

Knightspur Properties Plc
Directors' Report and Financial Statements
for the year ended 31st December 2001



Knightspur Properties Plc

Company Information

Directors	Peter Laurence Murphy Matthew Martin Slane
Secretary	Paul Williams
Company number	1067607 (England and Wales)
Registered office	Gloucester House Woodside Lane North Finchley London N12 8TP
Auditors	Simmons Gainsford 7/10 Chandos Street Cavendish Square London W1G 9DQ

Knightspur Properties Plc

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Knightspur Properties Plc

Chairman's statement

Financial statements for the year ended 31st December 2001

Knightspur Properties Plc and its subsidiaries are principally involved in the residential sector of the property market. The activities comprise of investments, development and trading in residential property portfolios.

The group has continued to adopt its policy to improve its residential portfolio by a programme of continued upgrading and provision of self-contained units. The group operates a priority repair scheme for all tenants and lessees ensuring a high standard of customer care and intends to expand and improve where possible such care. The combined effect is the creation of an easily realisable portfolio of properties. In the year, the group has successfully achieved a much improved quality of properties for sale at a lower building cost per unit.

I am pleased to report a Consolidated Profit before Taxation of £862,294 for the year to 31st December 2001 (2000: £688,470).

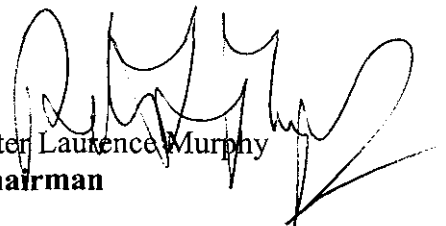
The group's gross realisations of both investment and trading portfolios, including joint ventures in which the group has significant influence and control, amounted to c£10.73m (2000: c£4.46m).

The Knightspur group is continuing to devote more resources to the development of residential property. During 2001 there was further significant growth in its joint venture development activities with sales of c£5.96m (2000: c£1.48m) and stock of property under development of c£13.49m (2000: c£8.67m). The conversion of Netley Castle near Southampton into luxury apartments was substantially completed and sold. The construction of a house at a premier site in Totteridge, North London was also completed and sold.

New developments, undertaken under joint venture relationships with others, include construction of 8 new units of which one was sold at Cossington Farm, Kent and 10 units of which 2 were sold at Boroughs Oak Farm, Kent. The group has acquired further properties for re-development, most of which were in the early stages at the year end date.

I am thankful for the continued support of our main bankers, Barclays Bank Plc and Investec Bank (UK) Limited through long term funding arrangements.

I am confident of the future prospects for the group and with the current buoyant market conditions, I hope to be able to report an improvement in the group results for the forthcoming year.



Peter Laurence Murphy
Chairman

Date: 26 July 2002

Knightspur Properties Plc

Directors' report for the year ended 31st December 2001

The directors present their report and the financial statements for the year ended 31st December 2001.

Principal activities and review of the business

The principal activities of the group during the year have been that of property dealing, development and investment.

The review of the group's activities during the year and its future prospects are as indicated in the chairman's statement.

Results and dividends

The statutory consolidated profit and loss account which is set out on page 5 shows a profit before taxation of £862,294 (2000: £688,470).

The directors do not recommend the payment of a dividend.

Fixed assets

The significant changes in fixed assets during the year are detailed in notes 8 and 9 to the financial statements.

Directors and their interests

The directors who served during the year and their direct beneficial interests in the ordinary share capital of the company were as stated below:

	Class of Share	31.12.01	1.1.01
Peter Laurence Murphy	Ordinary shares	80.63%	80.63%
Matthew Martin Slane	Ordinary shares	0.67%	0.67%

In addition to the interests shown above, Peter Laurence Murphy also has an indirect interest in the company by virtue of his 85% beneficial interest in C & G Properties Plc which is interested in 9.30% (2000: 9.30%) of the company's share capital, and by being a member of The KCG Pension Fund, together with his wife, being the only two members of that scheme, which is interested in a further 9.40% (2000: 9.40%) of the company's share capital.

Policy and practice on payment of creditors

It is the company's and group's policy to pay suppliers in accordance with the payment terms negotiated with them.

