DUSKSIDE LIMITED

Company No: 2045708 (England and Wales)

FINANCIAL STATEMENTS

- for the year ended -

30TH JUNE 2000

17.7.01

DUSKSIDE LIMITED

DIRECTOR

C J Whalley

SECRETARY

C Kennedy

REGISTERED OFFICE

52 Throwley Way
Sutton, Surrey
SM1 4BF

ACCOUNTANTS

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

DUSKSIDE LIMITED

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2000

Page	
1	Report of the director
2	Profit and loss account
3	Balance sheet
4	Notes to the financial statements

DUSKSIDE LIMITED

REPORT OF THE DIRECTOR

The director presents his report and financial statements for the year ended 30th June 2000.

PRINCIPAL ACTIVITIES

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

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:

		Number of shares	
	Class of shares	2000	1999
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: 5.7.01.

.....

C J Whalley
Director

DUSKSIDE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2000

	Notes	2000 £	1999 £
TURNOVER		7,885	-
Administrative expenses		(896)	(881)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,989	(881)
Tax on profit on ordinary activities		-	-
PROFIT FOR THE FINANCIAL YEAR	6	6,989	(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 2000

	Notes	2000 £	2000 £	1999 £	1999 £
CURRENT ASSETS					
Debtors	2	17,781		6,117	
CREDITORS: Amounts falling due within one year	3	(896)		(3,036)	
NET CURRENT ASSETS			16,885		3,081
TOTAL ASSETS LESS CURRENT LIABILITIES			16,885		3,081
PROVISIONS FOR LIABILITIES AND CHARGES	4		(57,547)		(50,732)
			(40,662)		(47,651)
CAPITAL AND RESERVES					
Called up share capital	5		2		2
Profit and loss account	6		(40,664)		(47,653)
SHAREHOLDERS FUNDS	7		(40,662)		(47,651)

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:-

i) The company keeps accounting records which comply with section 221 of the Companies Act 1985;

ii) The financial statements give a true and fair view of the state of affairs of the company as at 30th June 2000 and of its profit 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 ..... 5.7.01 .
and signed on its behalf by

C J Whalley ..... Director

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2000

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 TURNOVER

Turnover represents income receivable from participating interests.

1.3 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.4 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. DEBTORS

	2000 £	1999 £
Other	17,781	6,117
	17,781	6,117

3. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Other creditors	896	3,036
	896	3,036

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2000

4. PROVISION FOR LIABILITIES AND CHARGES

	2000 £	1999 £
Interest in partnership:		
Balance at 1st July 1999	50,732	50,732
Share of profit	(7,885)	-
	42,847	50,732
Drawings	14,700	-
Balance at 30th June 2000	57,547	50,732

5. SHARE CAPITAL

	2000 £	1999 £
Authorised		
Equity interests:		
1,000 Ordinary shares class 1 of £1 each	1,000	1,000
Allotted, called up and fully paid		
Equity interests:		
2 Ordinary shares class 1 of £1 each	2	2

6. PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
Accumulated losses at 1st July 1999	(47,653)	(46,772)
Profit for the financial year	6,989	(881)
Accumulated losses at 30th June 2000	(40,664)	(47,653)

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	6,989	(881)
Shareholders' funds at 1st July 1999	(47,651)	(46,770)
Shareholders' funds at 30th June 2000	(40,662)	(47,651)
Represented by:-		
Equity interests	(40,662)	(47,651)
	(40,662)	(47,651)

DUSKSIDE LIMITED

ACCOUNTANTS' REPORT ON THE UNAUDITED ACCOUNTS TO THE DIRECTOR OF DUSKSIDE LIMITED

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 30th June 2000, set out on pages 2 to 5, 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.

.....

BHALLOO & COMPANY LIMITED
Chartered Certified Accountants

52 Throwley Way
Sutton, Surrey
SM1 4BF

Date: .....

