directors, are not of a capital nature are written off to the profit and loss account as incurred.

Administration expenses

All costs not directly attributable to the individual properties are treated as administration expenses.

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2000

1. ACCOUNTING POLICIES *(continued)*

Properties

Trading properties are included at the lower of cost and net realisable value.

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Disposals of investment and trading properties are recognised where contracts have been completed during the accounting period. Net surpluses arising on the sale of investment properties are taken to the profit and loss account.

Depreciation

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties and changes in 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 shown cannot be separately identified or quantified.

The Group's policy is to provide depreciation on all fixed assets other than on investment properties as stated above. The rates used are calculated to write off the cost of each asset over their estimated useful lives as follows :-

Leasehold property	over the term of the lease
Fixtures and fittings	15% on reducing balance
Motor vehicles	25% on reducing balance
Office equipment	20% straight line

Stocks

Stock of properties has been valued by the directors at the lower of cost and net realisable value on a basis consistent with previous years.

Pension costs

Pension scheme contributions charged to the Group's profit and loss account are paid into individuals' pension schemes.

Deferred taxation

No provision is made for tax on capital gains which would arise if investment properties owned by the Group were to be realised at the amounts at which they are stated in the accounts. An estimate of the potential liability is given in note 10. Provision is only made for deferred tax if the directors expect liabilities to arise in the foreseeable future.

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2000

2. TURNOVER

Turnover, all of which derives from the United Kingdom, comprises the following:-

	2000 £	1999 £
Sale of properties	1,171,715	453,097
Rents, insurances and service charges receivable	3,543,736	3,645,514
Premiums received on leases taken over	7,700	-
Fees and commissions receivable	754,477	728,773
	<u>5,477,628</u>	<u>4,827,384</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2000 £	1999 £
Depreciation	36,155	33,994
Profit on disposal of investment properties and other fixed assets	(169,624)	(47,257)
Auditors' remuneration		
- as auditors	20,000	20,000
- other services	32,650	29,815

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2000 No.	1999 No.
Number of administrative staff	<u>19</u>	<u>18</u>

The aggregate payroll costs of the above were:

	2000 £	1999 £
Wages and salaries	745,337	630,804
Social security costs	86,602	70,126
Other pension costs	35,198	27,823
	<u>867,137</u>	<u>728,753</u>

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2000

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000 £	1999 £
Emoluments receivable	<u>346,576</u>	<u>271,355</u>

Emoluments of highest paid director:

	2000 £	1999 £
Total emoluments (excluding pension contributions):	<u>244,842</u>	<u>173,044</u>

6. INTEREST PAYABLE

	2000 £	1999 £
Interest payable on bank borrowings	586,023	295,158
Interest payable on other loans	318,841	806,096
	<u>904,864</u>	<u>1,101,254</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
In respect of the year:		
Corporation Tax based on the results for the year at 30% (1999 - 30%)	695,000	147,000
Interest on tax	(6)	(188)
	<u>694,994</u>	<u>146,812</u>
Adjustment in respect of previous years:		
Corporation Tax	-	(188,898)
	<u>694,994</u>	<u>(42,086)</u>

8. DIVIDENDS

The following dividends have been paid in respect of the year:

	2000 £	1999 £
Dividend paid on ordinary shares	<u>89,999</u>	<u>89,999</u>

9. EARNINGS PER SHARE

Earnings per share have been calculated on the net basis on the profit on ordinary activities after taxation of £1,868,549 (1999 - £1,761,183) using the average number of ordinary shares in issue of 426 (1999 - 426).

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2000

10. TANGIBLE FIXED ASSETS

(i) Group

	Investment properties	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST OR VALUATION						
At 1 December 1999	18,840,000	6,118	25,576	128,994	124,922	19,125,610
Additions	225,276	-	2,394	93,093	14,619	335,382
Disposals	(403,999)	-	-	(68,329)	(1,100)	(473,428)
Revaluation	1,460,723	-	-	-	-	1,460,723
At 30 November 2000	<u>20,122,000</u>	<u>6118</u>	<u>27,970</u>	<u>153,758</u>	<u>138,441</u>	<u>20,448,287</u>
DEPRECIATION						
At 1 December 1999	-	1,722	19,744	38,708	102,563	162,737
Charge for the year	-	82	1,234	27,862	6,977	36,155
On disposals	-	-	-	(38,840)	(605)	(39,445)
At 30 November 2000	<u>-</u>	<u>1,804</u>	<u>20,978</u>	<u>27,730</u>	<u>108,935</u>	<u>159,447</u>
NET BOOK VALUE						
At 30 November 2000	<u>20,122,000</u>	<u>4,314</u>	<u>6,992</u>	<u>126,028</u>	<u>29,506</u>	<u>20,288,840</u>
At 30 November 1999	<u>18,840,000</u>	<u>4,396</u>	<u>5,832</u>	<u>90,286</u>	<u>22,359</u>	<u>18,962,873</u>

All the investment properties are held by the holding company.

