

**STARMOUNT (SECURITIES) LIMITED AND
SUBSIDIARIES**

FINANCIAL STATEMENTS

FOR

30 NOVEMBER 2001

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 2001

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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 2001

The directors have pleasure in presenting their report and the financial statements of the Group for the year ended 30 November 2001.

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 £1,633,424. After deducting dividends paid of £89,999 the retained profit for the year was £1,543,425.

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 2001 and 1 November 2001 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 30 November 2001	At 1 December 2000
Sir S Sternberg	'A' Ordinary	211	211
Mr M A M Slowe		-	-
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 'B' Ordinary shares in the company at 30 November 2001 (2000 - 30 'B' Ordinary 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 2001****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 company 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:

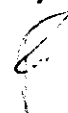
	2001	2000
	£	£
Charitable	<u>700</u>	<u>200</u>

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 on **31 MAY 2002**

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 30 NOVEMBER 2001**

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 in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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 Group 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.

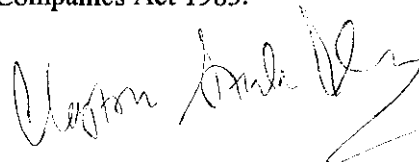
BASIS OF AUDIT OPINION

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 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 2001 and of the profit of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



CLAYTON STARK & CO
Chartered Accountants
& Registered Auditors

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

- 6 JUN 2002

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

	Note	2001 £	2000 £
TURNOVER	2	4,769,328	5,477,628
Cost of sales		(623,615)	(989,913)
GROSS PROFIT		4,145,713	4,487,715
Administrative expenses		(1,232,575)	(1,233,585)
Other operating income – profit on disposal of investment properties		5,837	172,108
OPERATING PROFIT	3	2,918,975	3,426,238
Interest receivable and similar income		36,446	42,169
Interest payable	6	(615,120)	(904,864)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,340,301	2,563,543
Tax on profit on ordinary activities	7	(706,877)	(694,994)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,633,424	1,868,549
Dividends	8	(89,999)	(89,999)
RETAINED PROFIT FOR THE FINANCIAL YEAR		1,543,425	1,778,550
Earnings per share	9	£3,834.3	£4,386.3

PROFIT AFTER TAXATION

Profit after taxation amounting to £1,624,179 (2000 - £1,230,694), after taking account of dividends from a subsidiary undertaking, has been dealt with in the financial statements 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**YEAR ENDED 30 NOVEMBER 2001****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2001 £	2000 £
Profit for the financial year attributable to the shareholders	1,633,424	1,868,549
Unrealised profit on revaluation of properties	620,392	1,460,723
Total gains and losses recognised since the last annual report	<u>2,253,816</u>	<u>3,329,272</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	1,633,424	1,868,549
Dividends	(89,999)	(89,999)
	<u>1,543,425</u>	<u>1,778,550</u>
Other net recognised gains and losses	620,392	1,460,723
Net addition to funds	<u>2,163,817</u>	<u>3,239,273</u>
Opening shareholders' equity funds	14,191,354	10,952,081
Closing shareholders' equity funds	<u>16,355,171</u>	<u>14,191,354</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2001 £	2000 £
Reported profit on ordinary activities before taxation	2,340,301	2,563,543
Realisation of property revaluation surpluses of previous years	12,200	16,097
Historical cost profit on ordinary activities before taxation	<u>2,352,501</u>	<u>2,579,640</u>
Historical cost profit for the year retained after taxation and dividends	<u>1,555,625</u>	<u>1,794,647</u>

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**BALANCE SHEET – CONSOLIDATED****30 NOVEMBER 2001**

