

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

Company No: 1321490

**REGISTRAR'S COPY
OF ACCOUNTS**

FINANCIAL STATEMENTS

- for the year ended -

31ST MARCH 2002



CAVENDISH
Chartered Certified Accountants
61 Chandos Place
London WC2N 4HG

Reference 4272/D35

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

DIRECTORS

Mrs. A.M. Smith
C.L. Smith

SECRETARY

S.A. Khan

BUSINESS ADDRESS

Parkway House
Sheen Lane
East Sheen
London SW14 8LS

REGISTERED OFFICE

Parkway House
Sheen Lane
East Sheen
London SW14 8LS

AUDITORS

Cavendish
Chartered Certified Accountants
Registered Auditors
61 Chandos Place
London WC2N 4HG

PRINCIPAL BANKERS

Bank of Scotland plc
St. James's Gate
14-16 Cockspur Street
London SW1Y 5BL

Nationwide Building Society
6 Tanners Road
London Road
Bagshot
Surrey GU19 5HD

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

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LONDON AND SURREY PROPERTY HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 31 March 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company in the year under review was property development and investment.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of shares</u>	<u>Number of shares</u>	
		<u>2002</u>	<u>2001</u>
Mrs. A.M.Smith	Ordinary shares	377	377
C.L. Smith	Ordinary shares	2	2

STATEMENT OF 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 period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements.

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.

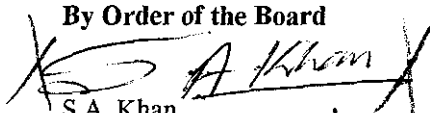
AUDITORS

The auditors, Cavendish, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

SMALL COMPANIES RULES

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

Date: 25 November 2002

By Order of the Board

S.A. Khan
Secretary

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
LONDON AND SURREY PROPERTY HOLDINGS LIMITED**

We have audited the financial statements of London & Surrey Property Holdings Limited for the year ended on 31 March 2002 on pages 3 to 9. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

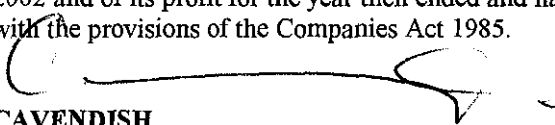
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examinations, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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

Freehold land and buildings owned by the company for investment purposes are included in the financial statements at historical cost. This is not in accordance with Statement of Standard Accounting Practice No 19 Accounting for investment properties which requires investment properties to be included at open market value at the balance sheet date. We are unable to quantify the financial effect on this departure, which understates the value of investment properties and revaluation reserves in the balance sheet.

Except for the failure to revalue the investment properties, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.


CAVENDISH
Chartered Certified Accountants
Registered Auditors

61 Chandos Place
London WC2N 4HG

Date: 26 November 2002

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2002

	Notes	2002 £	2001 £
TURNOVER		1,615,161	1,451,801
Operating costs		(476,428)	(422,388)
Administrative expenses		(184,171)	(168,755)
		<hr/>	<hr/>
		954,562	860,658
Other operating income		66,877	2,500
		<hr/>	<hr/>
OPERATING PROFIT	2	1,021,439	863,158
Income from investments		20	20
Interest receivable		2,917	4,900
Interest payable		(297,822)	(337,105)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		726,554	530,973
Tax on profit on ordinary activities	5	(178,673)	(125,538)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	13	547,881	405,435
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 5 to 9 form part of these financial statements.

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

BALANCE SHEET AT 31ST MARCH 2002

	Notes	2002		2001	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		10,389,402		10,161,433
CURRENT ASSETS					
Stocks	7	241,207		241,207	
Debtors	8	345,418		26,151	
Cash at bank and in hand		100		100	
		<u>586,725</u>		<u>267,458</u>	
CREDITORS: Amounts falling due within one year	9	<u>(1,350,289)</u>		<u>(1,524,974)</u>	
NET CURRENT LIABILITIES			<u>(763,564)</u>		<u>(1,257,516)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,625,838		8,903,917
CREDITORS: Amounts falling due after more than one year	10		<u>(3,890,181)</u>		<u>(3,716,141)</u>
			<u>5,735,657</u>		<u>5,187,776</u>
CAPITAL AND RESERVES					
Called up share capital	11		379		379
Share premium account	12		1,637,414		1,637,414
Profit and loss account	13		4,097,864		3,549,983
SHAREHOLDERS FUNDS			<u>5,735,657</u>		<u>5,187,776</u>

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

The financial statements were approved
by the board on 25 November 2002
and signed on its behalf by

X C L Smith *C. L. Smith* Director X

The notes on pages 5 to 9 form part of these financial statements.

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2002

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

1.2 TURNOVER

Turnover represents rents and premiums receivable net of VAT.

