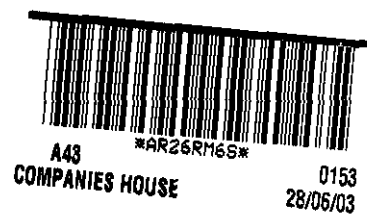


Advance Property Investments Limited

**Directors' report and financial
statements**

Registered number 533765

31 August 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2002.

Financial

The profit for the year after taxation amounted to £13,579 (2001 : £19,066). The directors recommend no dividend be paid in respect of the year ended 31 August 2002 (2001: nil).

Activities

The company carried on the activity of property investment.

The directors are satisfied with the result for the year.

Freehold investment property

Information relating to freehold investment property is given in note 5 to the financial statements.

Directors

The directors who served during the year were as follows:

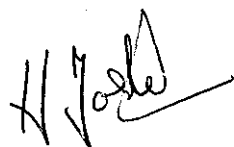
Mrs HJ Craven
JH McLauchlan - alternate director

Mrs HJ Craven had an interest in the whole of the company's issued shares throughout the year ended 31 August 2002.

Auditors

KPMG LLP were appointed as auditors at the last Annual General Meeting. A resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed as the forthcoming Annual General Meeting.

By order of the board



H Foster
Secretary

Misterton Hall
Lutterworth
17 June 2003

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 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 Waterloo Way
Leicester
LE1 6LP

Report of the independent auditors' to the members of Advance Property Investments Limited

We have audited the financial statements on pages 4 to 11.

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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

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 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 31 August 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditor

25 June 2003

Profit and loss account
for the year ended 31 August 2003

	<i>Note</i>	2002 £	2001 £
Turnover		25,441	27,340
Administrative expenses		(9,722)	(9,681)
Operating profit		15,719	17,659
Interest receivable and similar income	3	1,140	5,985
Profit on ordinary activities before taxation	2	16,859	23,644
Tax on profit on ordinary activities	4	(3,280)	(4,578)
Profit on ordinary activities after taxation		13,579	19,066
Retained profit brought forward		133,349	114,283
Retained profit carried forward		146,928	133,349

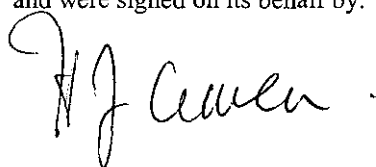
All activities relate to continuing operations.

A statement of total recognised gains and losses is given on page 6.

Balance sheet
at 31 August 2003

	Note	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	5		505,273		170,485
Current assets					
Debtors	6	5,700		4,750	
Cash at bank and in hand		35,974		121,396	
		<u>41,674</u>		<u>126,146</u>	
Creditors: amounts falling due within one year	7	<u>(6,235)</u>		<u>(6,460)</u>	
Net current assets			35,439		119,686
Total assets less current liabilities			<u>540,712</u>		<u>290,171</u>
Net assets			<u>540,712</u>		<u>290,171</u>
Capital and reserves					
Called up share capital	9		100		100
Revaluation reserve	10		393,684		156,722
Profit and loss account	11		146,928		133,349
Equity shareholders funds			<u>540,712</u>		<u>290,171</u>

These financial statements were approved by the board of directors on 17 June 2003
 and were signed on its behalf by:



HJ Craven
 Director

Statement of total recognised gains and losses
for the year ended 31 August 2002

	2002 £	2001 £
Profit for the financial year	13,579	19,066
Unrealised surplus on revaluation of properties	236,962	-
Decrease in unrealised deferred tax provision on revalued properties	-	2,977
Total recognised gains and losses relating to the year	250,541	22,043

Reconciliation of movement in shareholders funds
for the year ended 31 August 2002

	2002 £	2001 £
Profit for the financial year	13,579	19,066
Opening equity shareholders funds	290,171	268,128
Other recognised gains and losses relating to the year	236,962	2,977
Closing equity shareholders funds	540,712	290,171

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred taxation' in these financial statements. It was not necessary to restate comparative figures.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Depreciation

Depreciation is provided by the company to write off the cost of tangible fixed assets by equal instalments over their useful economic lives as follows:-

Fixtures and fittings - 10% per annum

Under the terms of SSAP 19 the company is excluded from providing depreciation in respect of freehold investment properties.