Knightspur Properties Plc

Directors' report for the year ended 31st December 2001 (continued)

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

The directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group as at the end of the financial year and of the profit or loss, total recognised gains or losses and cash flow of the group for that period. The directors confirm their responsibility to ensure that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31st December 2001. The directors also confirm their responsibility to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the group and for taking reasonable steps to prevent and detect fraud and other irregularities.

By order of the board



Paul Williams
Secretary

26 July 2002

**Independent auditors' report
to the shareholders of Knightspur Properties Plc**

We have audited the financial statements of Knightspur Properties Plc on pages 5 to 26 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 and other members of the group have 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 and other members of the group 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.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 group'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 on the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's and group's affairs at 31st December 2001 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Simmons Gainsford

Simmons Gainsford

Chartered Accountants
& Registered Auditors

26th July 2002

7/10 Chandos Street
Cavendish Square
London W1G 9DQ

Knightspur Properties Plc

Consolidated profit and loss account for the year ended 31st December 2001

	Notes	2001 £	2000 as restated £
Turnover	2	9,757,903	3,451,111
Cost of sales		(6,975,737)	(1,926,938)
Joint venturers' share of profits		(510,688)	(151,875)
Gross profit		2,271,478	1,372,298
Selling and marketing costs		(297,550)	(59,678)
Property costs		(99,252)	(115,311)
Administrative expenses		(1,193,541)	(1,005,085)
Other operating income		373,792	441,737
Operating profit	3	1,054,927	633,961
Profit on sale of investment properties	4	414,987	473,021
Profit on ordinary activities before interest		1,469,914	1,106,982
Investment income	5	210	229
Other interest receivable and similar income		40,760	106,860
Interest payable and similar charges	6	(648,590)	(525,601)
Profit on ordinary activities before taxation		862,294	688,470
Tax on profit on ordinary activities	7	(235,209)	(201,086)
Profit on ordinary activities after taxation		627,085	487,384
Minority interest		(51,911)	(43,864)
Retained profit for the year	15a	575,174	443,520

The consolidated profit and loss account has been prepared on the basis that all operations are continuing operations.

Knightspur Properties Plc

Group statement of total recognised gains and losses

	2001	2000
	£	as restated £
Results per consolidated profit and loss account	575,174	443,520
Unrealised surplus on revaluation of properties	178,215	141,000
Total recognised gains and losses relating to the year	753,389	584,520

Note of historical cost profits and losses

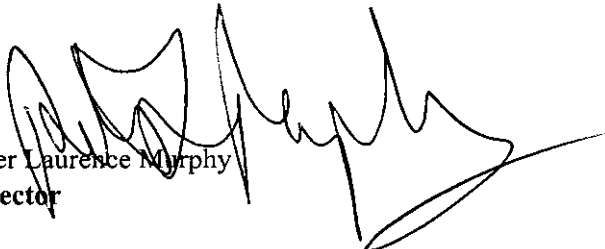
	2001	2000
	£	as restated £
Reported profit on ordinary activities before taxation	862,294	688,470
Realisation of property revaluation gains of previous years	47,000	-
Historical cost profit on ordinary activities before taxation	909,294	688,470
Historical cost profit on ordinary activities after taxation	622,174	443,520

Knightsbridge Properties Plc

Consolidated balance sheet as at 31st December 2001

	Notes	2001		2000 as restated	
		£	£	£	£
Fixed assets					
Tangible assets	8a	2,663,191		3,178,553	
Investments	9a	<u>1,540</u>		<u>1,540</u>	
			2,664,731		3,180,093
Current assets					
Stocks	10	16,817,688		12,181,211	
Debtors	11	2,358,382		1,992,192	
Cash at bank and in hand		<u>762,364</u>		<u>295,844</u>	
		19,938,434		14,469,247	
Creditors:					
Amounts falling due within one year	12	<u>(14,138,093)</u>		<u>(9,713,229)</u>	
Net current assets			5,800,341		4,756,018
Total assets less current liabilities			8,465,072		7,936,111
Creditors:					
Amounts falling due after more than one year	13		(1,315,997)		(1,568,194)
			7,149,075		6,367,917
Capital and reserves					
Called up share capital	14	2,100,062		2,100,062	
Share premium account	15a	621,412		621,412	
Revaluation reserve	15a	1,303,519		1,172,304	
Capital reserve	15a	489,227		489,227	
Profit and loss account	15a	2,325,426		1,703,252	
Equity shareholders' funds	16	6,839,646		6,086,257	
Minority interest		309,429		281,660	
			7,149,075		6,367,917

The financial statements were approved by the Board on 26 July 2002.


