

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

FORMERLY

DELBOUNTY LIMITED

Company No: 1321490

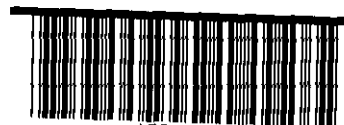
ACCOUNTS FOR REGISTRAR

FINANCIAL STATEMENTS

- for the year ended -

31ST MARCH 2000

CAVENDISH & CO
Chartered Certified Accountants
18 Queen Anne Street
London W1M 0HB



A49
COMPANIES HOUSE

AR282497

0433
08/12/00

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

DIRECTORS

A.M.Smith (nee A.M.McLaughlin)
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 & Co
Chartered Certified Accountants
18 Queen Anne Street
London W1M 0HB

PRINCIPAL BANKERS

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

Bristol & West Plc
P.O.Box 27
Broad Quay
Bristol BS99 7AX

Nationwide Building Society
33 High Street
Bagshot
Surrey GU19 5AF

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2000

Page

1	Report of the directors
2	Auditors' report
3	Profit and loss account
4	Balance sheet
5	Notes to the financial statements

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 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The company was incorporated under the name of Delbounty Limited on 14 July 1977. The name was changed to London & Surrey Property Holdings Limited on 21 May 1999.

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>2000</u>	<u>1999</u>
A.M.Smith (nee A.M.McLaughlin)	Ordinary shares	377	377
C.L. Smith	Ordinary shares	2	2

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.

AUDITORS

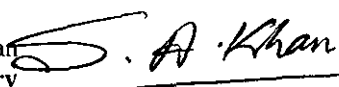
The auditors, Cavendish & Co, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

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

Date: 30th October 2000

By Order of the Board

S.A. Khan
Secretary



LONDON AND SURREY PROPERTY HOLDINGS LIMITED

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

We have audited the financial statements on pages 3 to 9 which 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 in note 1 to the financial statements.

Respective responsibilities of the directors and auditors

As described in the Directors' Report the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

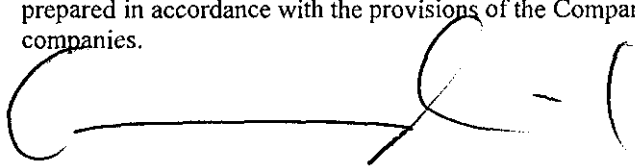
Basis of opinion

We conducted our audit in accordance with 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

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



CAVENDISH & CO
Chartered Certified Accountants
Registered Auditors

18 Queen Anne Street
London W1M 0HB

Date: 31st October 2000

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2000

	Notes	2000 £	1999 £
TURNOVER		1,429,183	1,424,336
Operating costs		(320,009)	(361,242)
Administrative expenses		(169,109)	(164,455)
		<hr/>	<hr/>
		940,065	898,639
Other operating income		83,477	11,669
		<hr/>	<hr/>
OPERATING PROFIT	2	1,023,542	910,308
Income from investments		20	70
Interest receivable		15,368	9,817
Interest payable		(279,979)	(217,213)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		758,951	702,982
Tax on profit on ordinary activities	5	(197,300)	(192,495)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	13	561,651	510,487
		<hr/>	<hr/>

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

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

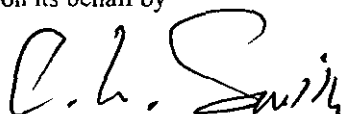
BALANCE SHEET AT 31ST MARCH 2000

	Notes	2000		1999	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		10,188,433		8,145,476
CURRENT ASSETS					
Stocks	7	241,207		241,207	
Debtors	8	127,986		26,214	
Cash at bank and in hand		100		100	
		<u>369,293</u>		<u>267,521</u>	
CREDITORS: Amounts falling due within one year	9	<u>(1,844,326)</u>		<u>(1,321,560)</u>	
NET CURRENT LIABILITIES			<u>(1,475,033)</u>		<u>(1,054,039)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,713,400		7,091,437
CREDITORS: Amounts falling due after more than one year	10		<u>(3,931,059)</u>		<u>(2,870,747)</u>
			<u>4,782,341</u>		<u>4,220,690</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		3,144,548		2,582,897
SHAREHOLDERS FUNDS			<u>4,782,341</u>		<u>4,220,690</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 30th October 2000
and signed on its behalf by

C L Smith



Director

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 2000

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 receivable .