(ii) COMPANY - INVESTMENT PROPERTIES

	FREEHOLD £	LONG LEASEHOLD £	TOTAL £
AT VALUATION			
At 1 December 1999	17,403,000	1,437,000	18,840,000
Transfer from long leasehold	553,000	(553,000)	-
Additions	225,276	-	225,276
Disposals	(403,999)	-	(403,999)
Revaluation	1,404,723	56,000	1,460,723
At 30 November 2000	<u>19,182,000</u>	<u>940,000</u>	<u>20,122,000</u>

Investment properties were valued on an open market basis at 30 November 2000 by M Slowe Esq., a director of the company who is also a Chartered Surveyor.

The accounts do not provide for any deferred tax liability. In the event of the sale of all of the company's investment properties at book value, it is estimated that an additional corporation tax liability amounting to approximately £475,000 (1999 - £125,000) would crystallise.

The historical cost of investment properties at 30 November 2000 was £16,907,160 (1999 - £17,069,786).

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2000

11. INVESTMENTS

Group

Total
£

Unlisted investments at cost

At 1 December 1999 and 30 November 2000

301

The directors' valuation of the investments does not differ materially from that shown above except for the investment in subsidiaries which is consolidated.

The company's principal subsidiary undertaking which is registered in England and Wales is Martin Slowe Estates Limited, whose principal activity is property dealing, estate management and surveying.

12. STOCKS

	2000 £	1999 £
Stock of properties for resale	<u>4,479,752</u>	<u>4,358,943</u>

13 DEBTORS

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Trade debtors	108,270	140,862	42,908	34,947
Corporation tax repayable	-	116,000	-	-
Dividend receivable from group undertaking	-	-	200,000	-
Other debtors	102,166	46,536	32,166	36,586
Prepayments and accrued income	63,208	86,087	12,641	9,693
	<u>273,644</u>	<u>389,485</u>	<u>287,715</u>	<u>81,226</u>

The debtors above include the following amounts falling due after more than one year:

Group and Company

	2000 £	1999 £
Other debtors	<u>27,540</u>	<u>31,960</u>

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2000

14 CREDITORS: Amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Debenture loans - current portion	-	1,046,552	-	28,780
Bank loans and overdrafts	1,078,254	1,279,885	-	64,500
Trade creditors	38,622	28,220	-	-
Amounts due to group undertakings	-	-	5,940,240	4,835,619
Corporation tax	429,379	-	332,000	72,000
Other taxation and social security	165,232	123,024	43,857	43,560
Other creditors	372,803	596,037	14,340	11,264
Accruals and deferred income	594,991	622,820	359,617	288,758
	<u>2,679,281</u>	<u>3,696,538</u>	<u>6,690,054</u>	<u>5,344,481</u>

The bank loans and overdrafts are secured upon the Group's investment properties and stock of properties for resale. Further details of bank loans and debenture loans are given in note 15.

15. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Debenture loans - current portion	520,000	4,592,400	520,000	2,800,504
Bank loans	7,437,500	4,249,617	-	177,953
Other creditors	221,102	221,102	-	-
	<u>8,178,602</u>	<u>9,063,119</u>	<u>520,000</u>	<u>2,978,457</u>

During the year under review, most of the debenture loans outstanding at the end of last year were repaid, leaving two loans in respect of the company which in aggregate amounted to £520,000. Both loans were originally due to be repaid in July and November 2004 respectively, but the terms were varied in December 1999 such that the loans were to remain available until July 2010 at an interest rate of 2% over LIBOR. The terms of these loans allow for partial capital repayments and also permit re-drawings upto the original amounts of the loans of £1.5 million and £270,000 respectively.

All of the group's and the company's bank loans outstanding at the end of last year were repaid during the year under review. A new ten year consolidating bank loan of £8.5 million was negotiated by the main subsidiary, Martin Slowe Estates Limited and this is repayable by equal quarterly instalments of £212,500 each commencing on 19 October 2000. Interest on the loan is charged at 2% over LIBOR.

All of the debenture loans and the bank loans and overdrafts are secured upon the investment properties and stock of properties for resale and also by floating charges over the assets of the companies concerned.

Other creditors are repayable on demand, although it is anticipated that none of these will fall due for repayment within one year.