Peter Laurence Murphy
Director

Knightspur Properties Plc

Profit and loss account for the year ended 31st December 2001

	Notes	2001 £	2000 as restated £
Turnover	2	1,246,750	1,474,901
Cost of sales		(720,434)	(882,325)
Joint venturers' share of profits / losses		(14,357)	(59,843)
Gross profit		511,959	532,733
Selling and marketing costs		(145,685)	(40,678)
Property costs		(68,793)	(131,357)
Administrative expenses		(874,445)	(678,205)
Other operating income		311,770	523,363
Operating (loss) / profit	3	(265,194)	205,856
Write back of provision on cost of investments		552,855	254,758
Profit on ordinary activities before interest		287,661	460,614
Investment income	5	477,037	774,115
Other interest receivable and similar income		14,192	94,300
Interest payable and similar charges	6	(438,219)	(302,650)
Profit on ordinary activities before taxation		340,671	1,026,379
Tax on profit on ordinary activities	7	(12,313)	-
Profit on ordinary activities after taxation	15b	328,358	1,026,379

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Knightspur Properties Plc

Balance sheet as at 31st December 2001

	Notes	2001		2000 as restated	
		£	£	£	£
Fixed assets					
Tangible assets	8b		12,509		13,899
Investments	9b		6,269,169		5,692,172
			6,281,678		5,706,071
Current assets					
Stocks	10	11,910,532		6,210,834	
Debtors	11	3,811,776		3,889,577	
Cash at bank and in hand		375,636		132,264	
		16,097,944		10,232,675	
Creditors:					
Amounts falling due within one year	12	(15,852,082)		(9,584,564)	
Net current assets			245,862		648,111
Total assets less current liabilities			6,527,540		6,354,182
Creditors:					
Amounts falling due after more than one year	13		(927,500)		(1,082,500)
			5,600,040		5,271,682
Capital and reserves					
Called up share capital	14		2,100,062		2,100,062
Share premium account	15b		621,412		621,412
Investment revaluation reserve	15b		2,589,106		2,589,106
Capital reserve	15b		1,109		1,109
Profit and loss account	15b		288,351		(40,007)
Equity shareholders' funds	16		5,600,040		5,271,682

The financial statements were approved by the Board on 26 July 2002.

Peter Laurence Murphy
Director

Knightspur Properties Plc

**Consolidated cash flow statement for the year ended
31st December 2001**

	Notes	2001		2000 as restated	
		£	£	£	£
Net cash inflow / (outflow) from operating activities	1		734,190		(5,359,569)
Returns on investments and servicing of finance					
Interest received		40,760		103,286	
Interest paid		(672,792)		(519,208)	
Dividends received		210		229	
Net cash outflow from returns on investments and servicing of finance			(631,822)		(415,693)
Taxation					
Corporation Tax paid			(294,194)		-
Capital expenditure and financial investment					
Purchase of investment properties		(91,380)		(90,182)	
Purchase of other tangible fixed assets		(16,066)		(15,953)	
Sale of investment properties		1,182,536		1,269,226	
Receipts from sales of tangible fixed assets		5,000		-	
Net cash inflow from capital expenditure and financial investment			1,080,090		1,163,091
Acquisitions and disposals					
Purchase of minority interest in subsidiary		(24,142)		(9,660)	
Sale of subsidiary undertaking		-		2,000	
Net cash outflow from acquisitions and disposals			(24,142)		(7,660)
Financing					
Debt due within one year					
Short term loans drawn down		1,845,595		2,274,215	
Short term loans repaid		(1,990,999)		-	
Debt due in more than one year					
Loans repaid		(245,000)		(245,000)	
Capital element of hire purchase contracts		(7,198)		(1,199)	
Net cash (outflow) / inflow from financing			(397,602)		2,028,016
Increase / (decrease) in cash in the year			466,520		(2,591,815)