	Note	2001		2000	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		20,968,910		20,288,840
Investments	11		301		301
			<u>20,969,211</u>		<u>20,289,141</u>
CURRENT ASSETS					
Stocks	12	4,378,839		4,479,752	
Debtors	13	249,476		273,644	
Cash at bank and in hand		57,894		6,700	
		<u>4,686,209</u>		<u>4,760,096</u>	
CREDITORS: Amounts falling due within one year	14	<u>(2,471,647)</u>		<u>(2,679,281)</u>	
NET CURRENT ASSETS			<u>2,214,562</u>		<u>2,080,815</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,183,773</u>		<u>22,369,956</u>
CREDITORS: Amounts falling due after more than one year	15		<u>(6,828,602)</u>		<u>(8,178,602)</u>
			<u>16,355,171</u>		<u>14,191,354</u>
CAPITAL AND RESERVES					
Called-up equity share capital	19		426		426
Share premium account			41,061		41,061
Revaluation reserve	20		3,823,032		3,214,840
Profit and Loss Account	21		12,490,652		10,935,027
SHAREHOLDERS' FUNDS			<u>16,355,171</u>		<u>14,191,354</u>

These financial statements were approved by the directors on the 31 MAY 2002, and are signed on their behalf by:



SIR S STERNBERG
Director

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**BALANCE SHEET – HOLDING COMPANY****30 NOVEMBER 2001**

	Note	2001		2000	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		20,801,000		20,122,000
Investments	11		453		553
			<u>20,801,453</u>		<u>20,122,553</u>
CURRENT ASSETS					
Debtors	13	596,226		287,715	
Cash at bank		60		90	
		<u>596,286</u>		<u>287,805</u>	
CREDITORS: Amounts falling due within one year	14	<u>(6,022,863)</u>		<u>(6,690,054)</u>	
NET CURRENT LIABILITIES			<u>(5,426,577)</u>		<u>(6,402,249)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,374,876</u>		<u>13,720,304</u>
CREDITORS: Amounts falling due after more than one year	15		<u>(20,000)</u>		<u>(520,000)</u>
			<u>15,354,876</u>		<u>13,200,304</u>
CAPITAL AND RESERVES					
Called-up equity share capital	19		426		426
Share premium account			41,061		41,061
Revaluation reserve	20		4,175,010		3,566,818
Profit and Loss Account	21		11,138,379		9,591,999
SHAREHOLDERS' FUNDS			<u>15,354,876</u>		<u>13,200,304</u>

31 MAY 2002

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



SIR S. STERNBERG
Director

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**CASH FLOW STATEMENT****YEAR ENDED 30 NOVEMBER 2001**

	2001	2000
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	3,024,583	2,970,239
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	37,434	38,065
Interest paid	(650,396)	(897,651)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(612,962)	(859,586)
TAXATION	(585,000)	(149,615)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(189,192)	(335,382)
Receipts from sale of fixed assets	79,087	603,607
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	(110,105)	268,225
EQUITY DIVIDENDS PAID	(89,999)	(89,999)
CASH INFLOW BEFORE FINANCING	1,626,517	2,139,264
FINANCING		
Repayment of debenture loans	(500,000)	(5,118,952)
New bank loans	-	8,500,000
Repayment of bank loans	(850,000)	(5,129,617)
NET CASH OUTFLOW FROM FINANCING	(1,350,000)	(1,748,569)
INCREASE IN CASH	276,517	390,695

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 30 NOVEMBER 2001****RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2001 £	2000 £
Operating profit	2,918,975	3,426,238
Depreciation	52,684	36,155
Profit on disposal of fixed assets	(2,257)	(169,624)
Decrease/(Increase) in stocks	100,913	(120,809)
Decrease in debtors	23,180	3,945
Decrease in creditors	(68,912)	(205,666)
Net cash inflow from operating activities	3,024,583	2,970,239