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2000

15. CREDITORS: Amounts falling due after more than one year *(continued)*

Additional disclosures relating to debenture loans and bank loans

The aggregate liabilities repayable in whole, otherwise than by instalments, and due for repayment after more than five years from the balance sheet date for both the group and the company amounted to £520,000 (1999 - £nil)

The aggregate liabilities repayable by instalments, some of which fall due for payment after more than five years from the balance sheet date are as follows:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Debenture loans	-	3,008,952	-	1,059,284
Bank loans	8,287,500	1,283,038	-	-
	<u>8,287,500</u>	<u>4,291,990</u>	<u>-</u>	<u>1,059,284</u>

16. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
In one year or less, or on demand	1,078,254	2,326,437	-	93,280
Between one and two years	850,000	1,641,000	-	101,000
Between two and five years	2,550,000	4,672,579	-	2,006,953
In five years or more	4,557,500	2,528,438	520,000	870,504
	<u>9,035,754</u>	<u>11,168,454</u>	<u>520,000</u>	<u>3,071,737</u>

17. CONTINGENCIES

The activities of the main subsidiary company, Martin Slowe Estates Limited includes the management of estates and as a result it holds clients' funds in trust. During the year the funds held in trust for clients have been verified to amounts owing to clients and at 30 November 2000, this amounted to £245,139 (1999 - £269,757). In the event that there is a shortfall of funds, the company would have to meet this liability.

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2000

18. RELATED PARTY TRANSACTIONS

Included in other creditors (amounts falling due within one year), are loans to Martin Slowe Estates Limited, a subsidiary of the company, by related parties as follows:

	2000	1999
	£	£
Finer Homes Limited	-	(166,875)
Sir Sigmund Sternberg	(718)	(718)
Mr M Slowe	(454)	(75,454)
Lady Hazel Sternberg and Mrs V J Slowe (jointly)	<u>(344,746)</u>	<u>(312,996)</u>

Included in other creditors (amounts falling due after more than one year), is an interest-free loan to Martin Slowe Estates Limited by Finer Homes Limited of £221,102 (1999 - £221,102).

Other debtors includes £70,000 due to Martin Slowe Estates Limited from Finer Homes Limited in respect of a trading transaction.

Finer Homes Limited is a company controlled by Sir Sigmund Sternberg, a director of the company. Mr M Slowe, Lady Hazel Sternberg and Mrs V J Slowe are also directors of the company.

Rents payable by Martin Slowe Estates Limited to Finer Homes Limited in respect of its office premises amounted to £48,000 (1999 - £48,000).

Martin Slowe Estates Limited purchased properties amounting to £nil (1999 - £125,000) from Finer Homes Limited. Sales of properties to Finer Homes Limited by Martin Slowe Estates Limited and Starmount (Securities) Limited amounted to £290,000 (1999 - £340,000) and £425,000 (1999 - £195,000) respectively.

Martin Slowe Estates Limited also received £20,450 (1999 - £14,180) in management and professional fees in respect of the property portfolio of Finer Homes Limited.

Interest paid by Martin Slowe Estates Limited to Finer Homes Limited and Mr M Slowe in respect of amounts due within one year amounted to £8,763 (1999 - £36,622) and £4,381 (1999 - £5,811) respectively.

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2000

19. SHARE CAPITAL

Authorised share capital:

	2000	1999
	£	£
284 'A' Ordinary shares of £1.00 each	284	284
142 'B' Ordinary shares of £1.00 each	142	142
	<u>426</u>	<u>426</u>

Allotted, called up and fully paid:

	2000		1999	
	No.	£	No.	£
'A' Ordinary shares	284	284	284	284
'B' Ordinary shares	142	142	142	142
	<u>426</u>	<u>426</u>	<u>426</u>	<u>426</u>

Both the 'A' and 'B' shares rank pari passu as one class for participation in the profits and assets of the company.

'A' shareholders have a right to appoint one director and 'B' shareholders have a right to appoint one director. There are currently 3 'A' directors and 2 'B' directors.

20. REVALUATION RESERVE

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Balance brought forward	1,770,214	2,307,678	2,122,192	860,024
Revaluation of fixed assets	1,460,723	1,213,193	1,460,723	1,213,193
Transfer (to)/from the Profit and Loss Account on realisation	(16,097)	48,975	(16,097)	48,975
Consolidation adjustment	-	(1,799,632)	-	-
Balance carried forward	<u>3,214,840</u>	<u>1,770,214</u>	<u>3,566,818</u>	<u>2,122,192</u>

21. PROFIT AND LOSS ACCOUNT

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Balance brought forward	9,140,380	7,518,171	8,435,207	8,001,557
Retained profit for the financial year	1,778,550	1,671,184	1,140,695	482,625
Transfer (to)/from revaluation reserve	16,097	(48,975)	16,097	(48,975)
Balance carried forward	<u>10,935,027</u>	<u>9,140,380</u>	<u>9,591,999</u>	<u>8,435,207</u>