

REGISTRAR

Company Registration No. 2045708 (England and Wales)

DUSKSIDE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 1997



DUSKSIDE LIMITED

COMPANY INFORMATION

Director	C.J. Whalley
Secretary	R.A. Hickie FCA
Company Number	2045708
Registered Office	The Old Bank 24 Battersea Park Road London SW11 4HY
Accountants	Creaseys Chartered Accountants 1 East Street Tonbridge Kent TN9 1AR

DUSKSIDE LIMITED

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DUSKSIDe LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 1997

The director presents his report and financial statements for the year ended 30 June 1997.

Review of the business

The principal activity of the company continued to be that of property investment through its interest in Penhurst Property Partnership.

The results for the year and the financial position at the year end were considered satisfactory by the director who expects growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 2.

The director does not recommend payment of an ordinary dividend.

Director

The following director has held office since 1 July 1996:

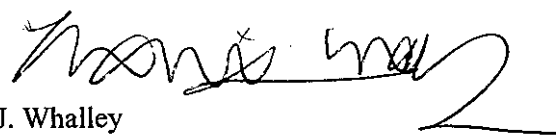
C.J. Whalley

Director's interests

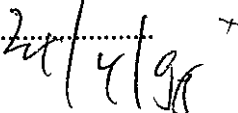
The director's beneficial interest in the shares of the company was as stated below:

	Ordinary Shares of £1 each	
	30 June 1997	1 July 1996
C.J. Whalley	1	1

By order of the board


C.J. Whalley

Director


24/4/98

DUSKSIDE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997

	Notes	1997 £	1996 £
Investment income	2	-	16,971
(Loss)/profit on ordinary activities before taxation		-	16,971
Tax on (loss)/profit on ordinary activities	3	-	-
(Loss)/profit on ordinary activities after taxation	7	-	16,971

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.

DUSKSIDE LIMITED

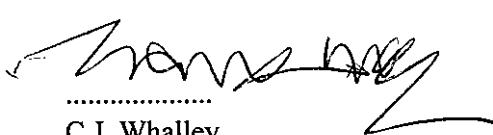
BALANCE SHEET AS AT 30 JUNE 1997

	Notes	1997 £	£	1996 £	£
Creditors: amounts falling due within one year	4	<u>(1,274)</u>		<u>(1,744)</u>	
Total assets less current liabilities			(1,274)		(1,744)
Provisions for liabilities and charges	5		(44,615)		(44,145)
			<u>(45,889)</u>		<u>(45,889)</u>
Capital and reserves					
Called up share capital	6		2		2
Profit and loss account	7		(45,891)		(45,891)
Shareholders' funds - equity interests	8		<u>(45,889)</u>		<u>(45,889)</u>

In preparing these financial statements:

- (a) The director is 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 director acknowledges his 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 24/4/98


C.J. Whalley
Director

DUSKSIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements are prepared on the going concern basis on the understanding that continued support will be provided by Penhurst Property Partnership.

1.2 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 director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.3 Associated undertakings

The company's share of profits less losses of associated undertakings is included in the profit and loss account, and the company's share of their net assets is included in the balance sheet. These amounts are taken from the latest audited financial statements of the undertakings concerned.

A copy of the financial statements of Penhurst Property Partnership is appended to these accounts.

2 Income from investments	1997 £	1996 £
Income from participating interests	-	16,971

3 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

4 Creditors: amounts falling due within one year	1997 £	1996 £
Accruals and deferred income	1,274	1,744

5 Provisions for liabilities and charges

	Interest in Partnership £
Balance at 1 July 1996	44,145
Drawings	470
Balance at 30 June 1997	44,615

DUSKSIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

6	Share capital	1997 £	1996 £
	Authorised		
	1,000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid		
	2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

7 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 1996	(45,891)
Balance at 30 June 1997	<u>(45,891)</u>

8 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
(Loss)/Profit for the financial year	-	16,971
Opening shareholders' funds	<u>(45,889)</u>	<u>(62,860)</u>
Closing shareholders' funds	<u>(45,889)</u>	<u>(45,889)</u>

9 Employees

Number of employees

There were no employees during the year apart from the director

10 Control

The company is controlled by C.J. Whalley.

PENHURST PROPERTY PARTNERSHIP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 1997

PENHURST PROPERTY PARTNERSHIP

PARTNERSHIP INFORMATION

Partners

Compton Hill Properties Limited
Staffbuild Limited
Duskside Limited
Homefirm Limited

Auditors

Creaseys
Chartered Accountants and Registered Auditors
1 East Street
Tonbridge
Kent
TN9 1AR

Business Address

The Old Bank
24 Battersea Park Road
London
SW11 4HY

PENHURST PROPERTY PARTNERSHIP

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PENHURST PROPERTY PARTNERSHIP

PARTNERS' REPORT FOR THE YEAR ENDED 30 JUNE 1997

The partners present their report and financial statements for the year ended 30 June 1997.

Review of the Business

The principal activity of the partnership continued to be that of letting property.

