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DUSKSIDELIMITED

Company No: 2045708 (England and Wales)

FINANCIAL STATEMENTS

- for the year ended -

30TH JUNE 1998



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COMPANIES HOUSE

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DUSKSIDE LIMITED

DIRECTOR

C J Whalley

SECRETARY

R A Hickie

REGISTERED OFFICE

The Old Bank
24 Battersea Park Road
London
SW11 4HY

ACCOUNTANTS

Bhalloo & Company Limited
Chartered Certified Accountants
52 Throwley Way
Sutton, Surrey
SM1 4BF

DUSKSIDE LIMITED

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DUSKSIDE LIMITED

REPORT OF THE DIRECTOR

The director presents his report and financial statements for the year ended 30th June 1998.

PRINCIPAL ACTIVITIES

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.

DIRECTOR AND HIS INTERESTS

The director at the balance sheet date and his interests in the company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of shares</u>	<u>Number of shares</u>	
		<u>1998</u>	<u>1997</u>
C J Whalley	Ordinary shares class 1	1	1

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

This report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

By Order of the Board

Date: 30/5/2000


.....
C J Whalley
Director

DUSKSIDE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1998

	Notes	1998 £	1997 £
Administrative expenses		(881)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(881)	-
Tax on loss on ordinary activities	2	-	-
LOSS FOR THE FINANCIAL YEAR	7	(881)	-

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 4 to 5 form part of these financial statements.

DUSKSIDe LIMITED**BALANCE SHEET AT 30TH JUNE 1998**

	Notes	1998 £	1997 £
CURRENT ASSETS			
Debtors	3	6,117	-
CREDITORS: Amounts falling due within one year	4	(2,155)	(1,274)
NET CURRENT ASSETS		3,962	(1,274)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,962	(1,274)
PROVISIONS FOR LIABILITIES AND CHARGES	5	(50,732)	(44,615)
		(46,770)	(45,889)
CAPITAL AND RESERVES			
Called up share capital	6	2	2
Profit and loss account	7	(46,772)	(45,891)
SHAREHOLDERS FUNDS	8	(46,770)	(45,889)

The director has taken advantage of the exemption conferred by section 249A(1) not to have these financial statements audited and confirms that no notice has been deposited under section 249B(2) of the Companies Act 1985.

The director acknowledges his responsibilities for ensuring that:-

- The company keeps accounting records which comply with section 221 of the Companies Act 1985;
- The financial statements give a true and fair view of the state of affairs of the company as at 30th June 1998 and of its loss for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as is applicable to the company.

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

The financial statements were approved
by the board on 22/5/2000
and signed on its behalf by

C J Whalley.....

Director

The notes on pages 4 to 5 form part of these financial statements.

DUSKSIDe LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1998

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been 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 where there is a reasonable probability of the amount becoming payable 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. TAX ON LOSS ON ORDINARY ACTIVITIES

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

3. DEBTORS

	1998 £	1997 £
Other	6,117	-
	<u>6,117</u>	<u>-</u>

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Other creditors	2,155	1,274
	<u>2,155</u>	<u>1,274</u>

DUSKSID LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1998****5. PROVISION FOR LIABILITIES AND CHARGES**

	1998 £	1997 £
Interest in partnership:		
Balance at 1st July 1997	44,615	44,145
Movement during the year	6,117	470
Balance at 30th June 1998	<u>50,732</u>	<u>44,615</u>

6. SHARE CAPITAL

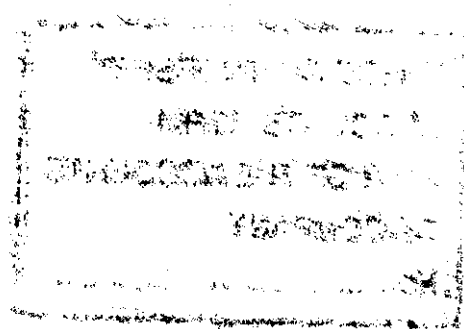
	1998 £	1997 £
<u>Authorised</u>		
Equity interests:		
1,000 Ordinary shares class 1 of £1 each	<u>1,000</u>	<u>1,000</u>
<u>Allotted, called up and fully paid</u>		
Equity interests:		
2 Ordinary shares class 1 of £1 each	<u>2</u>	<u>2</u>

7. PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
Accumulated losses at 1st July 1997	(45,891)	(45,891)
Loss for the financial year	(881)	-
Accumulated losses at 30th June 1998	<u>(46,772)</u>	<u>(45,891)</u>

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Loss for the financial year	(881)	-
New share capital subscribed	2	2
Net addition to shareholders' funds	<u>(879)</u>	<u>2</u>
Shareholders' funds at 1st July 1997	(45,891)	(45,891)
Shareholders' funds at 30th June 1998	<u>(46,770)</u>	<u>(45,889)</u>
Represented by:-		
Equity interests	<u>(46,770)</u>	<u>(45,889)</u>



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PENHURST PROPERTY PARTNERSHIP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 1998

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No.....2045702.....

