

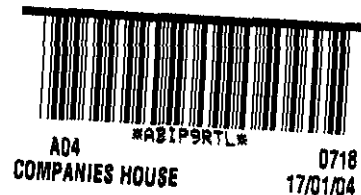
Company Registration No. 1321490 (England and Wales)

LONDON & SURREY PROPERTY HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

REGISTRAR'S COPY
OF ACCOUNTS

Cavendish
Chartered Certified Accountants
61 Chandos Place
London WC2N 4HG

Ref 4272



LONDON & SURREY PROPERTY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mrs A.M.Smith C.L. Smith
Secretary	S.A. Khan
Company number	1321490
Registered office	Parkway House Sheen Lane East Sheen London SW14 8LS
Auditors	Cavendish Chartered Certified Accountants Registered Auditor 61 Chandos Place London WC2N 4HG
Business address	Parkway House Sheen Lane East Sheen London SW14 8LS
Bankers	Bank of Scotland St. James's Gate 14-16 Cockspur Street London SW1Y 5BL Nationwide Building Society 6 Tanners Road London Road Bagshot Surrey GU19 5HD

LONDON & SURREY PROPERTY HOLDINGS LIMITED

CONTENTS

	Page
Directors' report	1
Independent auditors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 - 8

LONDON & SURREY PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

The directors present their report and financial statements for the year ended 31 March 2003.

Principal activities

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

Directors

The following directors have held office since 1 April 2002:

Mrs A.M.Smith
C.L. Smith

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2003	1 April 2002
Mrs A.M.Smith	377	377
C.L. Smith	2	2

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Cavendish be reappointed as auditors of the company will be put to the Annual General Meeting.

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.

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.

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

On behalf of the board



C.L. Smith

Director

26 November 2003

LONDON & SURREY PROPERTY HOLDINGS LIMITED

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

We have audited the financial statements of London & Surrey Property Holdings Limited on pages 3 to 8 for the year ended 31 March 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

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 the 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 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.

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 effects 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 the company's affairs as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Cavendish

27/11/03
.....

Chartered Certified Accountants
Registered Auditors

61 Chandos Place
London WC2N 4HG

LONDON & SURREY PROPERTY HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
Turnover		1,768,399	1,615,161
Distribution costs		(542,113)	(476,428)
Administrative expenses		(194,198)	(184,171)
Other operating income		189,466	66,877
Operating profit	2	1,221,554	1,021,439
Investment income	3	20	20
Other interest receivable and similar income		3,423	2,917
Interest payable and similar charges		(270,789)	(297,822)
Profit on ordinary activities before taxation		954,208	726,554
Tax on profit on ordinary activities	5	(250,756)	(178,673)
Profit on ordinary activities after taxation	13	703,452	547,881

LONDON & SURREY PROPERTY HOLDINGS LIMITED

BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	6		11,015,628		10,389,402
Current assets					
Stocks	7	241,207		241,207	
Debtors	8	262,742		345,418	
Cash at bank and in hand		100		100	
			<u>504,049</u>		<u>586,725</u>
Creditors: amounts falling due within one year	9	<u>(1,515,626)</u>		<u>(1,350,289)</u>	
Net current liabilities			<u>(1,011,577)</u>		<u>(763,564)</u>
Total assets less current liabilities			10,004,051		9,625,838
Creditors: amounts falling due after more than one year	10		<u>(3,564,942)</u>		<u>(3,890,181)</u>
			<u>6,439,109</u>		<u>5,735,657</u>
Capital and reserves					
Called up share capital	12		379		379
Share premium account	13		1,637,414		1,637,414
Profit and loss account	13		4,801,316		4,097,864
Shareholders' funds			<u>6,439,109</u>		<u>5,735,657</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 26 November 2003



Q L Smith
Director

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

4 Directors Emoluments	2003	2002
	£	£
Directors' Remuneration	60,600	58,000
Company contributions to money purchase scheme	13,944	13,944
	<u>74,544</u>	<u>71,944</u>

At 31 March 2003 and and at 31 March 2002, both of the company's directors were accruing benefits under the defined contribution pension scheme.

5 Taxation	2003	2002
	£	£
Domestic current year tax		
U.K. corporation tax	250,529	160,089
Adjustment for prior years	227	18,584
Current tax charge	<u>250,756</u>	<u>178,673</u>

6 Tangible fixed assets	Investment properties	Other tangible fixed assets	Total
	£	£	£
Cost			
At 1 April 2002	10,314,402	528,491	10,842,893
Additions	757,849	-	757,849
Disposals	(106,623)	-	(106,623)
At 31 March 2003	<u>10,965,628</u>	<u>528,491</u>	<u>11,494,119</u>
Depreciation			
At 1 April 2002	-	453,491	453,491
Charge for the year	-	25,000	25,000
At 31 March 2003	<u>-</u>	<u>478,491</u>	<u>478,491</u>
Net book value			
At 31 March 2003	<u>10,965,628</u>	<u>50,000</u>	<u>11,015,628</u>
At 31 March 2002	<u>10,314,402</u>	<u>75,000</u>	<u>10,389,402</u>

7 Stocks	2003	2002
	£	£
Properties for resale	<u>241,207</u>	<u>241,207</u>

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

8 Debtors	2003 £	2002 £
Trade debtors	112,742	103,330
Other debtors	150,000	242,088
	<u>262,742</u>	<u>345,418</u>

9 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts(secured)	1,075,786	959,982
Trade creditors	-	22,595
Taxation and social security	250,529	160,089
Other taxes and social security	2,545	-
Directors current account	44,732	151,903
Other creditors	142,034	55,720
	<u>1,515,626</u>	<u>1,350,289</u>

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

The directors have provided guarantees to the Bank of Scotland for £250,000 plus interest to support the loan facility.

10 Creditors: amounts falling due after more than one year	2003 £	2002 £
Bank loans(secured)	<u>3,564,942</u>	<u>3,890,181</u>
Analysis of loans		
Not wholly repayable within five years by instalments	2,164,942	2,490,181
Wholly repayable within five years	2,475,786	2,359,982
	<u>4,640,728</u>	<u>4,850,163</u>
Included in current liabilities	(1,075,786)	(959,982)
	<u>3,564,942</u>	<u>3,890,181</u>
Instalments not due within five years	<u>2,164,942</u>	<u>2,490,181</u>

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

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

11 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 (2002: £13,944). All contributions were paid during the year.

12 Share capital	2003 £	2002 £
Authorised		
1,000 Ordinary shares of £ 1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
379 Ordinary shares of £ 1 each	379	379
	<u> </u>	<u> </u>

13 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 April 2002	1,637,414	4,097,864
Retained profit for the year	-	703,452
	<u> </u>	<u> </u>
Balance at 31 March 2003	1,637,414	4,801,316
	<u> </u>	<u> </u>

14 Capital commitments	2003 £	2002 £
At 31 March 2003 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	-	670,000
	<u> </u>	<u> </u>

15 Control

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

16 Related party transactions

The company paid rent of £30,000 (2002: £30,000) and management fee of £42,248 (2002: £35,307) at arm's length to Lawrence Smith & Co, a practice owned by C.L. Smith. Debtors include £113,316 (2002 : £235,316) due from Deemark Limited, in which the company's directors are also directors and Mrs A.M. Smith has a controlling interest, and £112,742 (2002: £16,947 Creditors) owed by Lawrence Smith & Co.