REGISTRAR OF COMPANIES

Bluston Securities Limited

Report and Financial Statements

Year Ended

31 March 1999



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31/01/00

BDO

BDO Stoy Hayward
Chartered Accountants

BLUSTON SECURITIES LIMITED

Annual report and financial statements for the year ended 31 March 1999

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Directors

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Directors

Mrs L E Bluston
M D Paisner
E L Langton

Secretary and registered office

M D Paisner, 8 Baker Street, London W1M 1DA.

Company number

650310

Auditors

BDO Stoy Hayward, 8 Baker Street, London W1M 1DA.

BLUSTON SECURITIES LIMITED

Report of the directors for the year ended 31 March 1999

The directors present their annual report together with the audited financial statements for the year ended 31 March 1999.

Principal activities, trading review and future developments

The company, which is situated in Great Britain, carries on the business of property investment and management.

The company has been profitable during the year and it is anticipated that the company will continue to be profitable.

Results and dividends

The profit and loss account is set out on page 4 and shows the company's profit for the year together with the amount proposed to be retained.

An interim dividend of 20p (1998 - 20p) per share was paid during the year. The directors do not recommend the payment of a final dividend (1998 - £Nil).

Interests in investment properties

The directors are of the opinion that the present value of the company's investment properties exceeds their book value but, in view of the uncertainty of realisable values under current market conditions, do not consider a professional valuation to be worthwhile. Any surplus, if realised, would be subject to taxation.

No provision has been made for depreciation on freehold land and buildings, since the directors consider this would be immaterial.

Year 2000

The company does not appear to have been affected by any of the anticipated problems associated with the Year 2000. However the directors will continue to monitor the company's systems and in the event of any problems have plans in place to minimise any impact.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	25p ordinary shares	
	1999	1998
Mrs L E Bluston	802,400	802,400
Mrs L E Bluston - as joint trustee	505,000	505,000
M D Paisner	-	-
E L Langton	-	-

M D Paisner and E L Langton as joint trustees have a non-beneficial interest in 608,000 ordinary shares.

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.

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.

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

By order of the Board

M D Paisner

Secretary

Date 26.1.00

BLUSTON SECURITIES LIMITED

Report of the auditors

To the shareholders of Bluston Securities Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 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.

Qualified opinion arising from disagreement about accounting treatment

The company has not included its investment properties in the balance sheet at open market value as required by Statement of Standard Accounting Practice No 19. We are unable to quantify the amount of the open market value.

Except for the above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

In our opinion the subject matter of the foregoing qualification is not material for determining whether the distributions of £321,480 by the company are permitted under section 263 of the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

26 January 2000

BLUSTON SECURITIES LIMITED

Profit and loss account for the year ended 31 March 1999

	Note	1999 £	1998 £
Turnover	2	903,419	814,531
Administrative expenses		289,383	317,598
Operating profit	3	614,036	496,933
Profit on sale of freehold property		644,798	-
Operating profit before interest receivable		1,258,834	496,933
Interest receivable and income from other investments	5	212,906	218,950
Profit on ordinary activities before taxation		1,471,740	715,883
Taxation on profit on ordinary activities	6	311,693	214,720
Profit on ordinary activities after taxation		1,160,047	501,163
Dividends	7	321,480	321,480
Retained profit for the year	14	838,567	179,683

All amounts relate to continuing activities.
All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

BLUSTON SECURITIES LIMITED

Balance sheet at 31 March 1999

	Note	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets					
Investment properties	8		1,567,452		1,652,221
Other tangible assets	9		5,329		6,603
			1,572,781		1,658,824
Current assets					
Debtors	10	262,134		271,231	
Investments	11	1,124,016		1,124,016	
Cash at bank and in hand		3,304,940		2,207,910	
		4,691,090		3,603,157	
Creditors: amounts falling due within one year	12	737,739		574,416	
Net current assets			3,953,351		3,028,741
			5,526,132		4,687,565
Capital					
Called up share capital	13		401,850		401,850
Reserves					
Non-distributable reserve	14	1,198,994		620,423	
Revenue reserve	14	3,925,288		3,665,292	
			5,124,282		4,285,715
Shareholders' funds			5,526,132		4,687,565

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

The financial statements were approved by the Board on 26-1-00

E L Langton
Director

The notes on pages 6 to 10 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards except as set out below. The following principal accounting policies have been applied:

Turnover

Turnover represents net rent receivable on investment property.