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 revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to expiry. The directors consider that this accounting policy results in the financial statements giving a true and fair view. 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.

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

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable 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

	2000	1999
	£	£
The operating profit is stated after charging:		
Depreciation	25,000	25,558
Auditors' remuneration	6,000	6,000
	<u> </u>	<u> </u>

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2000

3. DIRECTORS

	2000	1999
	£	£
Directors' remuneration	54,000	53,000
Directors' pensions	13,944	13,944
	<u>67,944</u>	<u>66,944</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. All contributions due were paid in the year.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
The taxation charge comprises:		
U.K. corporation tax	197,300	195,251
	<u>197,300</u>	<u>195,251</u>
Adjustment in respect of prior years	-	(2,756)
	<u>197,300</u>	<u>192,495</u>

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2000

6. TANGIBLE ASSETS

	Investment properties £	Plant and machinery etc. £	Total £
<u>Cost</u>			
At 1 April 1999	7,995,477	528,491	8,523,968
Additions	3,063,845	-	3,063,845
Disposals	(995,889)	-	(995,889)
At 31 March 2000	<u>10,063,433</u>	<u>528,491</u>	<u>10,591,924</u>
<u>Depreciation</u>			
At 1 April 1999	-	378,491	378,491
Charge for year	-	25,000	25,000
At 31 March 2000	-	<u>403,491</u>	<u>403,491</u>
<u>Net book value at 31 March 2000</u>	<u>10,063,433</u>	<u>125,000</u>	<u>10,188,433</u>
<u>Net book value at 31 March 1999</u>	<u>7,995,477</u>	<u>150,000</u>	<u>8,145,477</u>

In the opinion of the directors, the value of the investment properties at the balance sheet date is not materially different to that stated above.

7. STOCKS

	2000 £	1999 £
Properties for resale	<u>241,207</u>	<u>241,207</u>

8. DEBTORS

	2000 £	1999 £
Trade debtors	111,279	8,893
Corporation tax recoverable	-	614
Other debtors	16,707	16,707
	<u>127,986</u>	<u>26,214</u>

LONDON AND SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2000

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Bank loans and overdraft	405,024	123,389
Trade creditors	-	164,339
Corporation tax payable	197,300	195,251
Other taxes and social security costs	1,673	1,649
Directors' current account	1,009,388	690,099
Accruals	118,053	86,945
Other creditors	112,888	59,888
	<u>1,844,326</u>	<u>1,321,560</u>

The bank overdraft is secured by a charge over the company's properties and a debenture creating a fixed and floating charge over the company's assets and is supported by a guarantee for £250,000 from the directors.

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

	2000	1999
	£	£
Bank loans	3,931,059	2,270,747
Other creditors	-	600,000
	<u>3,931,059</u>	<u>2,870,747</u>

Bank and building society loans are repayable by:
September 2001 at fixed interest of 8.26% £1,000,000
November 2009 at 1.75% over the bank base rate £2,488,633
December 2009 at interest of 1% over LIBOR £1,270,747

The bank and building society loans are secured by first legal charges over the company's specific freehold properties and floating charges over the company's assets.

11. SHARE CAPITAL

	2000	1999
	£	£
<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 2000

12. SHARE PREMIUM ACCOUNT

	2000	1999
	£	£
Balance brought forward at 1 April 1999	1,637,414	1,637,414

13. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
Retained profits at 1 April 1999	2,582,897	2,072,410
Profit for the financial year	561,651	510,487
Retained profits at 31 March 2000	3,144,548	2,582,897

14. CONTROL

A.M.Smith, a director of the company controls the company by virtue of her shareholding.

15. RELATED PARTY DISCLOSURES

The company paid rent of £30,000 (1999: £30,000) and management commission of £33,586 (1999: £33,472) to Lawrence Smith & Co, a practice owned by C.L. Smith. Other creditors include £112,888 (1999 : £59,888) due to Deemark Limited, a company under the control of A.M. Smith. Debtors include £111,279 due from Lawrence Smith & Co.