

**REGISTRAR OF
COMPANIES**

Bluston Securities Limited

Report and Financial Statements

Year Ended

31 March 2000



BDO

BDO Stoy Hayward
Chartered Accountants

BLUSTON SECURITIES LIMITED

Annual report and financial statements for the year ended 31 March 2000

Contents

Directors

Page:

1	Report of the directors
3	Report of the auditors
4	Profit and loss account
5	Balance sheet
6	Notes forming part of the financial statements

Directors

Mrs L E Bluston
M D Paisner
E L Langton

Secretary and registered office

M D Paisner, 8 Baker Street, London W1U 3LL.

Company number

650310

Auditors

BDO Stoy Hayward, 8 Baker Street, London W1U 3LL.

BLUSTON SECURITIES LIMITED

Report of the directors for the year ended 31 March 2000

The directors present their annual report together with the audited financial statements for the year ended 31 March 2000.

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 (1999 - 20p) per share was paid during the year. The directors do not recommend the payment of a final dividend (1999 - £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.

Directors

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

	25p ordinary shares	
	2000	1999
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.

BLUSTON SECURITIES LIMITED

Report of the directors for the year ended 31 March 2000 (*Continued*)

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 8 January 2001

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 2000 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
*Chartered Accountants
and Registered Auditors*
London

BDO Stoy Hayward

8 January 2001

BLUSTON SECURITIES LIMITED**Profit and loss account for the year ended 31 March 2000**

	Note	2000 £	1999 £
Turnover	2	780,315	903,419
Administrative expenses		296,955	289,383
Operating profit	3	483,360	614,036
Profit on sale of freehold property		5,886	644,798
Operating profit before interest receivable		489,246	1,258,834
Interest receivable and income from other investments	5	259,238	212,906
Profit on ordinary activities before taxation		748,484	1,471,740
Taxation on profit on ordinary activities	6	200,292	311,693
Profit on ordinary activities after taxation		548,192	1,160,047
Dividends	7	321,480	321,480
Retained profit for the year	14	226,712	838,567

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 2000**

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets			
Investment properties	8	1,513,773	1,567,452
Other tangible assets	9	4,336	5,329
		<u>1,518,109</u>	<u>1,572,781</u>
Current assets			
Debtors	10	320,795	262,134
Investments	11	1,095,823	1,124,016
Cash at bank and in hand		<u>3,545,117</u>	<u>3,304,940</u>
		4,961,735	4,691,090
Creditors: amounts falling due within one year	12	<u>727,000</u>	<u>737,739</u>
Net current assets		<u>4,234,735</u>	<u>3,953,351</u>
		<u>5,752,844</u>	<u>5,526,132</u>
Capital			
Called up share capital	13	401,850	401,850
Reserves			
Non-distributable reserve	14	1,204,879	1,198,994
Revenue reserve	14	<u>4,146,115</u>	<u>3,925,288</u>
		5,350,994	5,124,282
Shareholders' funds		<u>5,752,844</u>	<u>5,526,132</u>

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 8-1-2001

E. L. Langton.

E L Langton
Director

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

BLUSTON SECURITIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000

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.

	2000 £	1999 £
Gross rental income	1,185,042	1,126,599
Net property outgoings	(404,727)	(223,180)
	780,315	903,419

BLUSTON SECURITIES LIMITEDNotes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)**3 Operating profit is stated after charging/(crediting):**

	2000 £	1999 £
Depreciation	3,585	3,866
Auditors' remuneration	12,000	12,000
Loss on sale of current asset investment	512	-
Profit on sale of freehold property	(5,886)	(644,798)
	<u> </u>	<u> </u>

4 Directors' emoluments

	2000 £	1999 £
Directors' remuneration	237,010	234,559
	<u> </u>	<u> </u>

5 Interest receivable and income from other investments

	2000 £	1999 £
Income from current asset investments	69,007	86,604
Other interest receivable	190,231	126,302
	<u> </u>	<u> </u>
	259,238	212,906
	<u> </u>	<u> </u>

6 Taxation

	2000 £	1999 £
Based on profit for the year:		
UK corporation tax	204,341	311,693
Overprovision in prior years	(4,049)	-
	<u> </u>	<u> </u>
	200,292	311,693
	<u> </u>	<u> </u>

7 Dividends

	2000 £	1999 £
Interim dividend paid of 20p per share (1999 - 20p)	321,480	321,480
	<u> </u>	<u> </u>

BLUSTON SECURITIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

8 Investment properties

	Freehold £	Long leasehold £	Total £
<i>Cost</i>			
At beginning of year	1,272,200	323,980	1,596,180
Disposals	51,087	-	51,087
At end of year	1,221,113	323,980	1,545,093
<i>Depreciation</i>			
At beginning of year	-	28,728	28,728
Provision for the year	-	2,592	2,592
At end of year	-	31,320	31,320
<i>Net book value</i>			
At 31 March 2000	1,221,113	292,660	1,513,773
At 31 March 1999	1,272,200	295,252	1,567,452

9 Other tangible assets

	Motor vehicles £	Fixtures, fittings and office equipment £	Total £
<i>Cost</i>			
At beginning and end of year	74,746	17,656	92,402
<i>Depreciation</i>			
At beginning of year	71,677	15,396	87,073
Charge for the year	767	226	993
At end of year	72,444	15,622	88,006
<i>Net book value</i>			
At 31 March 2000	2,302	2,034	4,336
At 31 March 1999	3,069	2,260	5,329

BLUSTON SECURITIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

10 Debtors

	2000 £	1999 £
Trade debtors	311,136	250,373
Prepayments and accrued income	9,659	11,761
	<u>320,795</u>	<u>262,134</u>

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

11 Investments

	2000 £	1999 £
Investments quoted on the UK stock exchange	1,095,823	1,124,016
Market value of listed investments	<u>1,257,389</u>	<u>1,330,480</u>

12 Creditors: amounts falling due within one year

	2000 £	1999 £
Other creditors	487,496	463,878
Corporation tax	239,504	273,861
	<u>727,000</u>	<u>737,739</u>

13 Share capital

	Authorised 2000 and 1999		Allotted, called up and fully paid 2000 and 1999	
	Number	£	Number	£
Ordinary shares of 25p each	<u>1,800,000</u>	<u>450,000</u>	<u>1,607,400</u>	<u>401,850</u>

BLUSTON SECURITIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

14 Reserves

	Total £	Non- distributable reserve £	Revenue £
At beginning of the year	5,124,282	1,198,994	3,925,288
Retained profit for the year	226,712	-	226,712
Transferred	-	5,885	(5,885)
At end of the year	5,350,994	1,204,879	4,146,115

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 (1999 - £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 £26,963 (1999 - £9,181).