

**REGISTRAR OF
COMPANIES**

650316

Bluston Securities Limited

Report and Financial Statements

Year Ended

31 March 2004



BDO

BDO Stoy Hayward
Chartered Accountants

Bluston Securities Limited

Annual report and financial statements for the year ended 31 March 2004

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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 LLP, 8 Baker Street, London W1U 3LL.

Bluston Securities Limited

Report of the directors for the year ended 31 March 2004

The directors present their annual report together with the audited financial statements for the year ended 31 March 2004.

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 initial interim dividend of 25p (2003 - 20p) per share and a further interim dividend of 20p (2003 - Nil) per share were paid during the year.

The directors do not propose a final dividend (2003 – final dividend of 51p per share).

Subsequent to 31 March 2004, an interim dividend of 40p per share was paid in respect of the year ending 31 March 2005.

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	
	2004	2003
M D Paisner	-	-
R Glatter	-	-

M D Paisner as joint trustee had a non-beneficial interest in 1,204,400 (2003 – 1,204,400) ordinary shares.

Bluston Securities Limited

Report of the directors for the year ended 31 March 2004 (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

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next 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.

On behalf of the Board

R Glatter



Director

Date

20/12/04

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 2004 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 in the Report of the Directors.

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 2004 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 £723,330 by the company are permitted under section 263 of the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
London

Date 20/12/04

Bluston Securities Limited**Profit and loss account for the year ended 31 March 2004**

	Note	2004 £	2003 £
Turnover	2	815,733	942,776
Administrative expenses		119,423	35,614
Operating profit	3	696,310	907,162
Profit on sale of freehold property		2,755,709	291,189
Operating profit before interest receivable		3,452,019	1,198,351
Interest receivable and income from other investments	5	309,287	310,058
Profit on ordinary activities before taxation		3,761,306	1,508,409
Taxation on profit on ordinary activities	6	650,187	279,561
Profit on ordinary activities after taxation		3,111,119	1,228,848
Dividends	7	723,330	1,141,254
Retained profit for the year	14	2,387,789	87,594

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 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets					
Investment properties	8		708,855		779,071
Current assets					
Debtors	10	3,276,613		548,181	
Investments	11	2,531,777		2,541,614	
Cash at bank and in hand		<u>5,108,871</u>		<u>5,834,610</u>	
		10,917,261		8,924,405	
Creditors: amounts falling due within one year	12	<u>950,709</u>		<u>1,415,858</u>	
Net current assets			9,966,552		7,508,547
Total assets less current liabilities			<u>10,675,407</u>		<u>8,287,618</u>
Capital					
Called up share capital	13		401,850		401,850
Reserves					
Non-distributable reserve	14	5,677,259		3,221,550	
Revenue reserve	14	<u>4,596,298</u>		<u>4,664,218</u>	
			10,273,557		7,885,768
Shareholders' funds			<u>10,675,407</u>		<u>8,287,618</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 20/12/04

R Glatter
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 2004

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.

	2004 £	2003 £
Gross rental income	1,156,299	1,107,248
Net property outgoings	(340,566)	(164,472)
	815,733	942,776

Bluston Securities Limited**Notes forming part of the financial statements for the year ended 31 March 2004 (Continued)****3 Operating profit is stated after charging/(crediting):**

	2004 £	2003 £
Depreciation	2,592	4,240
Auditors' remuneration	12,000	12,000
Profit on sale of current asset investments	(5,999)	(60,497)
Write down of current asset investments	13,363	9,583
	<u> </u>	<u> </u>

4 Directors' emoluments

	2004 £	2003 £
Directors' remuneration (including benefits)	36,250	17,417
	<u> </u>	<u> </u>

5 Interest receivable and income from other investments

	2004 £	2003 £
Income from current asset investments	106,199	91,200
Other interest receivable	203,088	218,858
	<u> </u>	<u> </u>
	309,287	310,058
	<u> </u>	<u> </u>

6 Taxation

	2004 £	2003 £
Based on profit for the year:		
UK corporation tax	616,265	293,772
Under/(over)provision in prior years	33,922	(14,211)
	<u> </u>	<u> </u>
	650,187	279,561
	<u> </u>	<u> </u>

Bluston Securities Limited

Notes forming part of the financial statements for the year ended 31 March 2004 (Continued)

7 Dividends

	2004 £	2003 £
Initial interim dividend paid of 25p per share (2003 - 20p)	401,850	321,480
Second interim dividend paid of 20p per share (2003 - Nil)	321,480	-
Final dividend of Nil per share (2003 - 51p)	-	819,774
	723,330	1,141,254

8 Investment properties

	Freehold £	Long leasehold £	Total £
<i>Cost</i>			
At beginning of year	494,187	323,980	818,167
Disposals	(67,624)	-	(67,624)
At end of year	426,563	323,980	750,543
<i>Depreciation</i>			
At beginning of year	-	39,096	39,096
Provision for the year	-	2,592	2,592
At end of year	-	41,688	41,688
<i>Net book value</i>			
At 31 March 2004	426,563	282,292	708,855
At 31 March 2003	494,187	284,884	779,071

Bluston Securities Limited

Notes forming part of the financial statements for the year ended 31 March 2004 (*Continued*)

9 Other tangible assets

	Fixtures, fittings and office equipment £
<i>Cost</i>	
At beginning of year	17,656
Disposals	(17,656)
At end of year	-
<i>Depreciation</i>	
At beginning of year	17,656
Disposals	(17,656)
At end of year	-
<i>Net book value</i>	
At 31 March 2004 and at 31 March 2003	-

10 Debtors

	2004 £	2003 £
Trade debtors	310,598	411,901
Prepayments and accrued income	142,682	136,280
Sale of freehold property	2,823,333	-
	3,276,613	548,181

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 2004 (*Continued*)

11 Investments

	2004 £	2003 £
Investments quoted on the UK stock exchange	2,531,777	2,541,614
Market value of listed investments	2,870,520	2,905,781

12 Creditors: amounts falling due within one year

	2004 £	2003 £
Corporation tax	616,265	275,399
Other taxation and social security	-	3,285
Proposed dividend	-	819,774
Other creditors	334,444	317,400
	950,709	1,415,858

13 Share capital

	Authorised 2004 and 2003		Allotted, called up and fully paid 2004 and 2003	
	Number	£	Number	£
Ordinary shares of 25p each	1,800,000	450,000	1,607,400	401,850

Bluston Securities Limited

Notes forming part of the financial statements for the year ended 31 March 2004 (*Continued*)

14 Reserves

	Total £	Non- distributable reserve £	Revenue £
At beginning of the year	7,885,768	3,221,550	4,664,218
Retained profit for the year, after dividends	2,387,789	-	2,387,789
Profit on sale of freehold property (net of tax of £300,000)	-	2,455,709	(2,455,709)
At end of the year	10,273,557	5,677,259	4,596,298

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

Mr M D Paisner is a partner of Berwin Leighton Paisner. During the year they charged the company legal fees in the amount of £59,484 (2003 - £30,407). There were no amounts outstanding at the year end (2003 - £Nil).