Knightspur Properties Plc

Notes to the consolidated cash flow statement for the year ended 31st December 2001

1 Reconciliation of operating profit to net cash flows from operating activities

	2001	2000 as restated
	£	£
Operating profit	1,054,927	633,961
Depreciation charges	20,115	18,848
Loss on disposal of fixed assets	8,359	-
Increase in stocks of properties	(4,636,477)	(5,366,574)
Increase in debtors	(366,190)	(965,081)
Increase in creditors	4,653,456	319,277
Net cash inflow / (outflow) from operating activities	734,190	(5,359,569)

2 Reconciliation of net cash flow to movement in net debt (note 3)

	2001	2000 as restated
	£	£
Increase / (decrease) in cash in the year	466,520	(2,591,815)
Cash outflow / (inflow) from decrease / increase in debt	397,602	(2,028,016)
New finance lease	-	(21,590)
Movement in net debt in the year	864,122	(4,641,421)
Net debt at start of period	(7,237,751)	(2,596,330)
Net debt at end of year	(6,373,629)	(7,237,751)

3 Analysis of changes in net debt

	At 1 January 2001	Cash flow	At 31 December 2001
	£	£	£
Cash in hand and at bank	295,844	466,520	762,364
Overdrafts	(66,819)	42,564	(24,255)
	229,025	509,084	738,109
Debt due within one year	(5,891,385)	102,840	(5,788,545)
Debt due after one year	(1,555,000)	245,000	(1,310,000)
Finance leases	(20,391)	7,198	(13,193)
Net debt	(7,237,751)	864,122	(6,373,629)

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 2001

1 Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable Accounting Standards. The financial statements adopt the following accounting policies:

1.1 Basis of consolidation

Subsidiaries

The consolidated financial statements include the accounts of the holding company and all its subsidiaries. Goodwill arising on consolidation and representing the excess of purchase price over the fair value of the net assets acquired is amortised over five years.

Joint ventures

The group is involved in various property development joint ventures. The nature of all but one of these joint ventures is such that the group effectively controls the day to day operations with a share of the profits payable to the joint venture partners. Accordingly, the group has consolidated the results of those joint ventures under its control as if they were a normal part of its own trading. The share of profits payable to joint venture partners has been shown separately before arriving at gross profit and the amounts invested by the joint venturers has been included under creditors due within one year. The comparative figures have been restated accordingly.

The results for the remaining joint venture have been included under other operating income and the amount invested in this joint venture has been included under debtors.

1.2 Turnover

Turnover represents sales of properties held as trading stock, rents receivable from investment properties and property management fees.

1.3 Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except investment properties, over their expected useful lives. It is calculated on the original cost of the assets at the following rate:

Computer equipment	- straight line over 3 years
Furniture, fixtures and fittings	- 10% per annum on net book value
Motor vehicles	- 25% per annum on net book value

Knightspur Properties Plc

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

1 Accounting policies (continued)

1.4 Purchased goodwill

Goodwill is the excess of purchase consideration over their value of net assets acquired.

It is capitalised and amortised over its estimated useful economic life limited up to a maximum period of five years

1.5 Investment properties

In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.6 Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2001

2 Turnover analysis by activity

	Turnover	
	2001	2000
		as restated
	£	£
Group		
Sales of properties	9,550,039	3,194,901
Rent receivable	180,223	216,833
Property management	27,641	39,377
	9,757,903	3,451,111
Company		
Sales of properties	1,246,750	1,474,901

3 Operating profit / (loss)

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Operating profit / (loss) is stated after charging:				
Depreciation of tangible assets	20,115	18,848	1,390	1,544
Loss on disposal of tangible assets	8,359	-	-	-
Auditors' remuneration	50,469	35,162	8,775	4,931
and after crediting:				
Rent receivable from trading properties	258,864	305,364	200,563	245,065

4 Profit on sale of investment properties

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Profit on sale of freehold property against opening valuation	414,987	473,021	-	-
Realised on investment property against historical cost	461,987	473,021	-	-

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2001

5 Investment income

	Group		Company	
	2001	2000	2001	2000 as restated
	£	£	£	£
Income from shares in group undertakings	-	-	476,967	774,056
Income from listed investments	210	229	70	59
	210	229	477,037	774,115

