

Company Registration Number 4213974

**RUNNING YIELD LTD**  
**FINANCIAL STATEMENTS**  
**31 MAY 2002**



**RUNNING YIELD LTD**  
**FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MAY 2002**

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**RUNNING YIELD LTD**  
**OFFICERS AND PROFESSIONAL ADVISERS**

|                               |                                                             |
|-------------------------------|-------------------------------------------------------------|
| <b>The board of directors</b> | Mr A H Peart<br>Mr P Sullivan                               |
| <b>Company secretary</b>      | Mr Philip Sullivan                                          |
| <b>Date of incorporation</b>  | 10 May 2001                                                 |
| <b>Registered office</b>      | Lynton House<br>7-12 Tavistock Square<br>London<br>WC1H 9BQ |

**RUNNING YIELD LTD**  
**THE DIRECTORS' REPORT**  
**PERIOD ENDED 31 MAY 2002**

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the period ended 31 May 2002.

**PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was that of property investment.

**THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

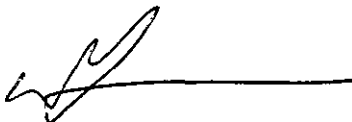
|               | Ordinary Shares of £1 each |             |
|---------------|----------------------------|-------------|
|               | At                         | At          |
|               | 31 May 2002                | 1 June 2001 |
| Mr A H Peart  | 25                         | —           |
| Mr P Sullivan | <u>75</u>                  | <u>—</u>    |

**SMALL COMPANY PROVISIONS**

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

Registered office:  
Lynton House  
7-12 Tavistock Square  
London  
WC1H 9BQ

Signed by order of the directors



MR PHILIP SULLIVAN  
Company Secretary

Approved by the board on 21.11.02

**RUNNING YIELD LTD**  
**PROFIT AND LOSS ACCOUNT**  
**PERIOD ENDED 31 MAY 2002**

|                                                      | Note | 2002<br>£           |
|------------------------------------------------------|------|---------------------|
| <b>TURNOVER</b>                                      |      | 9,014               |
| Administrative expenses                              |      | <u>(1,469)</u>      |
| <b>OPERATING PROFIT</b>                              | 2    | 7,545               |
| Interest payable                                     |      | <u>(5,705)</u>      |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | 1,840               |
| Tax on profit on ordinary activities                 |      | <u>(115)</u>        |
| <b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>      |      | <u><u>1,725</u></u> |

The notes on pages 5 to 7 form part of these financial statements.

# RUNNING YIELD LTD

## BALANCE SHEET

AS AT 31 MAY 2002

|                                                                | Note | 2002<br>£ | £            |
|----------------------------------------------------------------|------|-----------|--------------|
| <b>FIXED ASSETS</b>                                            |      |           |              |
| Tangible assets                                                | 3    |           | 176,660      |
| <b>CURRENT ASSETS</b>                                          |      |           |              |
| Cash at bank                                                   |      | 308       |              |
| <b>CREDITORS: Amounts falling due within one year</b>          | 4    | (49,968)  |              |
| <b>NET CURRENT LIABILITIES</b>                                 |      |           | (49,660)     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |           | 127,000      |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 5    |           | (125,175)    |
|                                                                |      |           | <u>1,825</u> |
| <b>CAPITAL AND RESERVES</b>                                    |      |           |              |
| Called-up equity share capital                                 | 8    |           | 100          |
| Profit and Loss Account                                        |      |           | 1,725        |
| <b>SHAREHOLDERS' FUNDS</b>                                     |      |           | <u>1,825</u> |

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the accounts for the period by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 21.11.02 and are signed on their behalf by:

  
 .....  
 MR P SULLIVAN

The notes on pages 5 to 7 form part of these financial statements.

# **RUNNING YIELD LTD**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD ENDED 31 MAY 2002**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the period.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

|           |                          |
|-----------|--------------------------|
| Furniture | 25% straight line method |
|-----------|--------------------------|

#### **Investment properties**

In accordance with statement of Standard Accounting Practice No. 19, certain of the company's properties are held for long-term investment and are included in the Balance Sheet at their open market values. The surplus or deficit on annual revaluation of such properties are transferred to the investment property revaluation reserve. Depreciation is not provided in respect of freehold properties. Leasehold investment properties are not amortised where the unexpired term is over 20 years.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the accounts may give a true and fair view because current values are of prime importance rather than calculation of systematic annual depreciation. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### **Deferred taxation**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

### **2. OPERATING PROFIT**

Operating profit is stated after charging:

|                       |       |
|-----------------------|-------|
|                       | 2002  |
|                       | £     |
| Directors' emoluments | —     |
| Depreciation          | 439   |
|                       | <hr/> |

**RUNNING YIELD LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MAY 2002**

**3. TANGIBLE FIXED ASSETS**

|                       | Investment<br>Property<br>£ | Furniture<br>£ | Total<br>£     |
|-----------------------|-----------------------------|----------------|----------------|
| <b>COST</b>           |                             |                |                |
| Additions             | 175,345                     | 1,754          | 177,099        |
| <b>At 31 May 2002</b> | <u>175,345</u>              | <u>1,754</u>   | <u>177,099</u> |
| <b>DEPRECIATION</b>   |                             |                |                |
| Charge for the period | —                           | 439            | 439            |
| <b>At 31 May 2002</b> | <u>—</u>                    | <u>439</u>     | <u>439</u>     |
| <b>NET BOOK VALUE</b> |                             |                |                |
| <b>At 31 May 2002</b> | <u>175,345</u>              | <u>1,315</u>   | <u>176,660</u> |

**4. CREDITORS: Amounts falling due within one year**

|                           |               |
|---------------------------|---------------|
|                           | 2002<br>£     |
| Bank loans and overdrafts | 8,000         |
| Other creditors           | 41,968        |
|                           | <u>49,968</u> |

**5. CREDITORS: Amounts falling due after more than one year**

|                           |                |
|---------------------------|----------------|
|                           | 2002<br>£      |
| Bank loans and overdrafts | 125,060        |
| Other creditors           | 115            |
|                           | <u>125,175</u> |

**6. DEFERRED TAXATION**

No deferred tax provision is required.

**7. RELATED PARTY TRANSACTIONS**

The company was under the control of Mr P Sullivan throughout the current period. Mr Sullivan is the managing director and majority shareholder.

Mr Sullivan is also the sole director and shareholder of Ideal Insight Ltd. This company has loaned Running Yield Ltd funds totalling £30,000 at the year end. No interest has been charged on this amount.

**RUNNING YIELD LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MAY 2002**

**8. SHARE CAPITAL**

**Authorised share capital:**

1,000 Ordinary shares of £1 each

**Allotted, called up and fully paid:**

Ordinary share capital

Issue of ordinary shares

2002

£

1,000

2002

£

—

100

100