

**REGISTRAR OF
COMPANIES**

Piperlink Limited

Report and Financial Statements

Year Ended

30 June 2001



BDO

BDO Stoy Hayward
Chartered Accountants

PIPERLINK LIMITED

Report and financial statements for the year ended 30 June 2001

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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 2001

The directors present their report together with the audited financial statements for the year ended 30 June 2001.

Results and dividends

The profit and loss account is set out on page 5 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 property was valued as at 30 June 2001 by the directors at open market value and supported by a review by Chesterton plc.

Directors

The directors of the company during the year were D Tannen, M I Tannen and D A Tannen. No directors have 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 2001 (*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

John A. Miller

J M Miller

Secretary

Date *25/04/02*

PIPERLINK LIMITED

Report of the independent auditors

To the shareholders of Piperlink Limited

We have audited the financial statements of Piperlink Limited for the year ended 30 June 2001 on pages 5 to 10 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company 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 directors' remuneration and transactions with the company is not disclosed.

We read the Directors' 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 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.

PIPERLINK LIMITED

Report of the independent auditors (*Continued*)

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 2001 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

25 April 2002

PIPERLINK LIMITED**Profit and loss account for the year ended 30 June 2001**

	Note	2001 £	2000 £
Net rental income		150,000	150,000
Administrative expenses		26,000	24,000
Operating profit		124,000	126,000
Interest payable	2	(96,750)	(96,750)
Profit on ordinary activities before and after taxation	3	27,250	29,250
Retained profit brought forward		88,753	59,503
Retained profit carried forward		116,003	88,753

All amounts relate to continuing activities.

The notes on pages 7 to 10 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 2001**

	2001 £	2000 £
Statement of total recognised gains and losses		
Profit for the financial year	27,250	29,250
Unrealised deficit on revaluation of properties	(250,000)	-
Total recognised (losses)/gains for the year	(222,750)	29,250
Reconciliation of movements in shareholders' funds		
Profit for the year	27,250	29,250
Other recognised gains and losses relating to the year	(250,000)	-
Total recognised (losses)/gains for the year	(222,750)	29,250
Shareholders' funds brought forward	723,473	694,223
Shareholders' funds carried forward	500,723	723,473

The notes on pages 8 to 10 form part of these financial statements.

PIPERLINK LIMITED

Balance sheet at 30 June 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	4		1,700,000		1,950,000
Current assets					
Debtors	5	62,718		14,306	
Creditors: amounts falling due within one year	6	136,995		115,833	
Net current liabilities			(74,277)		(101,527)
Total assets less current liabilities			1,625,723		1,848,473
Creditors: amounts falling due after more than one year	7		1,125,000		1,125,000
			500,723		723,473
Capital and reserves					
Called up share capital	8		2		2
Revaluation reserve	9		384,718		634,718
Profit and loss account			116,003		88,753
Shareholders' funds – equity			500,723		723,473

The financial statements were approved by the Board on 25 April 2002

Director

D TANNEN

The notes on pages 8 to 10 form part of these financial statements.

PIPERLINK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2001

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 where a deficit is deemed to represent a permanent diminution in value, in which case it is charged 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.

2 Interest payable

	2001 £	2000 £
Bank loans and overdrafts	96,750	96,750

3 Taxation on profits from ordinary activities

There is no charge to taxation for the year due to the availability of group relief.

PIPERLINK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

4 Tangible assets

	Freehold investment property £
<i>Cost or revaluation</i>	
At 1 July 2000	1,950,000
Deficit on revaluation	(250,000)
At 30 June 2001	1,700,000
Historical cost	1,315,282

The company's investment property was valued by the directors, on the basis of open market value, at 30 June 2001 and supported by a review by Chesteron plc.

If the investment property was sold at this valuation, a tax liability of approximately £78,000 would arise. No provision has been made for this contingent liability.

5 Debtors

	2001 £	2000 £
Amount due from parent company	62,718	11,374
Prepayments	-	2,932
	62,718	14,306

6 Creditors: amounts falling due within one year

	2001 £	2000 £
Amounts due to group undertaking	79,500	53,500
Other creditors including taxation and social security	19,995	24,833
Accruals	37,500	37,500
	136,995	115,833

PIPERLINK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

7 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Bank loan (secured)	1,125,000	1,125,000

The bank loan is repayable after more than five years. Interest is fixed at the rate of 8.6% per annum until expiry of the loan in August 2013. The loan is secured by a charge over the company's freehold investment property.

8 Share capital

	Authorised		Allotted, called up and fully paid	
	2001 £	2000 £	2001 £	2000 £
Ordinary £1 shares	1,000	1,000	2	2

9 Revaluation reserve

	£
At 1 July 2000	634,718
Deficit on property revaluations	(250,000)
At 30 June 2001	384,718

10 Ultimate parent company

The company's ultimate parent company is The Tannen Group Limited, which is controlled by the Tannen family. Group financial statements can be obtained from the Registrar of Companies.

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.