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001 £	2000 £
Increase in cash in the period	276,517	390,695
Net cash outflow from debentures	500,000	5,118,952
Net cash outflow/(inflow) from bank loans	850,000	(3,370,383)
	1,626,517	2,139,264
Change in net debt	1,626,517	2,139,264
Net debt at 1 December 2000	(9,250,156)	(11,389,420)
Net debt at 30 November 2001	(7,623,639)	(9,250,156)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Dec 2000 £	Cash flows £	At 30 Nov 2001 £
Net cash:			
Cash in hand and at bank	6,700	51,194	57,894
Overdrafts	(228,254)	225,323	(2,931)
	(221,554)	276,517	54,963
Debt:			
Debt due within 1 year	(850,000)	-	(850,000)
Debt due after 1 year	(8,178,602)	1,350,000	(6,828,602)
	(9,028,602)	1,350,000	(7,678,602)
Net debt	(9,250,156)	1,626,517	(7,623,639)

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2001****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, a consolidation adjustment is made to eliminate "intra-group" profit/(loss) on transfer of properties from a subsidiary company's stock of properties to the parent company's portfolio of investment properties. When applicable, such adjustment is taken to the revaluation reserve in the year in which it arises.

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.

Goodwill arising on consolidation and representing the excess of the purchase price over the fair value of the net assets acquired, is charged to reserves in the year in which it arises.

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 2001

1. ACCOUNTING POLICIES *(continued)*

Properties

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

Investment properties are shown at their 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:

Leashold 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 2001****2. TURNOVER**

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

	2001 £	2000 £
Sale of properties	466,338	1,171,715
Rents, insurances and service charges receivable	3,514,478	3,543,736
Premiums received on leases taken over	-	7,700
Fees and commissions receivable	788,512	754,477
	<u>4,769,328</u>	<u>5,477,628</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2001 £	2000 £
Depreciation	52,684	36,155
Profit on disposal of investment properties and other fixed assets	(2,257)	(169,624)
Auditors' remuneration		
- as auditors	20,000	20,000
- other services	38,300	32,650
	<u>88,727</u>	<u>(116,869)</u>

4. PARTICULARS OF EMPLOYEES

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

	2001 No.	2000 No.
Number of administrative staff	<u>17</u>	<u>18</u>

The aggregate payroll costs of the above were:

	2001 £	2000 £
Wages and salaries	806,333	745,337
Social security costs	97,182	86,602
Other pension costs	36,831	35,198
	<u>940,346</u>	<u>867,137</u>

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2001****5. DIRECTORS' EMOLUMENTS**

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

	2001 £	2000 £
Emoluments receivable	<u>373,203</u>	<u>346,576</u>

Emoluments of highest paid director:

	2001 £	2000 £
Total emoluments (excluding pension contributions):	<u>262,644</u>	<u>244,842</u>

6. INTEREST PAYABLE

	2001 £	2000 £
Interest payable on bank borrowing	587,699	586,023
Interest payable on other loans	27,421	318,841
	<u>615,120</u>	<u>904,864</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
In respect of the year:		
Corporation Tax based on the results for the year at 30% (2000 - 30%)	700,000	695,000
Interest on tax	-	(6)
	<u>700,000</u>	<u>694,994</u>
Adjustment in respect of previous years:		
Corporation Tax	6,877	-
	<u>706,877</u>	<u>694,994</u>

8. DIVIDENDS

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

	2001 £	2000 £
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 £1,633,424 (2000 - £1,868,549) using the average number of ordinary shares in issue of 426 (2000 - 426).