DUSKSIDE LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 30TH JUNE 2000

DUSKSIDE LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2000

	2000		1999	
	£	£	£	£
INVESTMENT INCOME		7,885		-
ADMINISTRATIVE EXPENSES		(896)		(881)
NET PROFIT FOR THE YEAR		6,989		(881)

DUSKSIDE LIMITED

ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 30TH JUNE 2000

	2000		1999	
	£	£	£	£
ADMINISTRATIVE EXPENSES				
Accountancy		881		881
General expenses		15		-
		896		881

PENHURST PROPERTY PARTNERSHIP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2000

INDEX

1.	Partnership Information
2 – 3.	Report of the Partners
4.	Report of the Auditors
5.	Profit and Loss Account Statement of Total Recognised Gains and Losses
6.	Balance Sheet
7 – 12.	Notes forming part of the Financial Statements
13.	Trading and Profit and Loss Account

A34 COMPANIES HOUSE 10/07/01

MAGEE GAMMON

Chartered Accountants
19 North Street
Ashford
Kent
TN24 8LF

PENHURST PROPERTY PARTNERSHIP

PARTNERSHIP INFORMATION

Partners :	Duskside Limited Homefirm limited Penhurst Properties Limited
Head Office :	Owley Estate Office Owley Wittersham Kent TN30 7HL
Telephone :	01797 271000
Facsimile :	01797 271001
Bankers :	Bank of Ireland
Long Term Lenders :	United Bank of Kuwait
	The Principality Building Society Principality Buildings Queen Street Cardiff
Auditors :	Magee Gammon Chartered Accountants 19 North Street Ashford Kent, TN24 8LF
Solicitors :	Bircham & Co. 1 Dean Farrar Street Westminster London SW1H 0DY

PENHURST PROPERTY PARTNERSHIP

REPORT OF THE PARTNERS

FOR THE YEAR ENDED 30TH JUNE 2000

The Partners present their report together with the Financial Statements for the year ended 30th June 2000.

PRINCIPAL ACTIVITY

The principal activity of the Partnership during the year continued to be that of property letting.

REVIEW OF THE BUSINESS

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

The business has continued to benefit from the holding of a quality investment portfolio. The Partners are satisfied with the results for the year and the financial position at the balance sheet date and continue to look to the future with optimisim.

PARTNERS

During the year, Compton Hill Properties Limited and Staffbuild Limited resigned from the Partnership at which point Penhurst Properties Limited joined.

Therefore the following companies were partners at the balance sheet date:

Duskside Limited
Homefirm Limited
Penhurst Properties Limited

FIXED ASSETS

Details of Fixed Assets are set out in note 6 to these Financial Statements.

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

POST BALANCE SHEET EVENTS

There have been no events occurring since the end of the year which have materially altered the Company's position as represented within these Financial statements.

PENHURST PROPERTY PARTNERSHIP

REPORT OF THE PARTNERS

FOR THE YEAR ENDED 30TH JUNE 2000

PARTNERS RESPONSIBILITIES

The Partnerships and Unlimited Companies (Accounts) Regulations 1993 (SI 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 company will continue in business;
- follow applicable accounting standards subject to any material departures disclosed and explained in the financial statements.

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 the Statutory Instrument 1993/1820. They are also responsible for safeguarding the assets of the Partnership and hence for taking any reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

During the year, Messrs Creaseys resigned as the auditors of the partnership. Messrs Magee Gammon were invited to fill the casual vacancy and have indicated their willingness to continue in office and, accordingly, a resolution for their reappointment will be proposed at the Annual General Meeting.

By order of the Partnership

J C Elkington

REPORT OF THE AUDITORS

TO THE PARTNERS OF

PENHURST PROPERTY PARTNERSHIP

We have audited the Financial Statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of Partners and Auditors
As described on page 3 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.

Unqualified Opinion
In our opinion, the Financial Statements give a true and fair view of the state of the Partnership's affairs as at 30th June 2000 and of its result for the year then ended and have been properly prepared in accordance with the Partnership and Unlimited Companies (Accounts) Regulations 1993.