Depreciation

No provision is made for depreciation on freehold land and buildings. The directors consider that this accounting policy, which represents a departure from the Companies Act 1985, is appropriate since depreciation of these investment properties would be immaterial.

Leasehold properties are amortised over the period of the leases and other fixed assets are depreciated at the following annual rates:

Motor vehicles	-	25% on written down value
Fixtures, fittings and office equipment	-	10% on written down value

Valuation of investments

Investments held as current assets are stated at the lower of cost and net realisable value.

Valuation of investment properties

Freehold and long leasehold investment properties are stated in the financial statements at cost and are not revalued as required by Statement of Standard Accounting Practice No. 19. The directors are of the opinion that the present value of the company's properties exceeds their book value, but do not feel justified in incurring the cost of a professional valuation.

2 Turnover

All turnover arises from rental income in the United Kingdom as set out below.

	1999 £	1998 £
Gross rental income	1,126,599	1,111,535
Net property outgoings	(223,180)	(297,004)
	903,419	814,531

3 Operating profit is stated after charging/(crediting):

	1999 £	1998 £
Depreciation	3,866	4,235
Auditors' remuneration	12,000	11,000
Loss on sale of current asset investment	-	29,990
Profit on sale of freehold property	644,798	-

4 Directors' emoluments

Directors' remuneration	234,559	217,904

5 Interest receivable and income from other investments

Income from current asset investments	86,604	176,425
Other interest receivable	126,302	42,525
	212,906	218,950

6 Taxation

Based on profit for the year:

UK corporation tax	311,693	213,080
Under provision in prior years	-	1,640
	311,693	214,720

7 Dividends

Interim dividend paid of 20p per share (1998 - 20p)	321,480	321,480

8 Investment properties

	Freehold £	Long leasehold £	Total £
Cost			
At beginning of year	1,354,377	323,980	1,678,357
Disposals	(82,177)	-	(82,177)
At end of year	1,272,200	323,980	1,596,180
Depreciation			
At beginning of year	-	26,136	26,136
Provision for the year	-	2,592	2,592
At end of year	-	28,728	28,728
Net book value			
At 31 March 1999	1,272,200	295,252	1,567,452
At 31 March 1998	1,354,377	297,844	1,652,221

9 Other tangible assets

	Motor vehicles £	Fixtures, fittings and office equipment £	Total £
Cost			
At beginning and end of year	74,746	17,656	92,402
Depreciation			
At beginning of year	70,654	15,145	85,799
Charge for the year	1,023	251	1,274
At end of year	71,677	15,396	87,073
Net book value			
At 31 March 1999	3,069	2,260	5,329
At 31 March 1998	4,092	2,511	6,603

10 Debtors

	1999 £	1998 £
Trade debtors	250,373	257,315
Prepayments and accrued income	11,761	13,916
	262,134	271,231

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

11 Investments

Investments quoted on the UK stock exchange	1,124,016	1,124,016
Market value of listed investments	1,330,480	1,247,572

12 Creditors: amounts falling due within one year

Other creditors	463,878	476,992
Corporation tax	273,861	97,424
	737,739	574,416

13 Share capital

	Authorised 1999 and 1998		Allotted, called up and fully paid 1999 and 1998	
	Number	£	Number	£
Ordinary shares of 25p each	1,800,000	450,000	1,607,400	401,850

14 Reserves

	Total £	Non-distributable reserve £	Revenue £
At beginning of the year	4,285,715	620,423	3,665,292
Retained profit for the year	838,567	-	838,567
Transferred	-	578,571	(578,571)
At end of the year	5,124,282	1,198,994	3,925,288

Under the company's Memorandum of Association, any surpluses arising net of tax from the disposal of its investment properties are not available for distribution, and are therefore credited to a separate non-distributable reserve.

15 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the directors believe the company is a 'small entity' as defined under Section 247 of the Companies Act 1985.

16 Transactions with directors

The company rented premises from Mrs L E Bluston at an annual cost of £10,000 (1998 - £10,000).

Mr M D Paisner is a partner of Paisner & Co. During the year Paisner & Co charged the company legal fees in the amount of £9,181 (1998 - £31,218).