PENHURST PROPERTY PARTNERSHIP

PARTNERSHIP INFORMATION

Partners

Compton Hill Properties Limited
Staffbuild Limited
Duskside Limited
Homefirm Limited

Auditors

Creaseys
Chartered Accountants and Registered Auditors
12 Lonsdale Gardens
Tunbridge Wells
Kent
TN1 1PA

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 1998

The partners present their report and financial statements for the year ended 30 June 1998.

Review of the Business

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

The assets and liabilities of the partnership are held on trust by Penhurst (Rentals) Limited as a nominee company.

The results for the year and the financial position at the year end were considered satisfactory by the partners. During the year, a proportion of the partnership's investment properties were sold and the remainder were refinanced on a long term mortgage.

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 1997:

Compton Hill Properties Limited

Staffbuild Limited

Duskside Limited

Homefirm Limited

Year 2000: computer implications

The directors have considered whether the partnership's operations could be adversely affected by malfunctions in computer or other equipment arising from errors in processing dates involving the year 2000 and beyond. No part of the partnership's current operations are critically dependent on computer or other equipment which could be affected by year 2000 problems.

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 1998

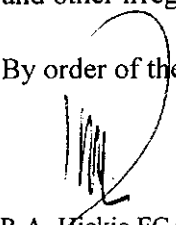
Partners' Responsibilities

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

26-1-99

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 1998 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

5 February 1999

Chartered Accountants
Registered Auditor

12 Lonsdale Gardens
Tunbridge Wells
Kent
TN1 1PA

PENHURST PROPERTY PARTNERSHIP

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1998

	Notes	1998 £	1997 £
Turnover	2	283,807	334,921
Cost of sales		(52,910)	(59,345)
Gross profit		230,897	275,576
Administrative expenses		(48,694)	(16,106)
Other operating income		-	123
Operating profit	3	182,203	259,593
Profit/(loss) on sale of properties	3	(1,012)	-
Profit on ordinary activities before interest		181,191	259,593
Other interest receivable and similar income	4	4,098	828
Interest payable and similar charges	5	(183,503)	(183,226)
Profit on ordinary activities before taxation		1,786	77,195
Tax on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation		1,786	77,195
Transfer from revaluation reserve	15	113,718	113,039
Retained profit for the year	14	115,504	190,234

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 1998

	1998 £	1997 £
Profit for the financial year before reserve transfer	1,786	77,195
Unrealised surplus/(deficit) on revaluation of properties	338,000	(96,160)
Total gains and losses recognised since last financial statements	339,786	(18,965)

Note of Historical Cost Profits and Losses

	30 June 1998 £	30 June 1997 £
Reported profit on ordinary activities before taxation	1,786	77,195
Realisation of property revaluation gains of previous years	113,718	113,039
Historical cost profit profit on ordinary activities before taxation	115,504	190,234

PENHURST PROPERTY PARTNERSHIP

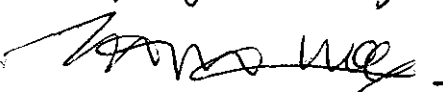
BALANCE SHEET AS AT 30 JUNE 1998

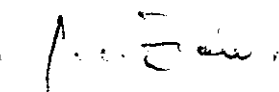
	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	7 and 8	2,783,000		3,173,245	
Investments	9		4		4
		<u>2,783,004</u>		<u>3,173,249</u>	
Current assets					
Debtors	10	-		122	
Cash at bank and in hand		15,659		33,456	
		<u>15,659</u>		<u>33,578</u>	
Creditors: amounts falling due within one year	11	<u>(9,063)</u>		<u>(68,815)</u>	
Net current assets/(liabilities)			6,596		(35,237)
Total assets less current liabilities			<u>2,789,600</u>		<u>3,138,012</u>
Creditors Due After More Than One Year	12	<u>(2,087,250)</u>		<u>(1,520,290)</u>	
Net Assets			<u>702,350</u>		<u>1,617,722</u>
Capital Accounts	13	-		1,000,000	
Current Accounts	14	(363,889)		(224,235)	
Revaluation Reserve	15	1,066,239		841,957	
		<u>702,350</u>		<u>1,617,722</u>	

Approved :


 Compton Hill Properties Limited
 company secretary


 Staffbuild Limited


 Duskside Limited


 Homefirm Limited

Date : 26-1-99

PENHURST PROPERTY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

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
-----------------------	------------------------------------

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 1998

3	Operating profit	1998	1997
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	745	1,145
	Auditors' remuneration	6,932	5,699
		<u> </u>	<u> </u>

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

The reported loss on disposal of investment properties is £1,012 and the historic cost profit is £112,706.

