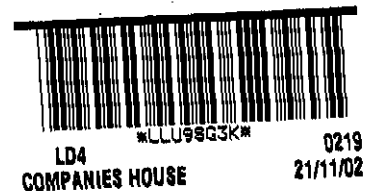


Company Registration No. 1317708 (England and Wales)



S.C.H. (PROPERTIES) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002



GERALD EDELMAN
CHARTERED ACCOUNTANTS

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S.C.H. (PROPERTIES) LIMITED

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S.C.H. (PROPERTIES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2002

The directors present their report and financial statements for the year ended 31 March 2002.

Principal activities and review of the business

The principal activity of the company is that of property dealing.

During the period the company sought further acquisitions with a view to increasing its trading stock. The directors felt however that with increasing property values selling such stock at this time would not be prudent.

The results for the year and the financial position at the year end were considered satisfactory by the directors, who are optimistic of growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 3.

Directors

The following directors have held office since 1 April 2001:

L Serlin
D J Serlin
S Serlin

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2002	1 April 2001
L Serlin	1	1
D J Serlin	1	1
S Serlin	-	-

In addition to the above, L Serlin holds the joint beneficial interest of one share in Heathway Investments Limited.

On behalf of the board

S Serlin
Director
22 October 2002



S.C.H. (PROPERTIES) LIMITED

ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE UNAUDITED ACCOUNTS OF S.C.H. (PROPERTIES) LIMITED

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 March 2002, set out on pages 3 to 10 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.



Gerald Edelman

22 October 2002

Chartered Accountants

25 Harley Street
London
W1G 9BR

S.C.H. (PROPERTIES) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 £
Cost of sales		(923)	-
Administrative expenses		(69,637)	(48,227)
Other operating income		77,033	64,338
Operating profit	2	6,473	16,111
Other interest receivable and similar income		2,853	4,000
Profit on ordinary activities before taxation		9,326	20,111
Tax on profit on ordinary activities	3	(1,825)	(3,725)
Profit on ordinary activities after taxation	10	7,501	16,386

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.

S.C.H. (PROPERTIES) LIMITED

BALANCE SHEET AS AT 31 MARCH 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	4		11,734		15,629
Investments	5		2		2
			<u>11,736</u>		<u>15,631</u>
Current assets					
Stocks	6	150,864		150,864	
Debtors	7	3,941		9,344	
Cash at bank and in hand		100,207		80,581	
		<u>255,012</u>		<u>240,789</u>	
Creditors: amounts falling due within one year	8	<u>(102,201)</u>		<u>(99,374)</u>	
Net current assets			<u>152,811</u>		<u>141,415</u>
Total assets less current liabilities			<u>164,547</u>		<u>157,046</u>
Capital and reserves					
Called up share capital	9		2		2
Profit and loss account	10		164,545		157,044
Shareholders' funds - equity interests	11		<u>164,547</u>		<u>157,046</u>

In preparing these financial statements:

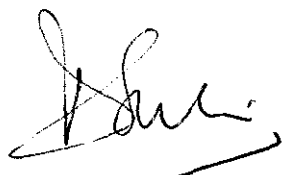
- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Board on 22 October 2002

L Serlin
Director



D J Serlin
Director



S.C.H. (PROPERTIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% Reducing balance
Motor vehicles	25% Reducing balance

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Stock

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

1.6 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating profit	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	3,895	5,188
and after crediting:		
Rents receivable	77,033	64,338
	<u>77,033</u>	<u>64,338</u>

S.C.H. (PROPERTIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

3	Taxation	2002 £	2001 £
	Domestic current year tax		
	U.K. corporation tax	1,666	3,646
	Adjustment for prior years	159	79
	Current tax charge	1,825	3,725
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	9,326	20,111
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 16.36% (2001 : 19.33%)	1,526	3,887
	Effects of:		
	Non deductible expenses	10	232
	Depreciation	639	860
	Capital allowances	(509)	(1,333)
	Adjustments to previous periods	159	79
		299	(162)
	Current tax charge	1,825	3,725

S.C.H. (PROPERTIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

4 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2001 & at 31 March 2002	439	20,500	20,939
Depreciation			
At 1 April 2001	185	5,125	5,310
Charge for the year	51	3,844	3,895
At 31 March 2002	236	8,969	9,205
Net book value			
At 31 March 2002	203	11,531	11,734
At 31 March 2001	254	15,375	15,629

5 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2001 & at 31 March 2002	2

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Heathway Investments Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Heathway Investments Limited	90,271	7,244

S.C.H. (PROPERTIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

6	Stocks	2002	2001
		£	£
	Stock of properties	150,864	150,864
		<u> </u>	<u> </u>
7	Debtors	2002	2001
		£	£
	Trade debtors	3,750	6,584
	Amounts owed by subsidiary undertakings	-	1,364
	Other debtors	-	300
	Prepayments and accrued income	191	1,096
		<u> </u>	<u> </u>
		3,941	9,344
		<u> </u>	<u> </u>
8	Creditors: amounts falling due within one year	2002	2001
		£	£
	Trade creditors	21,169	13,168
	Amounts owed to parent and fellow subsidiary undertakings	5,636	-
	Corporation tax	1,665	3,646
	Other taxes and social security costs	1,388	1,794
	Directors' current accounts	64,694	76,125
	Accruals and deferred income	7,649	4,641
		<u> </u>	<u> </u>
		102,201	99,374
		<u> </u>	<u> </u>
9	Share capital	2002	2001
		£	£
	Authorised		
	1,000 Ordinary shares of £ 1 each	1,000	1,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	2 Ordinary shares of £ 1 each	2	2
		<u> </u>	<u> </u>

S.C.H. (PROPERTIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2001	157,044
Retained profit for the year	7,501
Balance at 31 March 2002	<u>164,545</u>

11 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	7,501	16,386
Opening shareholders' funds	157,046	140,660
Closing shareholders' funds	<u>164,547</u>	<u>157,046</u>

12 Directors' emoluments

	2002 £	2001 £
Emoluments for qualifying services	<u>48,585</u>	<u>36,259</u>

13 Transactions with directors

Included within creditors is the sum of £64,694 (2001 : £76,125) due to L S Serlin. There are no terms as to interest or repayment in respect of this balance.

14 Employees

Number of employees

There were no employees during the year apart from the directors.

Employment costs

	2002 £	2001 £
Wages and salaries	41,000	27,981
Social security costs	5,349	3,798
	<u>46,349</u>	<u>31,779</u>

15 Control

The ultimate controlling party is the family interests of Mr L Serlin and Mr D Serlin, who are both directors of the company.

S.C.H. (PROPERTIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

16 Related party transactions

Included within creditors is an amount owed to Heathway Investments Limited, the company's subsidiary undertaking, of £5,636 (2001 - £1,364 (debtor)). There are no terms as to interest or repayment.