1.3 DEPRECIATION

Depreciation is provided using the rates to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Plant and machinery 10% Straight line

1.4 INVESTMENT PROPERTIES

Investment properties are included in the financial statements at cost.

1.5 STOCKS

Stocks are valued at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.6 DEFERRED TAXATION

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 PENSIONS

Pension contributions are charged to the profit and loss account as incurred. These contributions are invested separately from the company's assets.

2. OPERATING PROFIT

	2002	2001
	£	£
The operating profit is stated after charging:		
Depreciation	25,000	25,000
Auditors' remuneration	7,962	7,238
	<u> </u>	<u> </u>

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2002

3. DIRECTORS

	2002 £	2001 £
Directors' remuneration	58,000	54,000
Directors' pensions	13,944	13,944
	<u>71,944</u>	<u>67,944</u>
 The number of directors for whom payments have been made into the following pension schemes:		
Money purchase	<u>2</u>	<u>2</u>

4. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company amounted to £13,944 (2001 : £13,944). All contributions were paid during the year.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
The taxation charge comprises:		
U.K. corporation tax	160,089	123,148
	<u>160,089</u>	<u>123,148</u>
Adjustment in respect of prior years	18,584	2,390
	<u>178,673</u>	<u>125,538</u>

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2002

6. TANGIBLE ASSETS

	Investment properties £	Plant and machinery etc. £	Total £
<u>Cost</u>			
At 1 April 2001	10,061,433	528,491	10,589,924
Additions	262,969	-	262,969
Disposals	(10,000)	-	(10,000)
	<hr/>	<hr/>	<hr/>
At 31 March 2002	10,314,402	528,491	10,842,893
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 1 April 2001	-	428,491	428,491
Charge for year	-	25,000	25,000
	<hr/>	<hr/>	<hr/>
At 31 March 2002	-	453,491	453,491
	<hr/>	<hr/>	<hr/>
<u>Net book value at 31 March 2002</u>	<u>10,314,402</u>	<u>75,000</u>	<u>10,389,402</u>
<u>Net book value at 31 March 2001</u>	<u>10,061,433</u>	<u>100,000</u>	<u>10,161,433</u>

7. STOCKS

	2002 £	2001 £
Properties for resale	<u>241,207</u>	<u>241,207</u>

8. DEBTORS

	2002 £	2001 £
Trade debtors	103,330	9,444
Other debtors	242,088	16,707
	<hr/>	<hr/>
	<u>345,418</u>	<u>26,151</u>

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2002

**9. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	2002 £	2001 £
Bank loans and overdraft(secured)	959,982	874,813
Trade creditors	22,595	143,817
Corporation tax payable	160,089	122,864
Directors' current account	151,903	127,032
Accruals	55,720	108,560
Other creditors	-	147,888
	<u>1,350,289</u>	<u>1,524,974</u>
Secured creditors	<u>959,982</u>	<u>874,813</u>

The company has granted debentures to Bank of Soctland plc and Nationwide Building Society which are secured on the properties of the company by way of legal charges.

**10. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

	2002 £	2001 £
Bank loans (secured)	3,890,181	3,716,141
	<u>3,890,181</u>	<u>3,716,141</u>
Amounts due after 5 years:		
Repayable by instalments	2,490,181	2,136,142
Secured creditors	<u>3,890,181</u>	<u>3,716,141</u>

The secured creditors are amounts payable to Bank of Scotland plc and Nationwide Building Society.

11. SHARE CAPITAL

	2002 £	2001 £
<u>Authorised</u>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<u>Allotted, called up and fully paid</u>		
379 Ordinary shares of £1 each	<u>379</u>	<u>379</u>

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2002

12. SHARE PREMIUM ACCOUNT

	2002	2001
	£	£
Balance brought forward at 1 April 2001 and carried forward at 31 March 2002	1,637,414	1,637,414

13. PROFIT AND LOSS ACCOUNT

	2002	2001
	£	£
Retained profits at 1 April 2001	3,549,983	3,144,548
Profit for the financial year	547,881	405,435
Retained profits at 31 March 2002	4,097,864	3,549,983

14. CAPITAL COMMITMENTS

	2002	2001
	£	£
Details of capital commitments at the accounting date are as follows:-		
Contracted for but not provided in the financial statements	670,000	-

15. CONTROL

The controlling party is the director, Mrs. A.M. Smith by virtue of her shareholding.

**16. TRANSACTIONS WITH DIRECTORS AND RELATED PARTY
DISCLOSURES**

The company paid rent of £30,000 (2001: £30,000) and management fee of £35,307 (2001: £34,097) at arm's length to Lawrence Smith & Co, a practice owned by C.L. Smith. Debtors include £235,316 (2001 : £147,888 creditor) due from Deemark Limited, in which the company's directors are also directors and Mrs. A M Smith has a controlling interest Creditors include £16,947 (2001: £143,817) owed to Lawrence Smith & Co.