4	Other interest receivable and similar income	1998	1997
		£	£
	Bank interest	4,098	828
		<u> </u>	<u> </u>

5	Interest Payable	1998	1997
		£	£
	On bank overdrafts	22	34
	On bank loans and mortgages	183,481	182,855
	On overdue tax	-	337
		<u> </u>	<u> </u>
		183,503	183,226
		<u> </u>	<u> </u>

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 1998

7 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 July 1997 & at 30 June 1998	3,432
Depreciation	
At 1 July 1997	2,687
Charge for the year	745
At 30 June 1998	3,432
Net book value	
At 30 June 1998	-
At 30 June 1997	745

8 Tangible fixed assets

	Investment properties £
Cost	
At 1 July 1997	3,172,500
Additions net of capital grants	14,481
Revaluation	338,000
Disposals	(741,981)
At 30 June 1998	2,783,000

The valuations of investment properties were made as at 30 June 1998 by the partners, based on a professional valuation carried out in August 1997. The basis of valuation was open market value with assured shorthold tenancies.

On an historical cost basis these would have been included at an original cost of £1,716,761 (1997 - £2,330,543).

The book value of investment properties is represented by freehold property of £1,807,000 and long leasehold property of £976,000.

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

PENHURST PROPERTY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

9 Fixed Asset Investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 1997 & at 30 June 1998	4
At 30 June 1997	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

	1998 £	1997 £
Other debtors	-	122

PENHURST PROPERTY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

11 Creditors: amounts falling due within one year	1998 £	1997 £
Bank loans and overdrafts	-	34,000
Other creditors	2,454	7,012
Accruals and deferred income	6,609	27,803
	<u>9,063</u>	<u>68,815</u>
12 Creditors : amounts falling due after more than one year	1998 £	1997 £
Bank loans	<u>2,087,250</u>	<u>1,520,290</u>
Analysis of Loans		
Instalments not due within five years	<u>-</u>	<u>822,290</u>
Loan maturity analysis		
Between two and five years	<u>2,087,250</u>	<u>516,463</u>
In five years or more	<u>-</u>	<u>1,037,827</u>

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

The bank loans are subject to variable rates of interest.

13 Partners' Capital Accounts	Compton Hill Properties Limited £	Staffbuild Limited £	Duskside Limited £	Homefirm Limited £	Total £
At 1 July 1997	500,000	500,000	-	-	1,000,000
Capital Withdrawn	(500,000)	(500,000)	-	-	(1,000,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 1998	-	-	-	-	-

PENHURST PROPERTY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

14 Partners' Current Accounts

	Compton Hill Properties Limited £	Staffbuild Limited £	Duskside Limited £	Homefirm Limited £	Total £
At 1 July 1997	(98,633)	(71,484)	(44,615)	(9,503)	(224,235)
Share of profit	57,752	57,752	-	-	115,504
	(40,881)	(13,732)	(44,615)	(9,503)	(108,731)
Drawings	(131,692)	(63,832)	(6,117)	(53,517)	(255,158)
At 30 June 1998	<u>(172,573)</u>	<u>(77,564)</u>	<u>(50,732)</u>	<u>(63,020)</u>	<u>(363,889)</u>

15 Revaluation Reserve

	1998 £	1997 £
At 1 July 1997	841,957	1,051,156
Revaluation	338,000	(96,160)
Transfer to retained profit	(113,718)	(113,039)
At 30 June 1998	<u>1,066,239</u>	<u>841,957</u>

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	1997/98 Profit share	1996/97 Profit share	1995/96 Profit share
Compton Hill Properties Limited	25%	50%	50%	42%
Staffbuild Limited	25%	50%	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 1998

18 Related party transactions

The partnership paid letting commission of £4,863 (1997: £23,453) to Hillbrook Management Limited and £16,633 to Penhurst Properties Limited, companies in which J.C. Elkington and R.A. Hickie, two directors of the subsidiary undertaking, are connected.

The partnership sold investment properties to Penhurst Properties Limited, a company controlled by J.C. Elkington. The total consideration for the sales was £301,170.

Improvements to properties totalling £9,000 were carried out by C. Whalley, a director of a partner company.

The partnerships long-term borrowings are personally guaranteed for an amount of £200,000 each from J.C. Elkington, C. Whalley, W. Flind, A. Boaden and N. Smith, each of whom are officers of certain of the partner companies.