The results for the year and the financial position at the year end were considered satisfactory by the partners who expect continued growth in the foreseeable future.

Results

The results for the year are set out on page 4.

Market Value of Land and Buildings

The investment properties were revalued at the balance sheet date by the partners, on an open market basis.

Partners

The following companies have been partners since 1 July 1996:

Compton Hill Properties Limited
Staffbuild Limited
Duskside Limited
Homefirm Limited

Auditors

A resolution proposing that Creaseys be reappointed as auditors of the partnership will be put to the Annual General Meeting.

PENHURST PROPERTY PARTNERSHIP

PARTNERS' REPORT FOR THE YEAR ENDED 30 JUNE 1997

Partners' Responsibilities

The Partnerships and Unlimited Companies (Accounts) Regulations 1993 (Statutory Instrument 1993/1820) requires the partners to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing those financial statements, the partners are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The partners are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with Statutory Instrument 1993/1820. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Partnership



R.A. Hickie FCA

3-4-98

PENHURST PROPERTY PARTNERSHIP

AUDITORS' REPORT

TO THE MEMBERS OF PENHURST PROPERTY PARTNERSHIP

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 7.

Respective responsibilities of partners and auditors

As described on page 2 the partners are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 partners in the preparation of the financial statements, and of whether the accounting policies are appropriate to the partnership's circumstances, consistently applied and adequately disclosed.

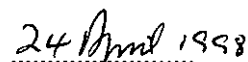
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the partnership's affairs as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Partnership and Unlimited Companies (Accounts) Regulations 1993.


Creaseys

Chartered Accountants
Registered Auditor


24 April 1998

1 East Street
Tonbridge
Kent
TN9 1AR

PENHURST PROPERTY PARTNERSHIP

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997

	Notes	1997 £	1996 £
Turnover	2	334,921	340,039
Cost of sales		(59,345)	(74,159)
Gross profit		275,576	265,880
Administrative expenses		(16,106)	(15,879)
Other operating income		123	158
Operating profit	3	259,593	250,159
Profit/(loss) on sale of properties	3	-	52,799
Profit on ordinary activities before interest		259,593	302,958
Other interest receivable and similar income	4	828	1,184
Interest payable and similar charges	5	(183,226)	(223,327)
Profit on ordinary activities before taxation		77,195	80,815
Tax on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation		77,195	80,815
Transfer from revaluation reserve	15	113,039	-
Retained profit for the year	14	190,234	80,815

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

PENHURST PROPERTY PARTNERSHIP

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 1997

	1997 £	1996 £
Profit for the financial year before reserve transfer	77,195	80,815
Unrealised (deficit)/surplus on revaluation of properties	(96,160)	1,051,156
Total gains and losses recognised since last financial statements	<u>(18,965)</u>	<u>1,131,971</u>

Note of Historical Cost Profits and Losses

	30 June 1997 £	30 June 1996 £
Reported profit on ordinary activities before taxation	77,195	80,815
Realisation of property revaluation gains of previous years	<u>113,039</u>	<u>-</u>
Historical cost profit on ordinary activities before taxation	<u>190,234</u>	<u>80,815</u>

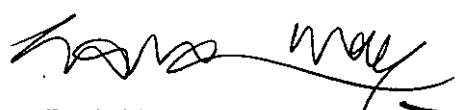
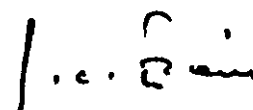
PENHURST PROPERTY PARTNERSHIP

BALANCE SHEET AS AT 30 JUNE 1997

	Notes	1997 £	£	1996 £	£
Fixed assets					
Tangible assets	7 and 8	3,173,245		3,603,292	
Investments	9		4		4
		<u>3,173,249</u>		<u>3,603,296</u>	
Current assets					
Debtors	10	122		8,650	
Cash at bank and in hand		33,456		-	
		<u>33,578</u>		<u>8,650</u>	
Creditors: amounts falling due within one year	11	<u>(68,815)</u>		<u>(68,203)</u>	
Net current liabilities		<u>(35,237)</u>		<u>(59,553)</u>	
Total assets less current liabilities		<u>3,138,012</u>		<u>3,543,743</u>	
Creditors Due After More Than One Year	12	<u>(1,520,290)</u>		<u>(1,827,586)</u>	
Net Assets		<u>1,617,722</u>		<u>1,716,157</u>	
Capital Accounts	13	1,000,000		1,000,000	
Current Accounts	14	(224,235)		(334,999)	
Revaluation Reserve	15	841,957		1,051,156	
		<u>1,617,722</u>		<u>1,716,157</u>	

Approved :

 
Compton Hill Properties Limited Staffbuild Limited

 
Duskside Limited Homefirm Limited

Date : 3/4/96

PENHURST PROPERTY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investment properties.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents rent receivable net of VAT (where applicable).

1.4 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 and fittings	equal instalments at 33% per annum
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In accordance with SSAP 19, the investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The partners 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.

