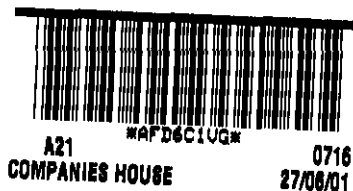


Company Number 3233021

BAILEY PROPERTY MANAGEMENT LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2000



BAILEY PROPERTY MANAGEMENT LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST AUGUST 2000

The Director presents his report and the financial statements for the year ended 31st August 2000.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the Director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the Director is 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.

The Director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be that of the letting of residential property.

DIRECTOR

The director of the company at 31st August 2000 and his interest in the issued Share Capital was as follows:

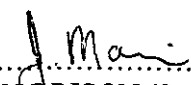
	<u>£1 Ordinary Shares</u>	
	<u>2000</u>	<u>1999</u>
D. B. THOMPSON	2	2

SMALL COMPANY RULES

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

Date : 31st May 2001

Signed on behalf of the Board


.....
J. MORRISON (Secretary)

BAILEY PROPERTY MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST AUGUST 2000

	<u>Note</u>	<u>2000</u>	<u>1999</u>
TURNOVER	1	6901	3631
Administration Expenses		(3164)	(3632)
Depreciation	2	(1940)	(1143)
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		1797	(1144)
Interest Receivable		1	69
Interest Payable		(3508)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1710)	(1075)
Tax on Loss on Ordinary Activities		(38)	(56)
LOSS FOR THE YEAR		(1748)	(1131)
LOSSES BROUGHT FORWARD		(3089)	(1958)
LOSSES CARRIED FORWARD		£ (4837)	£ (3089)

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

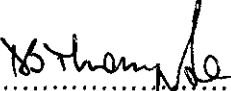
BAILEY PROPERTY MANAGEMENT LIMITED

BALANCE SHEET AT 31ST AUGUST 2000

	<u>Note</u>	<u>2000</u>	<u>1999</u>
FIXED ASSETS			
Tangible Assets	2	84144	42327
CURRENT ASSETS			
Debtors	3	979	-
Cash at Bank		<u>234</u>	<u>1842</u>
		1213	1842
CREDITORS:			
Amounts falling due within one year	4	(9112)	(2862)
NET CURRENT (LIABILITIES) ASSETS		(7899)	(1020)
TOTAL ASSETS LESS CURRENT LIABILITIES		76245	41307
CREDITORS:			
Amounts falling due for payment after more than one year	4	(81080)	(44394)
NET ASSETS		£ (4835)	£ (3087)
CAPITAL AND RESERVES			
Issued Shared Capital	5	2	2
Profit and Loss Account (debit balance)		(4837)	(3089)
SHAREHOLDERS' FUNDS		£ (4835)	£ (3087)

The Director considers that the company is entitled to exemption from the requirement to have an audit under the provisions of Section 249A (1) of the Companies Act 1985. Members have not required the company under Section 249B (2) of the Companies Act 1985 to obtain an audit for the year ended 31 August 2000. The Director acknowledges his responsibility for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 31st August 2000 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 Act relating to the accounts so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and were approved by the Board on 31st May 2001 and signed on its behalf


.....

D. B. THOMPSON - Director

BAILEY PROPERTY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST AUGUST 2000

1. ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

(b) Turnover

Turnover comprises the value of rents receivable.

(c) 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 on the following bases:

Property	- 2.5% On Reducing Balance
Furniture and Fittings	- 15% On Reducing Balance

2. TANGIBLE FIXED ASSETS

	<u>Freehold Property</u>	<u>Others</u>	<u>TOTAL</u>
COST			
as at 1.9.99	43360	619	43979
additions in the year	<u>45249</u>	<u>100</u>	<u>45349</u>
as at 31.8.00	<u>88609</u>	<u>719</u>	<u>89328</u>
DEPRECIATION			
as at 1.9.99	3005	239	3244
Charge for the year	<u>1868</u>	<u>72</u>	<u>1940</u>
As at 31.8.00	<u>4873</u>	<u>311</u>	<u>5184</u>
NET BOOK VALUE			
as at 31.8.99	£ 41947	£ 380	£ 42327
as at 31.8.00	£ <u>83736</u>	£ <u>408</u>	£ <u>84144</u>

The director considers that the market value of Freehold Property is in excess of the Net Book Value.

	<u>2000</u>	<u>1999</u>
3. DEBTORS		
Other Debtors	£ <u>979</u>	£ <u>-</u>

BAILEY PROPERTY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST AUGUST 2000 (CONTD...)

	<u>2000</u>	<u>1999</u>
4. CREDITORS:		
amounts falling due within one year:		
Other Creditors	4370	2806
Corporation Tax	38	56
Building Society Mortgage	<u>4704</u>	<u>-</u>
	£ <u>9112</u>	£ <u>2862</u>
amounts falling due after more than one year:		
Director's Loan	45643	44394
Building Society Mortgage	<u>35437</u>	<u>-</u>
	£ <u>81080</u>	£ <u>44394</u>
5. SHARE CAPITAL		
Authorised		
100000 Ordinary Shares of £1 each	£ <u>100000</u>	£ <u>100000</u>
Issued		
2 Ordinary Shares of £1 each	£ <u>2</u>	£ <u>2</u>