6 Interest payable

	Group		Company	
	2001	2000 as restated	2001	2000 as restated
	£	£	£	£
On bank loans and overdrafts	671,010	499,521	434,857	302,647
Other loans	12,000	21,000	-	-
Lease finance charges	972	242	-	-
On overdue tax	(35,392)	4,838	3,362	3
	648,590	525,601	438,219	302,650

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2001

7	Taxation	Group		Company	
		2001	2000	2001	2000
		£	£	£	£
	Domestic current year tax				
	UK Corporation Tax	357,178	201,086	1,935	-
	Adjustment for prior years	(121,969)	-	10,378	-
	Current tax charge	235,209	201,086	12,313	-
	Factors affecting the tax charge for the year				
	Profit on ordinary activities before taxation	862,294	688,470	340,671	1,026,377
	Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30.00% (2000: 30.00%)	258,688	206,541	68,134	205,275
	Effects of:				
	Non deductible expenses	11,426	1,338	7,556	1,188
	Depreciation	4,023	5,500	278	309
	Capital allowances	(5,192)	(4,967)	(52)	(70)
	Tax losses utilised	-	(29,101)	-	-
	Adjustments to previous periods	(121,969)	-	10,378	-
	Chargeable disposals	160,513	141,218	-	-
	Dividends and distributions received	(63)	(69)	(95,407)	(154,823)
	Other tax adjustments	(72,217)	(119,374)	21,426	(51,879)
		(23,479)	(5,455)	(55,821)	(205,275)
	Current tax charge	235,209	201,086	12,313	-

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2001

8 a. Tangible fixed assets - group

	Investment properties	Furniture, fixtures & fittings	Motor vehicles	Total
Cost	£	£	£	£
At 1st January 2001	3,089,047	120,880	63,217	3,273,144
Additions	91,380	1,226	14,840	107,446
Revaluation	178,215	-	-	178,215
Disposals	(767,549)	-	(23,750)	(791,299)
At 31st December 2001	2,591,093	122,106	54,307	2,767,506
Depreciation				
At 1st January 2001	-	71,430	23,161	94,591
On disposals	-	-	(10,391)	(10,391)
Charge for the year	-	9,730	10,385	20,115
At 31st December 2001	-	81,160	23,155	104,315
Net Book Value at				
31st December 2001	2,591,093	40,946	31,152	2,663,191
31st December 2000	3,089,047	49,450	40,056	3,178,553

The investment properties have been stated at directors' valuation.

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles
	£
Net book values	
At 31 December 2001	13,493
At 31 December 2000	17,991
Depreciation charge for the year	
31 December 2001	4,498
31 December 2000	5,997

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2001

8 b. Tangible fixed assets - company

	Fixtures & fittings £
Cost	
At 1st January 2001 and at 31st December 2001	55,573
Depreciation	
At 1st January 2001	41,674
Charge for the year	1,390
At 31st December 2001	43,064
Net book value at 31st December 2001	12,509
Net book value at 31st December 2000	13,899

9 a. Investments - group

	Listed investments £	Total £
At 1st January 2001 and 31st December 2001	1,540	1,540

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2001

9 b. Investments - company

	Subsidiary undertakings as restated £
At 1st January 2001	6,245,027
Additions	24,142
At 31st December 2001	6,269,169
Provision against cost of investments:	
At 1st January 2001	552,855
Write back of provision on investments	(552,855)
At 31st December 2001	-
Net Book Value at	
31st December 2001	6,269,169
31st December 2000	5,692,172

The provision relates to the net deficit between the cost of investment and the share of net assets attributable to the company.