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2001

10. TANGIBLE FIXED ASSETS

(i) Group

	Investment properties £	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST OR VALUATION						
At 1 December 2000	20,122,000	6,118	27,970	153,758	138,441	20,448,287
Additions	121,608	-	132	31,434	36,018	189,192
Disposals	(63,000)	-	-	(22,295)	(1,100)	(86,395)
Revaluation	620,392	-	-	-	-	620,392
At 30 November 2001	<u>20,801,000</u>	<u>6118</u>	<u>28,102</u>	<u>162,897</u>	<u>173,359</u>	<u>21,171,476</u>
DEPRECIATION						
At 1 December 2000	-	1,804	20,978	27,730	108,935	159,447
Charge for the year	-	82	1,069	34,069	17,464	52,684
On disposals	-	-	-	(8,905)	(660)	(9,565)
At 30 November 2001	<u>-</u>	<u>1,886</u>	<u>22,047</u>	<u>52,894</u>	<u>125,739</u>	<u>202,566</u>
NET BOOK VALUE						
At 30 November 2001	<u>20,801,000</u>	<u>4,232</u>	<u>6,055</u>	<u>110,003</u>	<u>47,620</u>	<u>20,968,910</u>
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>

All the investment properties are held by the holding company.

(ii) Company – Investment Properties

	Freehold £	Long Leasehold £	Total £
AT VALUATION			
At 1 December 2000	19,182,000	940,000	20,122,000
Additions	121,608	-	121,608
Disposals	(63,000)	-	(63,000)
Revaluation	607,392	13,000	620,392
At 30 November 2001	<u>19,848,000</u>	<u>953,000</u>	<u>20,801,000</u>

Investment properties were valued on an open market basis at 30th November 2001 by Mr M Slowe, 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 £530,000 (2000 - £475,000) would crystallise.

The historical cost of investment properties at 30 November 2001 was £16,977,968 (2000 - £16,907,160).

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2001

11. INVESTMENTS

Group

	Total £
Unlisted investments at cost	
At 1 December 2000 and 30 November 2001	<u>301</u>

Company

	Investment in Subsidiaries £	Other Unlisted Investments £	Total £
COST			
At 1st December 2000 and 30th November 2001	<u>252</u>	<u>301</u>	<u>553</u>
AMOUNTS WRITTEN OFF			
Written off in year	<u>100</u>	-	<u>100</u>
At 30th November 2001	<u>100</u>	-	<u>100</u>
NET BOOK VALUE			
At 30th November 2001	<u>152</u>	<u>301</u>	<u>453</u>
At 30th November 2000	<u>252</u>	<u>301</u>	<u>553</u>

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

Group

	2001 £	2000 £
Stock consists of properties for resale	<u>4,378,839</u>	<u>4,479,752</u>

13. DEBTORS

	Group		Company	
	2001 £	2000 £	2001 £	2000 £
Trade debtors	114,577	108,270	40,285	42,908
Dividend receivable from group undertaking	-	-	475,000	200,000
Other debtors	67,297	102,166	67,257	32,166
Prepayments and accrued income	67,602	63,208	13,684	12,641
	<u>249,476</u>	<u>273,644</u>	<u>596,226</u>	<u>287,715</u>

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2001

13. DEBTORS *(continued)*

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

Group and company	2001 £	2000 £
Other debtors	<u>58,681</u>	<u>27,540</u>

14. CREDITORS: Amounts falling due within one year

	Group		Company	
	2001 £	2000 £	2001 £	2000 £
Bank loans and overdrafts	852,931	1,078,254	-	-
Trade creditors	14,942	38,622	-	-
Amounts due to group undertakings	-	-	5,411,633	5,940,240
Corporation Tax	551,256	429,379	274,675	332,000
Other taxation and social security	178,960	165,232	46,384	43,857
Other creditors	390,204	372,803	17,463	14,340
Accruals and deferred income	483,354	594,991	272,708	359,617
	<u>2,471,647</u>	<u>2,679,281</u>	<u>6,022,863</u>	<u>6,690,054</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	
	2001 £	2000 £	2001 £	2000 £
Debenture loans	20,000	520,000	20,000	520,000
Bank loans and overdrafts	6,587,500	7,437,500	-	-
Other creditors	221,102	221,102	-	-
	<u>6,828,602</u>	<u>8,178,602</u>	<u>20,000</u>	<u>520,000</u>

The debenture loans consist of two loans in respect of the **company**. The terms of these loans allow for partial capital repayments and also permit re-drawings up to the original amounts of the loans of £1.5 million and £270,000 respectively. Interest is charged on both loans at 2% over LIBOR. Both the loans are due to be repaid on 20 July 2010.

