DUSKSIDE LIMITED

Company No: 2045708 (England and Wales)

FINANCIAL STATEMENTS

- for the year ended -

30TH JUNE 2001

DUSKSIDE LIMITED

DIRECTOR

C J Whalley

SECRETARY

S Spin

BUSINESS ADDRESS

1B The Village
Amies Street
London
SW11 2JW

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 2001

DUSKSIDE LIMITED

REPORT OF THE DIRECTOR

The director presents his report and financial statements for the year ended 30th June 2001.

PRINCIPAL ACTIVITIES

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

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:

	Class of shares	Number of shares 2001	2000
C J Whalley	Ordinary shares class 1	2	2

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: 18-10-2002

C J Whalley
Director

DUSKSIDE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2001

	Notes	2001 £	2000 £
TURNOVER		2,974	7,885
Administrative expenses		(1,496)	(896)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,478	6,989
Tax on profit on ordinary activities		-	-
PROFIT FOR THE FINANCIAL YEAR	7	1,478	6,989

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 6 form part of these financial statements.

DUSKSIDE LIMITED

BALANCE SHEET AT 30TH JUNE 2001

	Notes	2001 £	2001 £	2000 £	2000 £
FIXED ASSETS					
Investments	2		333,453		-
CURRENT ASSETS					
Debtors	3	220,522		17,781	
CREDITORS: Amounts falling due within one year	4	(1,762)		(896)	
NET CURRENT ASSETS			218,760		16,885
TOTAL ASSETS LESS CURRENT LIABILITIES			552,213		16,885
PROVISIONS FOR LIABILITIES AND CHARGES	5		(591,397)		(57,547)
			(39,184)		(40,662)
CAPITAL AND RESERVES					
Called up share capital	6		2		2
Profit and loss account	7		(39,186)		(40,664)
SHAREHOLDERS FUNDS	8		(39,184)		(40,662)

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 2001 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 .....18 - 10 - 2002
and signed on its behalf by

C J Whalley.................. Director

The notes on pages 4 to 6 form part of these financial statements.

DUSKSIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2001

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. INVESTMENTS

Cost	Beginning of year £	Additions £	End of year £
Other investments other than loans	-	333,453	333,453
	-	333,453	333,453
Net book value	-		333,453

Other investments other than loans	2001 Cost £	2000 Cost £
Unlisted	333,453	-

3. DEBTORS

	2001 £	2000 £
Other	220,522	17,781
	220,522	17,781

DUSKSIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2001

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Other creditors	1,762	896
	1,762	896

5. PROVISION FOR LIABILITIES AND CHARGES

	2001 £	2000 £
Interest in partnership:		
Balance at 1st July 2000	57,547	50,732
Share of profit	(1,150)	(7,885)
	56,397	42,847
Loans	535,000	14,700
Balance at 30th June 2001	591,397	57,547

6. SHARE CAPITAL

	2001 £	2000 £
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

7. PROFIT AND LOSS ACCOUNT

	2001 £	2000 £
Accumulated losses at 1st July 2000	(40,664)	(47,653)
Profit for the financial year	1,478	6,989
Accumulated losses at 30th June 2001	(39,186)	(40,664)

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	1,478	6,989
Shareholders' funds at 1st July 2000	(40,662)	(47,651)
Shareholders' funds at 30th June 2001	(39,184)	(40,662)
Represented by:-		
Equity interests	(39,184)	(40,662)
	(39,184)	(40,662)

PENHURST PROPERTY PARTNERSHIP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2001

THESE PARTNERSHIP ACCOUNTS FORM PART OF THE ACCOUNTS OF COMPANY No. 2045708

INDEX

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 9 St Michaels Road Croydon CR9 3SA
Long Term Lenders :	The Principality Building Society Principality Buildings Queen Street Cardiff
Auditors :	Magee Gammon Corporate Limited Chartered Accountants 19 North Street Ashford Kent TN24 8LF
Solicitors :	Bircham Dyson Bell 1 Dean Farrar Street Westminster London SW1H 0DY

PENHURST PROPERTY PARTNERSHIP

REPORT OF THE PARTNERS

FOR THE YEAR ENDED 30TH JUNE 2001

The Partners present their report together with the Financial Statements for the year ended 30th June 2001.