MAGEE GAMMON
Chartered Accountants
Registered Auditors

19 North Street
Ashford
Kent
TN24 8LF

31st March 2001

PENHURST PROPERTY PARTNERSHIP

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2000

	NOTE	2000	1999
TURNOVER		299,066	253,846
Cost of Sales		46,226	52,142
		252,840	201,704
Administrative Expenses		8,420	7,105
OPERATING PROFIT	3	244,420	194,599
Other Interest Receivable and Similar Income	4	1,915	1,770
Interest Payable and Similar Charges	5	208,787	179,340
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		37,548	17,029
Tax on Profit on Ordinary Activities	6	–	–
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		£37,548	£17,029
RETAINED PROFIT FOR THE FINANCIAL YEAR		£37,548	£17,029

All the above amounts are in respect of continuing activities

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000	1999
Profit for the Financial Year	37,548	17,029
Unrealised Surplus on Revaluation of Properties	1,816,500	–
Total Recognised Gains and Losses relating to the Year	£1,854,048	£17,029

The accompanying notes form an integral part of these Financial Statements

PENHURST PROPERTY PARTNERSHIP

BALANCE SHEET

AS AT 30TH JUNE 2000

	NOTE	2000		1999	
FIXED ASSETS					
Tangible Assets	7		4,603,051		2,783,000
Investments	8		4		4
			4,603,055		2,783,004
CURRENT ASSETS					
Cash at Bank and in Hand		44,133		51,507	
CREDITORS: Amounts falling due within one year	9	52,960		27,882	
NET CURRENT (LIABILITIES)/ASSETS			(8,827)		23,625
TOTAL ASSETS LESS CURRENT LIABILITIES			4,594,228		2,806,629
CREDITORS: Amounts falling due after more than one year	10		2,087,250		2,087,250
NET ASSETS			£2,506,978		£719,379
CAPITAL AND RESERVES					
Capital Accounts	11		561,302		(346,860)
Investment Property Revaluation Reserve	12		1,945,676		1,066,239
			£2,506,978		£719,379

Approved by the Partners on 31st March 2001

Penhurst Properties Limited

Duskside Limited

Homefirm Limited

The accompanying notes form an integral part of these Financial Statements

PENHURST PROPERTY PARTNERSHIP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2000

1. ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with Accounting Standards. The principal accounting policies are as follows:–

Basis of Accounting

The Financial Statements are prepared under the historical cost convention.

Turnover

Turnover represents rent receivable, exclusive of VAT where applicable.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided for 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	33% at cost

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standards it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the Partners compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately indentified or quantified.

Investments

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

Deferred Taxation

No provision for deferred taxation is made in these Financial Statements.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2000

1. ACCOUNTING POLICIES (continued)

Group Financial Statements

The Financial Statements present information in respect of the Partnership as an individual undertaking. The Partnership and its subsidiary undertaking comprise a small group. The Partnership has therefore taken advantage of the exemptions provided by Section 248 of the Companies Act 1985 to dispense with the requirement to prepare Group Financial Statements.

2. TURNOVER AND PROFIT

All turnover and profit was derived from the principal activity of the Partnership wholly undertaken within the United Kingdom.

3. OPERATING PROFIT

Operating Profit is stated after charging/(crediting):–

	2000 £	1999 £
Auditors Remuneration	£1,853	£3,200

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
Bank Interest	£1,915	£1,770

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
On Bank Loans and Mortgages	£208,787	£179,340

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no liability to corporation tax as the partner companies bear their taxation liabilities in their own companies.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2000

7. TANGIBLE FIXED ASSETS

	Investment Properties	Fixtures & Fittings	Total
Cost or Valuation:			
At 1st July 1999	2,783,000	3,432	2,786,432
Additions	3,551	–	3,551
Revaluation	1,816,500	–	1,816,500
At 30th June 2000	4,603,051	3,432	4,606,483
Depreciation:			
At 1st July 1999	–	3,432	3,432
Charge for the Year	–	–	–
At 30th June 2000	–	3,432	3,432
Net Book Value:			
At 30th June 2000	£4,603,051	–	£4,603,051
At 30th June 1999	£2,783,000	–	£2,783,000

The valuations of investment properties were made as at 30th June 2000 by the partners, based on a professional valuation, on an open market basis, carried out by The Principality Building Society in June 2000.

The historic cost of Investment Properties was £1,716,761 (1999 : £1,716,761).

The book value of investment properties is represented by freehold property of £2,373,000 (1999 : £1,807,000) and long leasehold property of £2,226,500 (1999 : £976,000).