No deferred taxation is provided in respect of the potential chargeable gains.

1.5 Investments

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

1.6 Deferred taxation

No provision for deferred taxation is made in these financial statements.

1.7 Government grants

Grants towards capital expenditure are deducted from the cost of the asset acquired. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.8 Group accounts

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

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

PENHURST PROPERTY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

3 Operating profit	1997	1996
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	1,145	1,144
Auditors' remuneration	5,699	7,050

Auditors' remuneration includes amounts in respect of the audit of subsidiary undertakings and taxation compliance work.

The investment property was revalued to its open market value prior to sale so the reported profit on disposal is nil.

4 Other interest receivable and similar income	1997	1996
	£	£
Bank interest	828	1,184

5 Interest Payable	1997	1996
	£	£
On bank overdrafts	34	194
On bank loans and mortgages	182,855	223,133
On overdue tax	337	-
	183,226	223,327

6 Taxation

No provision has been made for corporation tax in these financial statements as the partner companies bear their taxation liabilities in their own financial statements.

PENHURST PROPERTY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

7 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 July 1996 & at 30 June 1997	3,432
Depreciation	
At 1 July 1996	1,542
Charge for the year	1,145
At 30 June 1997	2,687
Net book value	
At 30 June 1997	745
At 30 June 1996	1,890

8 Tangible fixed assets

	Investment properties £
Cost	
At 1 July 1996	3,601,402
Additions net of capital grants	(16,939)
Revaluation	(96,160)
Disposals	(315,803)
At 30 June 1997	3,172,500

The valuations of investment properties were made as at 30 June 1997 by the partners, on an open market basis.

On an historical cost basis these would have been included at an original cost of £2,330,543 (1996 - £2,550,246).

The cumulative total of capital grants received which have been deducted from acquisition costs is £16,937.

Included in the net book value of investment properties are assets with a value of £604,000 which have been sold since the year end.

PENHURST PROPERTY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

9 Fixed Asset Investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 1996 & at 30 June 1997	4
At 30 June 1996	4

In the opinion of the partners the aggregate value of the partnership's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 10%

The partnership holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Penhurst (Rentals) Limited	England	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
Penhurst (Rentals) Limited	4	-

10 Debtors

	1997 £	1996 £
Other debtors	122	8,650

PENHURST PROPERTY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

11 Creditors: amounts falling due within one year	1997 £	1996 £
Bank loans and overdrafts	34,000	39,571
Taxes and social security costs	-	1,206
Other creditors	7,012	9,291
Accruals and deferred income	27,803	18,135
	<u>68,815</u>	<u>68,203</u>
12 Creditors : amounts falling due after more than one year	1997 £	1996 £
Bank loans	1,520,290	1,827,586
Analysis of Loans		
Instalments not due within five years	<u>822,290</u>	<u>995,586</u>
Loan maturity analysis		
Between two and five years	516,463	616,663
In five years or more	<u>1,037,827</u>	<u>1,242,923</u>

The loans are secured by fixed charges over the assets of the partnership.

Included in bank loans above are loans repayable by instalment at variable rates of interest over a period of up to 12 years. A loan of £516,463 is also included above which has no set repayment terms but the loan facility expires on 28 February 2000.

13 Partners' Capital Accounts	Compton Hill Properties Limited £	Staffbuild Limited £	Duskside Limited £	Homefirm Limited £	Total £
At 1 July 1996 and at 30 June 1997	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>

PENHURST PROPERTY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

14 Partners' Current Accounts

	Compton Hill Properties Limited £	Staffbuild Limited £	Duskside Limited £	Homefirm Limited £	Total £
At 1 July 1996	(154,250)	(127,101)	(44,145)	(9,503)	(334,999)
Share of profit	95,117	95,117	-	-	190,234
	(59,133)	(31,984)	(44,145)	(9,503)	(144,765)
Drawings	(39,500)	(39,500)	(470)	-	(79,470)
At 30 June 1997	(98,633)	(71,484)	(44,615)	(9,503)	(224,235)

15 Revaluation Reserve

	1997 £	1996 £
At 1 July 1996	1,051,156	-
Revaluation	(96,160)	1,051,156
Transfer to retained profit	(113,039)	-
At 30 June 1997	841,957	1,051,156

The revaluation reserve will not be allocated to the partners until such time as the gains are realised.

16 Employees

Number of employees

There were no employees during the year.

17 Control

The partners' voting rights and profit share are as follows:

	Votes	1996/97 Profit share	1995/96 Profit share
Compton Hill Properties Limited	25%	50%	42%
Staffbuild Limited	25%	50%	16%
Duskside Limited	25%	-	21%
Homefirm Limited	25%	-	21%

A unanimous vote is required to pass a partnership resolution.

PENHURST PROPERTY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

18 Related party transactions

The partnership paid letting commission of £23,453 to Hillbrook Management Limited, a company in which J.C. Elkington and R.A. Hickie, two directors of the subsidiary undertaking, are connected.