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 Homefirm Limited reduced its interest in the Partnership. An existing partner, Penhurst Properties Limited, took up the interest disposed of by Homefirm Limited.

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 7 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 position of the Partnership as represented within these Financial statements.

PENHURST PROPERTY PARTNERSHIP

REPORT OF THE PARTNERS

FOR THE YEAR ENDED 30TH JUNE 2001

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

Magee Gammon Corporate Limited 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

INDEPENDENT AUDITORS REPORT

TO THE PARTNERS OF

PENHURST PROPERTY PARTNERSHIP

We have audited the Financial Statements of the Penhurst Property Partnership for the year ended 30th June 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 therein.

Respective responsibilities of Partners and Auditors
As described in the Statement of Partners Responsibilities the Partners of the Partnership are responsible for the preparation of the 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 Partnerships and Unlimited Companies (Accounts) Reguklations 1993 and, where relevant, with the Companies Act 1985. We also report to you, if in our opinion, the Partners Report is not consistent with the Financial Statements, if the Partnership has 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 transactions with the Partnership are not disclosed.

We read the Partners 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 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 affairs of the Partnership as at 30th June 2001 and of its result for the year then ended and have been properly prepared in accordance with the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

Magee Gammon Corporate Ltd.

MAGEE GAMMON CORPORATE LIMITED
Chartered Accountants
Registered Auditors

19 North Street
Ashford
Kent
TN24 8LF

5th December 2001

PENHURST PROPERTY PARTNERSHIP

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2001

	NOTE	2001	2000
TURNOVER		354,222	299,066
Cost of Sales		98,866	46,226
		255,356	252,840
Administrative Expenses		19,260	8,420
OPERATING PROFIT	3	236,096	244,420
Other Interest Receivable and Similar Income	4	20,094	1,915
Interest Payable and Similar Charges	5	250,712	208,787
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,478	37,548
Tax on Profit on Ordinary Activities	6	–	–
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		£5,478	£37,548
RETAINED PROFIT FOR THE FINANCIAL YEAR		£5,478	£37,548

All the above amounts are in respect of continuing activities

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2001	2000
Profit for the Financial Year	5,478	37,548
Unrealised Surplus on Revaluation of Properties	689,925	1,816,500
Total Recognised Gains and Losses relating to the Year	£695,403	£1,854,048

The accompanying notes form an integral part of these Financial Statements

PENHURST PROPERTY PARTNERSHIP

BALANCE SHEET

AS AT 30TH JUNE 2001

	NOTE	2001	2001	2000	2000
FIXED ASSETS					
Tangible Assets	7		5,292,976		4,603,051
Investments	8		4		4
			5,292,980		4,603,055
CURRENT ASSETS					
Debtors	9	10,378		–	
Cash at Bank and in Hand		90,401		44,133	
		100,779		44,133	
CREDITORS: Amounts falling due within one year	10	45,219		52,960	
NET CURRENT ASSETS/(LIABILITIES)			55,560		(8,827)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,348,540		4,594,228
CREDITORS: Amounts falling due after more than one year	11		3,216,159		2,087,250
NET ASSETS			£2,132,381		£2,506,978
CAPITAL AND RESERVES					
Capital Accounts	12		(179,839)		561,302
Investment Property Revaluation Reserve	13		2,312,220		1,945,676
			£2,132,381		£2,506,978

Approved by the Partners on 5th December 2001

Penhurst Properties Limited

Duskside Limited

Homefirm Limited

The accompanying notes form an integral part of these Financial Statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2001

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 2001

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): –

	2001 £	2000 £
Auditors Remuneration	£1,763	£1,853

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2001	2000
Bank Interest	£20,094	£1,915

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
On Bank Loans and Mortgages	£250,712	£208,787

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 2001

7. TANGIBLE FIXED ASSETS

	Investment Properties	Fixtures & Fittings	Total
Cost or Valuation:			
At 1st July 2000	4,603,051	3,432	4,606,483
Revaluation	689,925	–	689,925
At 30th June 2001	5,292,976	3,432	5,296,408
Depreciation:			
At 1st July 2000 and 30th June 2001	–	3,432	3,432
Net Book Value:			
At 30th June 2001	£5,292,976	–	£5,292,976
At 30th June 2000	£4,603,051	–	£4,603,051

The valuations of investment properties were made as at 30th June 2001 by the partners, based on a professional valuation, on an open market basis, carried out by BBG Chartered Surveyors in June 2000. The basis of the valuation has been by reference to the average increase during the year in the Greater London property price indices as published by the Nationwide Building Society and HBOS plc (formerly Halifax Bank plc).