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2001

- 9 c. Knightspur Properties Plc holds the following direct and indirect interests in the equity capital of the undertakings indicated below:

Name of company	Country of registration	Holdings	Proportion held
Trading Companies			
Gardenstate Properties Limited	England	Ordinary shares	75%
Halterstone Limited	England	Ordinary shares	100%
Happy Homes M25 Limited	England	Ordinary shares	100%
Totteridge Common Limited	England	Ordinary shares	95%
Investment Companies			
B & C Flats Limited	England	Ordinary Shares	100%
Bremysyde Properties Limited	England	Ordinary Shares	94%
J W Coleman Estate Limited	England	Ordinary Shares	100%
Roundpoll Limited	England	Ordinary Shares	100%
Sumcounty Investments Limited	England	Ordinary Shares	100%
Invicta Holdings Limited	England	Ordinary Shares	88%
Wards (Properties) Limited	England	Ordinary Shares	100%
Wards Properties (Clacton) Limited	England	Ordinary Shares	100%
Tridentvale Limited	England	Ordinary Shares	100%
M25 Holdings Limited (formerly Yearvale Limited)	England	Ordinary Shares	75%
M25 Estates Limited	England	Ordinary Shares	84%
M25 Investments Limited	England	Ordinary Shares	75%
Dormant Companies			
Canaryridge Limited	England	Ordinary Shares	100%
Totteridge House Limited	England	Ordinary Shares	100%
Turner Financial Services Limited	England	Ordinary Shares	100%
Stimpson (Investments) Limited	England	Ordinary Shares	100%

10 Stocks

	Group		Company	
	2001	2000 as restated	2001	2000 as restated
	£	£	£	£
Stock of properties	16,817,688	12,181,211	11,910,532	6,210,834

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Notes to the financial statements for the year ended 31st December 2001

11 Debtors: falling due within one year

	Group		Company	
	2001	2000	2001	2000
		as restated		as restated
	£	£	£	£
Trade debtors	41,700	219,696	6,758	8,068
Amounts receivable on completion	114,227	-	-	-
Amounts owed by subsidiary undertakings	-	-	1,908,733	2,469,083
Other debtors	1,699,652	1,039,525	1,535,072	1,015,595
Amounts owed by joint venturers	264,700	296,356	264,700	296,656
Prepayments and accrued income	238,103	436,615	96,513	100,175
	2,358,382	1,992,192	3,811,776	3,889,577
Other debtors includes the following amounts due from related parties (see note 22):	1,420,799	748,695	1,418,824	748,695

12 Creditors: falling due within one year

	Group		Company	
	2001	2000	2001	2000
		as restated		as restated
	£	£	£	£
Bank loans and overdrafts	5,812,800	5,958,204	3,745,249	4,049,253
Net obligations under finance leases	7,196	7,197	-	-
Trade creditors	199,614	325,900	30,295	49,496
Amounts payable on completion	4,264,241	-	4,264,241	-
Amount owed to subsidiary undertakings	-	-	5,386,239	3,552,878
Amounts owed to joint venturers	2,215,194	1,848,559	1,598,328	1,265,040
Corporation Tax	394,602	494,621	1,935	12,175
Other taxes and social security costs	180,016	130,500	14,046	130,500
Director's current account	4,422	3,952	4,422	3,952
Other creditors	495,529	324,390	434,398	75,950
Accruals and deferred income	564,479	619,906	372,929	445,320
	14,138,093	9,713,229	15,852,082	9,584,564

The bank loans and overdrafts are secured by way of legal mortgages over land and buildings owned by the company and its subsidiary undertakings.

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Notes to the financial statements for the year ended 31st December 2001

13 Creditors: falling due after more than one year

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loan repayable between				
- one and two years	245,000	245,000	155,000	155,000
- two and five years	735,000	735,000	465,000	465,000
- after more than five years	330,000	575,000	307,500	462,500
Net obligations under finance leases	5,997	13,194	-	-
	<u>1,315,997</u>	<u>1,568,194</u>	<u>927,500</u>	<u>1,082,500</u>

The long term treasury bank loans are secured by a fixed and floating charge over the investment properties and closing stock of the group. Interest is fixed at 8.4% p.a. until 28th May 2004.

