

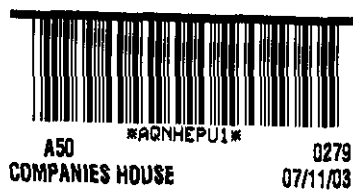
**REGISTRAR OF
COMPANIES**

Bluston Securities Limited

Report and Financial Statements

Year Ended

31 March 2003



BDO

BDO Stoy Hayward
Chartered Accountants

Bluston Securities Limited

Annual report and financial statements for the year ended 31 March 2003

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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 2003

The directors present their annual report together with the audited financial statements for the year ended 31 March 2003.

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 20p (2002 - 30p) per share was paid during the year. The directors recommend the payment of a final dividend of 51p per share (2002 - £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	
		2003	2002
M D Paisner		-	-
E L Langton		-	-
R Glatter	(appointed 29 October 2002)	-	-

M D Paisner a joint trustee had a non-beneficial interest in 1,204,400 (2002 - 1,204,400) ordinary shares.

It is with regret that the directors report the death of E L Langton on 29 October 2002.

Bluston Securities Limited

Report of the directors for the year ended 31 March 2003 (*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

24 OCT 2003

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 2003 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.

Our 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 2003 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 £1,141,254 by the company are permitted under section 263 of the Companies Act 1985.

BDO Stg Hayward

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors
London*

24 October 2003

Bluston Securities Limited**Profit and loss account for the year ended 31 March 2003**

	Note	2003 £	2002 £
Turnover	2	942,776	922,578
Administrative expenses		35,614	101,241
Operating profit	3	907,162	821,337
Profit on sale of freehold property		291,189	1,971,997
Operating profit before interest receivable		1,198,351	2,793,334
Interest receivable and income from other investments	5	310,058	308,827
Profit on ordinary activities before taxation		1,508,409	3,102,161
Taxation on profit on ordinary activities	6	279,561	581,844
Profit on ordinary activities after taxation		1,228,848	2,520,317
Dividends	7	1,141,254	482,220
Retained profit for the year	14	87,594	2,038,097

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.

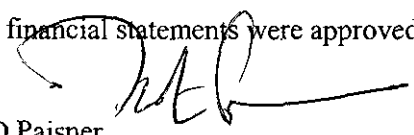
Bluston Securities Limited

Balance sheet at 31 March 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets					
Investment properties	8		779,071		1,419,826
Other tangible assets	9		-		1,648
			779,071		1,421,474
Current assets					
Debtors	10	548,181		399,245	
Investments	11	2,541,614		2,236,751	
Cash at bank and in hand		<u>5,834,610</u>		<u>5,044,207</u>	
		8,924,405		7,680,203	
Creditors: amounts falling due within one year	12	<u>1,415,858</u>		<u>901,653</u>	
Net current assets			7,508,547		6,778,550
Total assets less current liabilities			8,287,618		8,200,024
Capital					
Called up share capital	13		401,850		401,850
Reserves					
Non-distributable reserve	14	3,221,550		2,930,361	
Revenue reserve	14	<u>4,664,218</u>		<u>4,867,813</u>	
			7,885,768		7,798,174
Shareholders' funds			8,287,618		8,200,024

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

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 2003

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:

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.

	2003 £	2002 £
Gross rental income	1,107,248	1,182,233
Net property outgoings	(164,472)	(259,655)
	942,776	922,578

Bluston Securities LimitedNotes forming part of the financial statements for the year ended 31 March 2003 *(Continued)***3 Operating profit is stated after charging/(crediting):**

	2003 £	2002 £
Depreciation	4,240	2,775
Auditors' remuneration	12,000	12,000
Profit on sale of current asset investments	(60,497)	-
Profit on sale of fixed assets	-	(4,874)
	<u> </u>	<u> </u>

4 Directors' emoluments

	2003 £	2002 £
Directors' remuneration (including benefits)	17,417	12,000
	<u> </u>	<u> </u>

5 Interest receivable and income from other investments

	2003 £	2002 £
Income from current asset investments	91,200	83,100
Other interest receivable	218,858	225,727
	<u> </u>	<u> </u>
	310,058	308,827
	<u> </u>	<u> </u>

6 Taxation

	2003 £	2002 £
Based on profit for the year:		
UK corporation tax	293,772	570,000
(Over)/underprovision in prior years	(14,211)	11,844
	<u> </u>	<u> </u>
	279,561	581,844
	<u> </u>	<u> </u>

Bluston Securities Limited

Notes forming part of the financial statements for the year ended 31 March 2003 (Continued)

7 Dividends

	2003 £	2002 £
Interim dividend paid of 20p per share (2002 - 30p)	321,480	482,220
Final dividend proposed of 51p per share (2002 - Nil)	819,774	-
	<u>1,141,254</u>	<u>482,220</u>

8 Investment properties

	Freehold £	Long leasehold £	Total £
<i>Cost</i>			
At beginning of year	1,132,350	323,980	1,456,330
Disposals	(638,163)	-	(638,163)
	<u>494,187</u>	<u>323,980</u>	<u>818,167</u>
At end of year	494,187	323,980	818,167
<i>Depreciation</i>			
At beginning of year	-	36,504	36,504
Provision for the year	-	2,592	2,592
	<u>-</u>	<u>39,096</u>	<u>39,096</u>
At end of year	-	39,096	39,096
<i>Net book value</i>			
At 31 March 2003	<u>494,187</u>	<u>284,884</u>	<u>779,071</u>
At 31 March 2002	<u>1,132,350</u>	<u>287,476</u>	<u>1,419,826</u>

Bluston Securities Limited

Notes forming part of the financial statements for the year ended 31 March 2003 (*Continued*)

9 Other tangible assets

	Fixtures, fittings and office equipment £
<i>Cost</i>	
At beginning and end of year	17,656
<i>Depreciation</i>	
At beginning of year	16,008
Charge for the year	1,648
At end of year	17,656
<i>Net book value</i>	
At 31 March 2003	-
At 31 March 2002	1,648

10 Debtors

	2003 £	2002 £
Trade debtors	411,901	351,042
Prepayments and accrued income	136,280	48,203
	548,181	399,245

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 2003 (Continued)

11 Investments

	2003 £	2002 £
Investments quoted on the UK stock exchange	2,541,614	2,236,751
Market value of listed investments	2,905,781	2,422,136

12 Creditors: amounts falling due within one year

	2003 £	2002 £
Corporation tax	275,399	570,000
Other taxation and social security	3,285	2,359
Proposed dividend	819,774	-
Other creditors	317,400	329,294
	1,415,858	901,653

13 Share capital

	Authorised 2003 and 2002		Allotted, called up and fully paid 2003 and 2002	
	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	7,798,174	2,930,361	4,867,813
Retained profit for the year	87,594	-	87,594
Transferred on disposal of investment properties	-	291,189	(291,189)
At end of the year	7,885,768	3,221,550	4,664,218

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 2003 (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

Mr M D Paisner is a partner of Berwin Leighton Paisner. During the year they charged the company legal fees in the amount of £30,407 (2002 - £54,056). There were no amounts outstanding at the year end (2002 - £Nil).