Operating leases

Rents receivable on freehold investment properties, under the terms of operating leases, are included in the profit and loss account on a receivable basis.

2 Profit on ordinary activities before taxation

	2002 £	2001 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration		
- Audit	1,175	940
- Other services	700	640

The only employees during the two years were the director and company secretary who received no remuneration in either year.

Notes (continued)

3 Interest receivable

	2002 £	2001 £
Loan to Willowbrook Properties Limited	-	5,633
Short term deposits	595	352
Other interest	545	-
	<u>1,140</u>	<u>5,985</u>

4 Taxation

Analysis of charge in the year:

	2002 £	2001 £
<i>UK corporation tax</i>		
Current year at 19.58% (2001: 20%)	3,280	4,653
Adjustment to prior year	-	(75)
	<u>3,280</u>	<u>4,578</u>
Total current tax	3,280	4,578
Deferred taxation (see note 8)	-	-
	<u>3,280</u>	<u>4,578</u>
Tax on profit on ordinary activities	3,280	4,578

Factors affecting the tax charge for the current year

The current tax charge for the period is lower (2001: lower) than the standard rate of corporation tax in the UK (19.58%, 2001: 20%). The differences are explained below:

Current tax reconciliation

	2002 £	2001 £
Profit on ordinary activities before tax	16,859	23,644
Current tax at 19.58% (2001: 20%)	3,301	4,729
Capital allowances in excess of depreciation	(21)	(76)
Adjustments in respect of prior year	-	(75)
	<u>3,280</u>	<u>4,578</u>
Current tax charge for the year	3,280	4,578

Notes (continued)

5 Tangible fixed assets

	Freehold properties £	Fixtures and fittings £	Total £
Cost or valuation			
At beginning of year	167,500	7,125	174,625
Additions	98,538	-	98,538
Revaluations	236,962	-	236,962
At end of year	503,000	7,125	510,125
Accumulated depreciation			
At beginning of year	-	4,140	4,140
Charge for the year	-	712	712
At end of year	-	4,852	4,852
Net book value			
At 31 August 2002	503,000	2,273	505,273
At 31 August 2001	167,500	2,985	170,485

Tangible fixed assets comprise freehold investment properties stated at open market valuation, in accordance with Statement of Standard Accounting Practice No 19. The properties are let under operating leases.

In August 2002 the property was valued by Sturgis Shattock and Partners, Chartered Surveyors (RICS) on the basis of open market value.

	At 31 August 2002 £	At 31 August 2001 £
The costs of revalued freehold properties are:		
Cost	109,316	10,778

6 Debtors

	2002 £	2001 £
Trade debtors	3,516	4,750
Other debtors	1,976	-
Prepayments	208	-
	5,700	4,750

Notes *(continued)*

7 Creditors

	2002 £	2001 £
Other creditors	2,955	1,807
Corporation tax	3,280	4,653
	<u>6,235</u>	<u>6,460</u>

8 Provisions for liabilities and charges

The amounts provided for deferred taxation are set out below:

	2002		2001	
	Provided £	Unprovided £	Provided £	Unprovided £
Potential capital gain on revalued properties	-	48,563	-	1,904

The deferred tax liability represents tax on the potential capital gain that would arise should the freehold investment properties be disposed of at their revalued amounts.

9 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
Ordinary shares of £1 each	5,000	5,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100

Notes *(continued)*

10 Revaluation reserve

	2002 £	2001 £
At beginning of year	156,722	153,745
Revaluation during the year	236,962	-
Decrease in provisions for liabilities and charges	-	2,977
At end of year	393,684	156,722

11 Profit and loss account

	2002 £	2001 £
Profit for the financial year	13,579	19,066
Retained profit brought forward	133,349	114,283
Retained profit carried forward	146,928	133,349

12 Cash flow statement

Under Financial Reporting Standard No 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is entitled to the exemptions available in sections 246 to 249 of the Companies Act 1985 for small companies.

13 Ultimate controlling party

The ultimate controlling party is Mrs HJ Craven by virtue of her shareholding.