

**REGISTRAR OF
COMPANIES**

Bluston Securities Limited

Report and Financial Statements

Year Ended

31 March 2005



BDO

BDO Stoy Hayward
Chartered Accountants

Bluston Securities Limited

Annual report and financial statements for the year ended 31 March 2005

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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 2005

The directors present their annual report together with the audited financial statements for the year ended 31 March 2005.

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 40p (2004 - 25p) per share and a further interim dividend of 40p (2004 - 20p) per share were paid during the year.

The directors do not propose a final dividend.

Subsequent events

Subsequent to 31 March 2005, the directors have declared an interim dividend of 30p per share in respect of the year ending 31 March 2006.

In addition the company has commenced refurbishment of two of its Central London properties.

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	
	2005	2004
M D Paisner	-	-
R Glatter	-	-

M D Paisner as joint trustee had a non-beneficial interest in 1,204,400 (2004 - 1,204,400) ordinary shares.

D Dover, a partner of BDO Stoy Hayward LLP, as joint trustee had a non-beneficial interest in 701,100 (2004 - 701,100) ordinary shares.

Bluston Securities Limited

Report of the directors for the year ended 31 March 2005 (*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 LLP 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.

On behalf of the Board

R Glatter

Director



24 October 2005

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 2005 on pages 5 to 11 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 2005 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 £1,285,920 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

24 October 2005

Bluston Securities Limited**Profit and loss account for the year ended 31 March 2005**

	Note	2005 £	2004 £
Turnover	2	864,982	815,733
Administrative expenses		170,037	119,423
Operating profit	3	694,945	696,310
Profit on sale of freehold property		-	2,755,709
Operating profit before interest receivable		694,945	3,452,019
Interest receivable and income from other investments	5	405,965	309,287
Profit on ordinary activities before taxation		1,100,910	3,761,306
Taxation on profit on ordinary activities	6	331,324	650,187
Profit on ordinary activities after taxation		769,586	3,111,119
Dividends	7	1,285,920	723,330
Retained (loss)/profit for the year	13	(516,334)	2,387,789

All amounts relate to continuing activities.

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

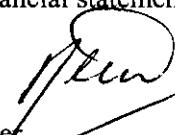
The notes on pages 7 to 11 form part of these financial statements.

Bluston Securities Limited**Balance sheet at 31 March 2005**

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets					
Investment properties	8		706,263		708,855
Current assets					
Debtors	9	549,782		3,276,613	
Investments	10	3,031,778		2,531,777	
Cash at bank and in hand		<u>6,489,672</u>		<u>5,108,871</u>	
		10,071,232		10,917,261	
Creditors: amounts falling due within one year	11	<u>618,422</u>		<u>950,709</u>	
Net current assets			9,452,810		9,966,552
Total assets less current liabilities			<u>10,159,073</u>		<u>10,675,407</u>
Capital					
Called up share capital	12		401,850		401,850
Reserves					
Non-distributable reserve	13	5,677,259		5,677,259	
Revenue reserve	13	<u>4,079,964</u>		<u>4,596,298</u>	
			9,757,223		10,273,557
Shareholders' funds			<u>10,159,073</u>		<u>10,675,407</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 24 October 2005



R Glatter
Director

The notes on pages 7 to 11 form part of these financial statements.

Bluston Securities Limited

Notes forming part of the financial statements for the year ended 31 March 2005

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.

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.

	2005 £	2004 £
Gross rental income	1,162,843	1,156,299
Net property outgoings	(281,023)	(340,566)
	881,820	815,733

Bluston Securities Limited**Notes forming part of the financial statements for the year ended 31 March 2005 (Continued)****3 Operating profit is stated after charging/(crediting):**

	2005 £	2004 £
Depreciation	2,592	2,592
Auditors' remuneration	12,000	12,000
Profit on sale of current asset investments	-	(5,999)
Write down of current asset investments	-	13,363
	<u> </u>	<u> </u>

4 Directors' emoluments

	2005 £	2004 £
Directors' remuneration and benefits	44,513	36,250
	<u> </u>	<u> </u>

5 Interest receivable and income from other investments

	2005 £	2004 £
Income from current asset investments	70,985	106,199
Other interest receivable	334,980	203,088
	<u> </u>	<u> </u>
	405,965	309,287
	<u> </u>	<u> </u>

6 Taxation

	2005 £	2004 £
Based on profit for the year:		
UK corporation tax	327,589	616,265
Underprovision in prior years	3,735	33,922
	<u> </u>	<u> </u>
	331,324	650,187
	<u> </u>	<u> </u>

Bluston Securities Limited

Notes forming part of the financial statements for the year ended 31 March 2005 (Continued)

7 Dividends

	2005 £	2004 £
Initial interim dividend paid of 40p per share (2004 - 25p)	642,960	401,850
Second interim dividend paid of 40p per share (2004 - 20p)	642,960	321,480
	<u>1,285,920</u>	<u>723,330</u>

8 Investment properties

	Freehold £	Long leasehold £	Total £
<i>Cost</i>			
At beginning and end of year	426,563	323,980	750,543
<i>Depreciation</i>			
At beginning of year	-	41,688	41,688
Provision for the year	-	2,592	2,592
At end of year	-	44,280	44,280
<i>Net book value</i>			
At 31 March 2005	426,563	279,700	706,263
At 31 March 2004	426,563	282,292	708,855

9 Debtors

	2005 £	2004 £
Trade debtors	418,330	310,598
Prepayments and accrued income	131,452	142,682
Sale of freehold property	-	2,823,333
	<u>549,782</u>	<u>3,276,613</u>

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 2005 (Continued)

10 Investments

	2005 £	2004 £
Investments quoted on the UK stock exchange	3,031,778	2,531,777
Market value of listed investments	3,438,883	2,870,520

11 Creditors: amounts falling due within one year

	2005 £	2004 £
Corporation tax	327,589	616,265
Other creditors	290,833	334,444
	618,422	950,709

12 Share capital

	Authorised 2005 and 2004		Allotted, called up and fully paid 2005 and 2004	
	Number	£	Number	£
Ordinary shares of 25p each	1,800,000	450,000	1,607,400	401,850

13 Reserves

	Total £	Non- distributable reserve £	Revenue £
At beginning of the year	10,273,557	5,677,259	4,596,298
Loss for the year, after dividends	(516,334)	-	(516,334)
At end of the year	9,757,223	5,677,259	4,079,964

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.

14 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.

15 Transactions with directors

Mr M D Paisner is a partner of Berwin Leighton Paisner. During the year Berwin Leighton Paisner charged the company legal fees in the amount of £54,414 (2004 - £59,484) (including VAT). There were no amounts outstanding at the year end (2004 - £Nil).