

**REGISTRAR OF
COMPANIES****Piperlink Limited****Report and Financial Statements****Year Ended****30 June 2000****BDO Stoy Hayward**
Chartered Accountants

PIPERLINK LIMITED

Report and financial statements for the year ended 30 June 2000

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Directors

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Directors

D Tannen
M I Tannen
D A Tannen

Secretary and registered office

J M Miller, Sutherland House, 70-78 West Hendon Broadway, London, NW9 7BT.

Company number

3371321

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

PIPERLINK LIMITED

Report of the directors for the year ended 30 June 2000

The directors present their report together with the audited financial statements for the year ended 30 June 2000.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is that of property investment.

The directors continue to seek suitable investment opportunities.

There have been no events since the balance sheet date which materially affect the position of the company.

Property valuation

The company's investment properties were valued as at 30 June 2000 by the directors at open market value. A portfolio of the directors valuations were externally reviewed by Chesterton plc who supported the directors valuation in aggregate.

Directors

The directors of the company during the year were D Tannen, M I Tannen and D A Tannen. No directors has any interest in the share capital of the company.

Directors' responsibilities

Company law requires the directors 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 year. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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.

PIPERLINK LIMITED

Report of the directors for the year ended 30 June 2000 (*Continued*)

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

James C. Lee

J M Miller

Secretary

Date *21 DECEMBER 2000*

PIPERLINK LIMITED

Report of the auditors

To the shareholders of Piperlink Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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.

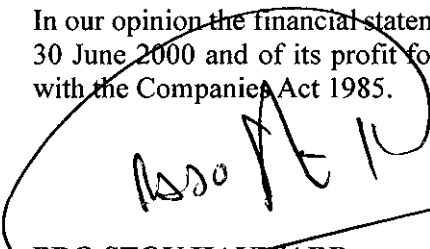
Basis of opinion

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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 company's affairs as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London

21 December 2000

PIPERLINK LIMITED**Profit and loss account for the year ended 30 June 2000**

	Note	2000 £	1999 £
Net rental income		150,000	150,000
Administrative expenses		24,000	15,000
Operating profit		126,000	135,000
Interest payable	2	(96,750)	(96,750)
Profit on ordinary activities before and after taxation		29,250	38,250
Retained profit brought forward		59,503	21,253
Retained profit carried forward		88,753	59,503

All amounts relate to continuing activities.

The notes on pages 7 to 9 form part of these financial statements.

PIPERLINK LIMITED**Statement of total recognised gains and losses and reconciliation of movements in shareholders' funds
for the year ended 30 June 2000**

	2000	1999
	£	£
Statement of total recognised gains and losses		
Profit for the financial year	29,250	38,250
Unrealised surplus on revaluation of properties	-	540,000
Total recognised gains for the year	29,250	578,250
Reconciliation of movements in shareholders' funds		
Profit for the year	29,250	38,250
Revaluation of investment property	-	540,000
Shareholders' funds brought forward	694,223	115,973
Shareholders' funds carried forward	723,473	694,223

The notes on pages 7 to 9 form part of these financial statements.

PIPERLINK LIMITED

Balance sheet at 30 June 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	4	1,950,000	1,950,000
Current assets			
Debtors	5	14,306	-
Creditors: amounts falling due within one year	6	115,833	130,777
Net current liabilities		(101,527)	(130,777)
Total assets less current liabilities		1,848,473	1,819,223
Creditors: amounts falling due after more than one year	7	1,125,000	1,125,000
		723,473	694,223
Capital and reserves			
Called up share capital	8	2	2
Revaluation reserve	9	634,718	634,718
Profit and loss account		88,753	59,503
Shareholders' funds – equity		723,473	694,223

The financial statements were approved by the Board on 21 DECEMBER 2000

Director

D. TANNEN

The notes on pages 7 to 9 form part of these financial statements.

PIPERLINK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Investment properties

Investment properties are valued at open market value. Any surplus or deficit arising from such revaluation is transferred to the revaluation reserve except that shortfalls against the original cost are written off to the profit and loss account.

No provision has been made for depreciation on these properties. The directors consider that this accounting policy, which represents a departure from the Companies Act 1985, is necessary to provide a true and fair view.

Net rental income

Net rental income represents gross rental income net of property expenses.

Deferred taxation

No provision is made for deferred taxation that would arise on the disposal of any company properties. Provision is made, if material, for timing differences between the treatment of certain items of income and expenditure for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Facility fees

Facility fees are amortised over the period of the loan to which they relate.

2 Interest payable

	2000 £	1999 £
Bank loans and overdrafts	96,750	96,750
	<u> </u>	<u> </u>

3 Taxation on profits from ordinary activities

There is no charge to taxation for the year as a result of the availability of group relief.

PIPERLINK LIMITEDNotes forming part of the financial statements for the year ended 30 June 2000 (*Continued*)**4 Tangible assets**

	Freehold investment property £
<i>Cost or revaluation</i>	
At 1 July 1999 and at 30 June 2000	1,950,000
	<u> </u>
Historical cost	1,315,282
	<u> </u>

The company's investment property was valued by the directors, on the basis of open market value, at 30 June 2000.

If the investment property was sold at this valuation, a tax liability of approximately £161,000 would arise. No provision has been made for this contingent liability.

5 Debtors

	2000 £	1999 £
Amount due from parent company	11,374	-
Prepayments	2,932	-
	<u> </u>	<u> </u>
	14,306	-
	<u> </u>	<u> </u>

6 Creditors: amounts falling due within one year

	2000 £	1999 £
Amounts owed to parent company	-	34,107
Amounts due to group undertaking	53,500	29,500
Creditors for taxation and social security	24,833	13,545
Accruals	37,500	53,625
	<u> </u>	<u> </u>
	115,833	130,777
	<u> </u>	<u> </u>

PIPERLINK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000 (Continued)

7 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Bank loans and overdraft	1,125,000	1,125,000

The bank loan is repayable after more than five years and is charged at the rate of 8.6% per annum. It is secured by a charge over the company's freehold investment property.

8 Share capital

	2000 £	1999 £	Authorised 2000 £	Allotted, called up and fully paid 1999 £
Ordinary £1 shares	1,000	1,000	2	2

9 Revaluation reserve

	£
As at 1 July 1999 and at 30 June 2000	634,718

10 Ultimate parent company

At 30 June 2000, the company's ultimate parent company was The Tannen Group Limited, which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the consolidated financial statements of The Tannen Group Limited, are available from Companies House.

11 Cash flow statement

The company has taken advantage of the exemption allowed under Financial Reporting Standard 1 (Revised) 'Cash Flow Statements' not to produce a cash flow statement, as it is a wholly owned subsidiary of The Tannen Group Limited. A group cash flow statement is included in the financial statements of that company.