

Company Registration Number 4213974

RUNNING YIELD LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2004



RUNNING YIELD LTD
FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2004

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RUNNING YIELD LTD
COMPANY INFORMATION

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

RUNNING YIELD LTD
THE DIRECTORS' REPORT
YEAR ENDED 31 MAY 2004

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 31 May 2004.

PRINCIPAL ACTIVITIES

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

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

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

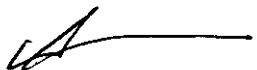
	Ordinary Shares of £1 each	
	At 31 May 2004	At 1 June 2003
Mr A H Peart	25	25
Mr P Sullivan	<u>75</u>	<u>75</u>

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 6-10-04

RUNNING YIELD LTD
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MAY 2004

	Note	2004 £	2003 £
TURNOVER		38,161	24,818
Administrative expenses		(17,427)	(12,226)
OPERATING PROFIT	2	20,734	12,592
Interest receivable		44	—
Interest payable		(18,719)	(14,169)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,059	(1,577)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		2,059	(1,577)
Balance brought forward		148	1,725
Balance carried forward		2,207	148

The notes on pages 6 to 8 form part of these financial statements.

RUNNING YIELD LTD

BALANCE SHEET

AS AT 31 MAY 2004

	Note	2004 £	£	2003 £	£
FIXED ASSETS					
Tangible assets	3		661,009		417,769
CURRENT ASSETS					
Debtors	4	1,000		—	
Cash at bank		<u>4,757</u>		<u>1,434</u>	
		5,757		1,434	
CREDITORS: Amounts falling due within one year	5	<u>(122,827)</u>		<u>(78,254)</u>	
NET CURRENT LIABILITIES			<u>(117,070)</u>		<u>(76,820)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			543,939		340,949
CREDITORS: Amounts falling due after more than one year	6		<u>(541,632)</u>		<u>(340,701)</u>
			<u>2,307</u>		<u>248</u>

The Balance sheet continues on the following page.
The notes on pages 6 to 8 form part of these financial statements.

RUNNING YIELD LTD
BALANCE SHEET *(continued)*
AS AT 31 MAY 2004

	Note	2004 £	2003 £
CAPITAL AND RESERVES			
Called-up equity share capital	9	100	100
Profit and loss account		<u>2,207</u>	<u>148</u>
SHAREHOLDERS' FUNDS		<u><u>2,307</u></u>	<u><u>248</u></u>

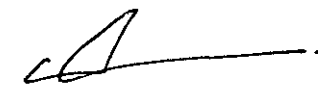
The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) 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 financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year 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 June 2002).

These financial statements were approved by the directors on the £ 10-04 and are signed on their behalf by:



.....
MR P SULLIVAN

The notes on pages 6 to 8 form part of these financial statements.

RUNNING YIELD LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2004

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 June 2002).

Turnover

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

Fixed assets

All fixed assets are initially recorded at cost.

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.

2. OPERATING PROFIT

Operating profit is stated after charging:

	2004	2003
	£	£
Depreciation of owned fixed assets	<u>1,123</u>	<u>1,122</u>

RUNNING YIELD LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2004

3. TANGIBLE FIXED ASSETS

	Investment property £	Furniture £	Total £
COST			
At 1 June 2003	414,839	4,491	419,330
Additions	244,363	—	244,363
At 31 May 2004	<u>659,202</u>	<u>4,491</u>	<u>663,693</u>
DEPRECIATION			
At 1 June 2003	—	1,561	1,561
Charge for the year	—	1,123	1,123
At 31 May 2004	<u>—</u>	<u>2,684</u>	<u>2,684</u>
NET BOOK VALUE			
At 31 May 2004	<u>659,202</u>	<u>1,807</u>	<u>661,009</u>
At 31 May 2003	<u>414,839</u>	<u>2,930</u>	<u>417,769</u>

4. DEBTORS

	2004 £	2003 £
Other debtors	<u>1,000</u>	<u>—</u>

5. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	20,000	20,000
Other creditors	102,827	58,254
	<u>122,827</u>	<u>78,254</u>

6. CREDITORS: Amounts falling due after more than one year

	2004 £	2003 £
Bank loans and overdrafts	<u>541,632</u>	<u>340,701</u>

7. TRANSACTIONS WITH THE DIRECTORS

Mr Sullivan is also the sole director and shareholder of Ideal Insight Limited. This company has loaned Running Yield Limited funds totalling £77,000 at the year end (2003:£42,000). No interest has been charged on this amount.

Mr Peart is a director of the company and has loaned it £22,000 (2003:£13,000). No interest has been charged on this amount.

8. 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.

RUNNING YIELD LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

9. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>