The historic cost of Investment Properties was £1,716,761 (2000 : £1,716,761).

The book value of investment properties is represented by freehold property of £2,732,535 (2000 : £2,373,000) and long leasehold property of £2,560,441 (2000 : £2,226,500).

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 2001

8. FIXED ASSET INVESTMENTS

	Investment in Subsidiary Undertakings
Cost:	
At 1st July 2000 and 30th June 2001	£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 (2000 : £4).

9. DEBTORS

	2001	2000
Other Debtors	7,913	–
Prepayments	2,465	–
	£10,378	–

10. CREDITORS: Amounts falling due within one year

	2001	2000
Other Taxation and Social Security	–	2,336
Other Creditors	30,721	32,445
Accruals and Deferred Income	14,498	18,179
	£45,219	£52,960

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2001

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

	2001	2000
Bank Loans	£3,216,159	£2,087,250

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

	2001	2000
Repayable after more than five years	£3,216,159	£2,087,250

Loan maturity analysis

	2001	2000
In five years or more	£3,216,159	£2,087,250

The bank loans are secured by fixed and floating charges over the assets of the Partnership.

12. CAPITAL ACCOUNTS

	Duskside Limited	Homefirm Limited	Penhurst Properties Limited	Total
At 1st July 2000	(57,547)	(69,835)	688,684	561,302
Transfer from Investment Property Revaluation Reserve	–	323,381	–	323,381
Introduced	–	–	280,000	280,000
Share of Profit for the Year	1,150	548	3,780	5,478
Drawings	(535,000)	–	(535,000)	(1,070,000)
Retirement	–	(280,000)	–	(280,000)
At 30th June 2001	(£591,397)	(£25,906)	£437,464	(£179,839)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2001

13. INVESTMENT PROPERTY REVALUATION RESERVE

	2001	2000
Balance at Start of Year	1,945,676	1,066,239
Revaluation during the Year	689,925	1,816,500
Transfer to Capital Accounts	(323,381)	(937,063)
Balance at End of Year	£2,312,220	£1,945,676

14. EMPLOYEES

There were no employees during the year.

15. CONTROL

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

	Votes	2000/2001 Profit Share	1999/2000 Profit Share
Duskside Limited	33.3%	21%	21%
Homefirm Limited	33.3%	10%	21%
Penhurst Properties Limited	33.3%	69%	58%

A unanimous vote is required to pass a Partnership resolution.

16. RELATED PARTY TRANSACTIONS

During the year the Partnership paid letting management fees of £16,606 (2000 : £24,431) to Penhurst Properties Limited, and letting management fees of £16,606 (2000 : Nil) to Sloneform Limited. Penhurst Properties Limited is connected to the Partnership by virtue of the fact that is is a partner and Sloneform Limited is connected to the Partnership by virtue of the fact that it is a subsidiary of Penhurst Properties Limited. The letting management fees charged are set on an arms length basis.

PENHURST PROPERTY PARTNERSHIP

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2001

	2001	2001	2000	2000
TURNOVER				
Rents Receivable		354,222		299,066
COST OF SALES				
Rates	–		(167)	
Service Charge and Ground Rent	2,516		4,423	
Legal and Professional	–		448	
Letting Management Fees	34,898		30,498	
Property Repairs and Maintenance	59,795		7,931	
Insurance	1,184		2,233	
Cleaning	358		675	
Light and Heat	115		185	
		98,866		46,226
NET RENTAL INCOME		255,356		252,840
OVERHEADS				
Accountancy	13,636		1,338	
Audit Fees	1,763		1,853	
Legal and Professional Fees	2,552		4,523	
Sundry Expenses	451		3	
Bank Interest and Charges	858		703	
Mortgage Interest and Charges	250,712		208,787	
		269,972		217,207
		(14,616)		35,633
OTHER INCOME				
Interest Receivable		20,094		1,915
NET PROFIT FOR THE YEAR		£5,478		£37,548

This page does not form part of the audited Financial Statements