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**REGISTRAR OF
COMPANIES**

Piperlink Limited

Report and Financial Statements

Year Ended

30 June 2002



BDO Stoy Hayward
Chartered Accountants

PIPERLINK LIMITED

Report and financial statements for the year ended 30 June 2002

Contents

Directors

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Statement of total recognised gains and losses and reconciliation of movements in shareholders' funds
7	Balance sheet
8	Notes forming part of the financial statements

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 2002

The directors present their report together with the audited financial statements for the year ended 30 June 2002.

Results

The profit and loss account is set out on page 5 and shows the result for the year.

Principal activities

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

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

Directors

The directors of the company during the year were D Tannen, M I Tannen and D A Tannen. All the directors are also directors of the parent company, The Tannen Group Limited. Their interests in the ordinary share capital of The Tannen Group Limited are disclosed in the financial statements of that 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

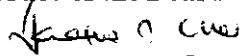
Report of the directors for the year ended 30 June 2002 (*Continued*)

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.

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

By order of the Board



J M Miller

Secretary

Date 27 April 2003

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 2002 on pages 5 to 12 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors
London*

29 April 2003

PIPERLINK LIMITED**Profit and loss account for the year ended 30 June 2002**

	Note	2002 £	2001 £
Net rental income		150,000	150,000
Administrative expenses		32,077	26,000
Operating profit		117,923	124,000
Interest payable	2	(91,936)	(96,750)
Profit on ordinary activities before taxation	3	25,987	27,250
Taxation		35,377	-
(Loss)/profit on ordinary activities after taxation		(9,390)	27,250
Retained profit brought forward		116,003	88,753
Retained profit carried forward		106,613	116,003

All amounts relate to continuing activities.

The notes on pages 8 to 12 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 2002**

	2002 £	2001 £
Statement of total recognised gains and losses		
(Loss)/profit for the financial year	(9,390)	27,250
Unrealised deficit on revaluation of properties	-	(250,000)
Total recognised losses for the year	(9,390)	(222,750)
Reconciliation of movements in shareholders' funds		
(Loss)/profit for the year	(9,390)	27,250
Other recognised gains and losses relating to the year	-	(250,000)
Total recognised losses for the year	(9,390)	(222,750)
Shareholders' funds brought forward	500,723	723,473
Shareholders' funds carried forward	491,333	500,723

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

PIPERLINK LIMITED

Balance sheet at 30 June 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	5		1,700,000		1,700,000
Current assets					
Debtors	6	84,159		62,718	
Creditors: amounts falling due within one year	7	239,595		136,995	
Net current liabilities			(155,436)		(74,277)
Total assets less current liabilities			1,544,564		1,625,723
Creditors: amounts falling due after more than one year	8		1,053,231		1,125,000
			491,333		500,723
Capital and reserves					
Called up share capital	9		2		2
Revaluation reserve	10		384,718		384,718
Profit and loss account			106,613		116,003
Shareholders' funds – equity			491,333		500,723

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 29 April 2003

D Tannen
Director

The notes on pages 8 to 12 form part of these financial statements.

PIPERLINK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002

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. Net rental income is wholly attributable to the principal activity of the company and arises solely in the United Kingdom.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted. No prior year adjustments have arisen as a result of the adoption of FRS 19.

2 Interest payable

	2002 £	2001 £
Bank loans and overdrafts	91,936	96,750

PIPERLINK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

3 Profit on ordinary activities before taxation

None of the directors received any emoluments from the company. Their emoluments are paid by another group company and disclosed in the financial statements of that company.

Auditors' remuneration is also paid by another group company and disclosed in their financial statements.

4 Taxation on profits from ordinary activities

	2002 £	2001 £
<i>Current tax</i>		
UK corporation tax on profits of the year	35,377	-

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	25,987	27,250
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 – 30%)	7,796	8,175
Effects of:		
Group relief	27,581	(7,706)
Marginal relief	-	(469)
Current tax charge for the period	35,377	-

PIPERLINK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (*Continued*)

5 Tangible assets

	Freehold investment property £
<i>Cost or revaluation</i>	
At 1 July 2001 and at 30 June 2002	1,700,000
	<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 2002.

If the investment property was sold at this valuation, a tax liability of approximately £74,000 would arise.

6 Debtors

	2002 £	2001 £
Amount due from parent company	84,159	62,718
	<u> </u>	<u> </u>

All amounts shown under debtors fall due for payment within one year.

7 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdraft (secured – see note 8 below)	43,498	-
Amounts due to group undertaking	107,500	79,500
Accruals	53,220	57,495
Taxation	35,377	-
	<u> </u>	<u> </u>
	239,595	136,995
	<u> </u>	<u> </u>

PIPERLINK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

8 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Bank loan (secured)	1,053,231	1,125,000

The bank loan is secured by a charge over the company's freehold investment property.

Interest is fixed at the rate of 8.6% per annum until expiry of the loan in August 2013.

The loan falls due for repayment in instalments as follows: £

1 – 2 years	47,361
2 – 5 years	168,848
After more than 5 years	837,022
	<u>1,053,231</u>

9 Share capital

	Authorised		Allotted, called up and fully paid	
	2002 £	2001 £	2002 £	2001 £
Ordinary £1 shares	1,000	1,000	2	2

10 Revaluation reserve

At 1 July 2001 and at 30 June 2002	£ 384,718
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11 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.

PIPERLINK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

12 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.

13 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of The Tannen Group Limited.