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2000

8. FIXED ASSET INVESTMENTS

	Investment in Subsidiary Undertakings
Cost:	
At 1st July 1999 and 30th June 2000	£4

The Partnership's investment in its Subsidiary Undertaking represents the cost of acquisition of the whole of the issued share capital of Penhurst (Rentals) Limited, whose principal activity is that of property owning and managing, acting as nominee for Penhurst Property Partnership.

At the balance sheet date, Penhurst (Rentals) Limited had not traded during the year and the aggregate capital and reserves amounted to £4 (1999 : £4).

9. CREDITORS: Amounts falling due within one year

	2000	1999
Other Taxation and Social Security	2,336	–
Other Creditors	32,445	23,598
Accruals and Deferred income	18,179	4,284
	£52,960	£27,882

10. CREDITORS: Amounts falling due after more than one year

	2000	1999
Bank Loans	£2,087,250	£2,087,250

Analysis of loans
Not wholly repayable within five years by instalments:

Repayable after more than five years	£2,087,250	£2,087,250

Loan maturity analysis

In five years or more	£2,087,250	£2,087,250

The bank loans are secured by fixed charges over the assets of the Company and are repayable by instalments at variable rates of interest.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2000

11. CAPITAL ACCOUNTS

	Compton Hill Properties Limited	Staffbuild Limited	Duskside Limited	Homefirm Limited	Penhurst Properties Limited	Total
At 1st July 1999	(164,058)	(69,050)	(50,732)	(63,020)	–	(346,860)
Transfer from Reserve	660,813	276,250	–	–	–	937,063
Introduced	–	–	–	–	666,906	666,906
Share of Profit	–	–	7,885	7,885	21,778	37,548
	496,755	207,200	(42,847)	(55,135)	688,684	1,294,657
Drawings	(29,400)	(11,200)	(14,700)	(14,700)	–	(70,000)
Retirement	(467,355)	(196,000)	–	–	–	(663,355)
At 30th June 2000	–	–	(£57,547)	(£69,835)	£688,684	£561,302

12. REVALUATION RESERVE

	2000	1999
Balance at Start of Year	1,066,239	1,066,239
Revaluation during the Year	1,816,500	–
Transfer to Capital Accounts	(937,063)	–
Balance at End of Year	£1,945,676	£1,066,239

14. EMPLOYEES

There were no employees during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2000

15. CONTROL

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

	Votes	1999/2000 Profit Share	1998/99 Profit Share	1997/98 Profit Share
Compton Hill Properties Limited	–	–	50%	50%
Staffbuild Limited	–	–	50%	50%
Duskside Limited	33.3%	21%	–	–
Homefirm Limited	33.3%	21%	–	–
Penhurst Properties Limited	33.3%	58%	–	–

A unanimous vote is required to pass a Partnership resolution.

16. RELATED PARTY TRANSACTIONS

The Partnership paid letting commission of £24,431 (1999 : £20,844) to Penhurst Properties Limited, a company in which J C Elkington and C J H Newton, two directors of the subsidiary undertaking, are connected.

PENHURST PROPERTY PARTNERSHIP

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2000

		2000		1999
TURNOVER				
Rents Receivable		299,066		253,846
COST OF SALES				
Rates	(167)		(1,012)	
Service Charge and Ground Rent	10,490		5,386	
Legal and Professional	448		1,686	
Letting Commissions	24,431		24,619	
Property Repairs and Maintenance	7,931		18,406	
Insurance	2,233		2,348	
Cleaning	675		520	
Light and Heat	185		189	
		46,226		52,142
NET RENTAL INCOME		252,840		201,704
OVERHEADS				
Accountancy	1,338		1,753	
Audit Fees	1,853		3,200	
Legal and Professional Fees	4,523		–	
Sundry Expenses	3		1,426	
Bank Interest and Charges	703		726	
Mortgage Interest and Charges	208,787		179,340	
		217,207		186,445
		35,633		15,259
OTHER INCOME				
Interest Receivable		1,915		1,770
NET PROFIT FOR THE YEAR		£37,548		£17,029

This page does not form part of the audited Financial Statements