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REGISTRAR OF
COMPANIES

Bluston Securities Limited

Report and Financial Statements

Year Ended

31 March 2002

BDO

BDO Stoy Hayward
Chartered Accountants



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BLUSTON SECURITIES LIMITED

Annual report and financial statements for the year ended 31 March 2002

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Directors

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Directors

M D Paisner
R Glatter

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 2002

The directors present their annual report together with the audited financial statements for the year ended 31 March 2002.

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 so.

Results and dividends

The profit and loss account is set out on page 5 and shows the company's profit for the year together with the amount proposed to be retained.

An interim dividend of 30p (2001 - 20p) per share was paid during the year. The directors do not recommend the payment of a final dividend (2001 - £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	
	2002	2001
M D Paisner	-	-
E L Langton	-	-

M D Paisner and E L Langton as joint trustees had a non-beneficial interest in 1,204,400 (2001 - 608,000) ordinary shares.

It is with regret that the directors' report the death of E L Langton on 30 October 2002.

R Glatter was appointed a director of the company on 29 October 2002.

BLUSTON SECURITIES LIMITED

Report of the directors for the year ended 31 March 2002 (*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.

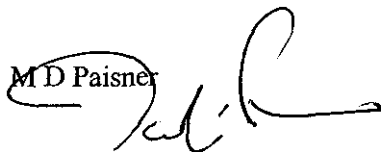
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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

23 JAN 2003

Date

BLUSTON SECURITIES LIMITED

Report of the independent auditors

To the shareholders of Bluston Securities Limited

We have audited the financial statements of Bluston Securities Limited for the year ended 31 March 2002 on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is 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 company 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.

This report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

BLUSTON SECURITIES LIMITED

Report of the independent auditors (*Continued*)

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

In our opinion the subject matter of the foregoing qualification is not material for determining whether the distributions of £482,220 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*

23 January 2003

BLUSTON SECURITIES LIMITED**Profit and loss account for the year ended 31 March 2002**

	Note	2002 £	2001 £
Turnover	2	922,578	925,915
Administrative expenses		101,241	191,204
Operating profit	3	821,337	734,711
Profit on sale of freehold property		1,971,997	-
Operating profit before interest receivable		2,793,334	734,711
Interest receivable and income from other investments	5	308,827	285,852
Profit on ordinary activities before taxation		3,102,161	1,020,563
Taxation on profit on ordinary activities	6	581,844	290,000
Profit on ordinary activities after taxation		2,520,317	730,563
Dividends	7	482,220	321,480
Retained profit for the year	14	2,038,097	409,083

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 7 to 12 form part of these financial statements.

BLUSTON SECURITIES LIMITED**Balance sheet at 31 March 2002**

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets					
Investment properties	8		1,419,826		1,511,181
Other tangible assets	9		1,648		3,557
			<u>1,421,474</u>		<u>1,514,738</u>
Current assets					
Debtors	10	363,050		304,670	
Investments	11	2,236,751		1,072,056	
Cash at bank and in hand		<u>5,080,402</u>		<u>3,907,959</u>	
		7,680,203		5,284,685	
Creditors: amounts falling due within one year	12	<u>901,653</u>		<u>637,496</u>	
Net current assets			6,778,550		4,647,189
			<u>8,200,024</u>		<u>6,161,927</u>
Capital					
Called up share capital	13		401,850		401,850
Reserves					
Non-distributable reserve	14	2,930,361		1,204,879	
Revenue reserve		<u>4,867,813</u>		<u>4,555,198</u>	
			7,798,174		5,760,077
Shareholders' funds			<u>8,200,024</u>		<u>6,161,927</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

M D Paisner
Director

23 JAN 2003

The notes on pages 7 to 12 form part of these financial statements.

BLUSTON SECURITIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2002

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.

	2002 £	2001 £
Gross rental income	1,182,233	1,209,827
Net property outgoings	(259,655)	(283,912)
	922,578	925,915

BLUSTON SECURITIES LIMITEDNotes forming part of the financial statements for the year ended 31 March 2002 (*Continued*)**3 Operating profit is stated after charging/(crediting):**

	2002	2001
	£	£
Depreciation	2,775	3,371
Auditors' remuneration	12,000	12,000
Loss on sale of current asset investment	-	21,628
Profit on sale of fixed assets	(4,874)	-

4 Directors' emoluments

	2002	2001
	£	£
Directors' remuneration (including benefits)	12,000	113,099

5 Interest receivable and income from other investments

	2002	2001
	£	£
Income from current asset investments	83,100	67,145
Other interest receivable	225,727	218,707
	308,827	285,852

6 Taxation

	2002	2001
	£	£
Based on profit for the year:		
UK corporation tax	570,000	290,000
Underprovision in prior years	11,844	-
	581,844	290,000

BLUSTON SECURITIES LIMITEDNotes forming part of the financial statements for the year ended 31 March 2002 (*Continued*)**7 Dividends**

	2002 £	2001 £
Interim dividend paid of 30p per share (2001 - 20p)	482,220	321,480

8 Investment properties

	Freehold £	Long leasehold £	Total £
<i>Cost</i>			
At beginning of year	1,221,113	323,980	1,545,093
Disposals	(88,763)	-	(88,763)
At end of year	1,132,350	323,980	1,456,330
<i>Depreciation</i>			
At beginning of year	-	33,912	33,912
Provision for the year	-	2,592	2,592
At end of year	-	36,504	36,504
<i>Net book value</i>			
At 31 March 2002	1,132,350	287,476	1,419,826
At 31 March 2001	1,221,113	290,068	1,511,181

BLUSTON SECURITIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2002 (*Continued*)

9 Other tangible assets

	Motor vehicles £	Fixtures, fittings and office equipment £	Total £
<i>Cost</i>			
At beginning of year	74,746	17,656	92,402
Disposals	(74,746)	-	(74,746)
At end of year	-	17,656	17,656
<i>Depreciation</i>			
At beginning of year	73,020	15,825	88,845
Charge for the year	-	183	183
Disposal	(73,020)	-	(73,020)
At end of year	-	16,008	16,008
<i>Net book value</i>			
At 31 March 2002	-	1,648	1,648
At 31 March 2001	1,726	1,831	3,557

10 Debtors

	2002 £	2001 £
Trade debtors	351,042	293,447
Prepayments and accrued income	12,008	11,223
	363,050	304,670

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

BLUSTON SECURITIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2002 (Continued)

11 Investments

	2002 £	2001 £
Investments quoted on the UK stock exchange	2,236,751	1,072,056
Market value of listed investments	2,422,136	1,230,253

12 Creditors: amounts falling due within one year

	2002 £	2001 £
Other creditors	331,653	347,340
Corporation tax	570,000	290,156
	901,653	637,496

13 Share capital

	Authorised 2002 and 2001		Allotted, called up and fully paid 2002 and 2001	
	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	5,760,077	1,204,879	4,555,198
Retained profit for the year	2,038,097	-	2,038,097
Transferred on disposal of investment properties	-	1,725,482	(1,725,482)
At end of the year	7,798,174	2,930,361	4,867,813

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.

BLUSTON SECURITIES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2002 (*Continued*)

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, a former director, at an annual cost of £Nil (2001 - £10,000).

Mr M D Paisner is a partner of Berwin Leighton Paisner. During the year they charged the company legal fees in the amount of £54,056 (2001 - £47,255). There were no amounts outstanding at the year end (2001 - £Nil).