The bank loan is in respect of the main subsidiary, Martin Slowe Estates Limited and interest is charged at 2% over LIBOR. The loan is repayable by equal quarterly instalments of £212,500 and is due to be repaid by 19 July 2010.

All of the bank and debenture loans are secured upon the group's 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 2001

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** are as follows:

	2001 £	2000 £
Debenture loans	<u>20,000</u>	<u>520,000</u>

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

Group

	2001 £	2000 £
Bank loan	<u>7,437,500</u>	<u>8,287,500</u>

16. CREDITORS - CAPITAL INSTRUMENTS

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

	Group		Company	
	2001 £	2000 £	2001 £	2000 £
In one year or less, or on demand	852,931	1,078,254	-	-
Between one and two years	850,000	850,000	-	-
Between two and five years	2,550,000	2,550,000	-	-
In five years or more	3,207,500	4,557,500	20,000	520,000
	<u>7,460,431</u>	<u>9,035,754</u>	<u>20,000</u>	<u>520,000</u>

The above liabilities comprise debenture loans, a bank loan and an overdraft.

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 2001, this amounted to £276,812 (2000 - £245,139). 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 2001

18. RELATED PARTY TRANSACTIONS

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.

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:

	2001	2000
	£	£
Sir Sigmund Sternberg	718	718
Mr M Slowe	454	454
Lady Hazel Sternberg and Mrs V J Slowe (jointly)	<u>358,496</u>	<u>344,746</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 (2000 - £221,102).

Other debtors includes £NIL (2000 - £70,000) due to Martin Slowe Estates Limited from Finer Homes Limited in respect of a trading transaction.

Rents payable by Martin Slowe Estates Limited to Finer Homes Limited in respect of its office premises amounted to £48,000 (2000 - £48,000).

Sales of properties to Finer Homes Limited by Martin Slowe Estates Limited and Starmount (Securities) Limited amounted to £NIL (2000 - £290,000) and £NIL (2000 - £425,000) respectively.

Martin Slowe Estates Limited also received £23,247 (2000 - £20,450) in management and professional fees in respect of the property portfolio of Finer Homes Limited.

Interest received by Martin Slowe Estates Limited from Finer Homes Limited on a short-term trading loan amounted to £2,974 (2000 - £NIL). Interest paid by Martin Slowe Estates Limited to Finer Homes Limited in respect of amounts due within one year amounted to £NIL (2000 - £8,763).

Interest paid to Mr M Slowe in respect of his loan to Martin Slowe Estates Limited amounted to £NIL (2000 - £4,381).

STARMOUNT (SECURITIES) LIMITED AND SUBSIDIARIES

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 NOVEMBER 2001

	2001 £	2000 £
19. SHARE CAPITAL		
Authorised share capital:		
	2001 £	2000 £
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:		
	2001	2000
	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	
	2001	2000	2001	2000
	£	£	£	£
Balance brought forward	3,214,840	1,770,214	3,566,818	2,122,192
Revaluation of fixed assets	620,392	1,460,723	620,392	1,460,723
Transfer to the Profit and Loss Account on realisation	(12,200)	(16,097)	(12,200)	(16,097)
Balance carried forward	<u>3,823,032</u>	<u>3,214,840</u>	<u>4,175,010</u>	<u>3,566,818</u>

21. PROFIT AND LOSS ACCOUNT

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Balance brought forward	10,935,027	9,140,380	9,591,999	8,435,207
Retained profit for the financial year	1,543,425	1,778,550	1,534,180	1,140,695
Transfer from revaluation reserve	12,200	16,097	12,200	16,097
Balance carried forward	<u>12,490,652</u>	<u>10,935,027</u>	<u>11,138,379</u>	<u>9,591,999</u>