14 Share capital

	Number of ordinary shares	£
Authorised		
At 1st January 2001 and 31st December 2001 (£1 ordinary)	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>
Allotted, called up and fully paid		
At 1st January 2001 and 31st December 2001	2,100,062	2,100,062
	<u>2,100,062</u>	<u>2,100,062</u>

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2001

15a. Statement of movement on reserves - group

	Share premium account £	Revaluation reserve £	Capital reserve £	Profit and loss account £
Balance at 1st January 2001 as previously reported	621,412	1,172,304	489,227	1,683,911
Prior year adjustment	-	-	-	19,341
Balance at 1st January 2001 restated	621,412	1,172,304	489,227	1,703,252
Retained profit for the year	-	-	-	575,174
Revaluation during the year	-	178,215	-	-
Transfer from revaluation reserve to profit and loss account	-	(47,000)	-	47,000
At 31st December 2001	<u>621,412</u>	<u>1,303,519</u>	<u>489,227</u>	<u>2,325,426</u>

15b. Statement of movement on reserves - company

	Share premium account £	Revaluation reserve £	Capital reserve £	Profit and loss account £
Balance at 1st January 2001 as previously reported	621,412	2,589,106	1,109	494,557
Prior year adjustment	-	-	-	(534,564)
Balance at 1st January 2001 restated	621,412	2,589,106	1,109	(40,007)
Retained profit for the year	-	-	-	328,358
At 31st December 2001	<u>621,412</u>	<u>2,589,106</u>	<u>1,109</u>	<u>288,351</u>

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2001

16 Reconciliation of movements in shareholders' funds

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Profit for the financial year	575,174	443,520	328,358	1,026,379
Capital reserve on acquisition of minority interest	-	1,928	-	-
Other recognised gains and losses	178,215	141,000	-	-
Net addition to shareholders' funds	753,389	586,448	328,358	1,026,379
Opening shareholders' funds	6,086,257	5,499,809	5,271,682	4,245,303
Closing shareholders' funds	6,839,646	6,086,257	5,600,040	5,271,682

Opening shareholders' funds were originally £6,066,916 before adding prior year adjustments of £19,341 in respect of the group and £5,806,246 before deducting £534,564 in respect of the company.

17 Prior year adjustments

Group

The prior year adjustments comprise of £59,593 of overstatement of amounts payable to joint venturers last year and £40,252 of goodwill written off arising on consolidation of joint ventures.

Company

The prior year adjustment of £534,564 relates to an overstatement of dividend receivable from one of the company's subsidiaries, Happy Homes M25 Limited.

18 Contingent liabilities

In connection with overall banking facilities, unlimited guarantees have been given by the company, to support the borrowings of a subsidiary undertaking. The amount of the contingent liability under these guarantees is constantly changing due to day to day movements on the bank accounts but should not exceed the overall facilities granted to the subsidiary involved amounting to £472,500 (2000: £562,500) at the balance sheet date.

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2001

19 Directors' emoluments - group and company

	2001 £	2000 £
Emoluments for qualifying services	316,149	319,028

Emoluments disclosed above relate entirely to the highest paid director.

20 Employees

Number of employees

The average monthly number of employees including directors) during the year was:

	Group		Company	
	2001	2000	2001	2000
Office and management	8	6	6	5

Employment costs

	Group		Company	
	2001 £	2000 £	2001 £	2000 £
Wages and salaries	648,230	523,431	377,901	377,901
Social security costs	69,855	50,153	41,192	41,192
	718,085	573,584	419,093	419,093

21 Control

The group is under the control of the director, Peter Laurence Murphy, by virtue of his interest in the issued share capital of Knightspur Properties Plc as disclosed in the directors' report.

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2001

22 Related party transactions

a. Included under other debtors / other creditors are amounts due / payable as follows:

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
i) Due from companies under common control	1,386,586	723,108	1,384,611	723,108
ii) Due from other connected companies	34,213	25,677	34,213	25,677
iii) Due to other connected companies	17,640	17,585	17,640	17,585

b. Included in other creditors is an amount of £294,730 (2000: nil) due to The KCG Pension Fund of which the director, Peter Murphy is a trustee and member.

c. Administrative expenses includes rent of £27,161 (2000: £20,000) payable to The KCG Pension Fund for the use of a part of one its investment properties as the group's office.

d. Administrative expenses includes rent of £150,000 (2000: £100,000) payable to Peter Murphy for the use of a property owned by him.

e. Peter Murphy is a joint venture partner in some of the group's joint ventures. His profit share for the year amounted to £150,000 (2000: £40,000).

f. Other operating income includes £30,000 (2000: £30,000) in respect of management fees receivable from The M25 Group Limited, a company of which Peter Murphy is a director and shareholder.