

LONDON & SURREY PROPERTY HOLDINGS LIMITED

FORMERLY

DELBOUNTY LIMITED

Company No: 1321490

**ACCOUNTS FOR
REGISTRATION**

FINANCIAL STATEMENTS

- for the year ended -

31ST MARCH 1999

CAVENDISH & CO

Chartered Certified Accountants

18 Queen Anne Street

London W1M 0HB



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LONDON & SURREY PROPERTY HOLDINGS LIMITED

DIRECTORS

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
Registered Auditors
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 & SURREY PROPERTY HOLDINGS LIMITED

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1999

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

LONDON & SURREY PROPERTY HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 31 March 1999.

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>1999</u>	<u>1998</u>
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.

CLOSE COMPANY

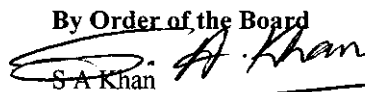
The company is a close company as defined by the Income and Corporation Taxes Act 1988.

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: 16 November 1999

By Order of the Board

S A Khan
Secretary

LONDON & SURREY PROPERTY HOLDINGS LIMITED

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

We have audited the financial statements on pages 3 to 9 which have been prepared 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 1999 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: 17 November 1999

LONDON & SURREY PROPERTY HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1999

	Notes	1999 £	1998 £
TURNOVER		1,424,336	1,499,332
Cost of sales		-	(182,394)
GROSS PROFIT		1,424,336	1,316,938
Operating costs		(361,242)	(329,956)
Administrative expenses		(164,455)	(175,162)
		898,639	811,820
Other operating income		11,669	37,344
OPERATING PROFIT	2	910,308	849,164
Income from investments		9,887	4,015
Interest payable		(217,213)	(243,382)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		702,982	609,797
Tax on profit on ordinary activities	5	(192,495)	(156,753)
PROFIT FOR THE FINANCIAL YEAR	13	510,487	453,044

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

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

LONDON & SURREY PROPERTY HOLDINGS LIMITED

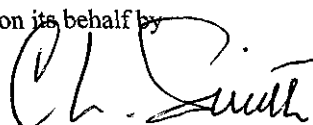
BALANCE SHEET AT 31ST MARCH 1999

	Notes	1999		1998	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		8,145,476		8,175,515
CURRENT ASSETS					
Stocks	7	241,207		241,207	
Debtors	8	26,214		34,836	
Cash at bank and in hand		100		100	
		<u>267,521</u>		<u>276,143</u>	
CREDITORS: Amounts falling due within one year	9	<u>(1,321,560)</u>		<u>(1,799,774)</u>	
NET CURRENT LIABILITIES			<u>(1,054,039)</u>		<u>(1,523,631)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,091,437		6,651,884
CREDITORS: Amounts falling due after more than one year	10		<u>(2,870,747)</u>		<u>(2,941,681)</u>
			<u>4,220,690</u>		<u>3,710,203</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		2,582,897		2,072,410
SHAREHOLDERS FUNDS			<u>4,220,690</u>		<u>3,710,203</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.

The financial statements were approved
by the board on 16 November 1999
and signed on its behalf by

C L Smith



Director

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

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1999

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

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
Fixtures and fittings	25% Straight line

1.4 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.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.6 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

	1999	1998
	£	£
The operating profit is stated after charging:		
Depreciation	25,558	50,559
Auditors' remuneration	6,000	5,288
	<u> </u>	<u> </u>

3. DIRECTORS

	1999	1998
	£	£
Directors' remuneration	53,000	53,000
Directors' pension	13,944	17,034
	<u> </u>	<u> </u>
	<u>66,944</u>	<u>70,034</u>

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1999

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 (1998: £17,034). All contributions were paid in the year.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
The taxation charge comprises:		
U.K. corporation tax	195,251	163,952
	<u>195,251</u>	<u>163,952</u>
Adjustment in respect of prior years	(2,756)	(7,199)
	<u>192,495</u>	<u>156,753</u>

6. TANGIBLE ASSETS

	Land and buildings £	Plant and machinery etc. £	Total £
<u>Cost</u>			
At 1 April 1998	7,999,957	528,491	8,528,448
Disposals	(4,481)	-	(4,481)
At 31 March 1999	<u>7,995,476</u>	<u>528,491</u>	<u>8,523,967</u>
<u>Depreciation</u>			
At 1 April 1998	-	352,933	352,933
Charge for year	-	25,558	25,558
At 31 March 1999	<u>-</u>	<u>378,491</u>	<u>378,491</u>
<u>Net book value at 31 March 1999</u>	<u>7,995,476</u>	<u>150,000</u>	<u>8,145,476</u>
<u>Net book value at 31 March 1998</u>	<u>7,999,957</u>	<u>175,558</u>	<u>8,175,515</u>

The company's investment properties have not been included in the balance sheet at their open market value as required by the Statement of Standard Accounting Practice No. 19.

7. STOCKS

	1999 £	1998 £
Properties for resale	241,207	241,207
	<u>241,207</u>	<u>241,207</u>

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1999

8. DEBTORS

	1999	1998
	£	£
Trade debtors	8,893	3,483
Corporation tax recoverable	614	11,428
Other debtors	16,707	19,925
	<u>26,214</u>	<u>34,836</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998
	£	£
Bank overdraft	123,389	368,907
Trade creditors	164,339	37,313
Corporation tax payable	195,251	172,404
Other taxes and social security costs	1,649	1,642
Directors' current account	690,099	1,027,163
Amounts owed to related company	59,888	106,688
Accruals	86,945	85,657
	<u>1,321,560</u>	<u>1,799,774</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

	1999	1998
	£	£
Bank loans	2,270,747	2,341,681
Other creditors	600,000	600,000
	<u>2,870,747</u>	<u>2,941,681</u>

Bank and building society loans are repayable by:
September 2001 at fixed interest of 8.26% £1,000,000
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. In addition there is an interest free loan of £600,000 from one of the directors.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1999

11. SHARE CAPITAL

	1999 £	1998 £
<u>Authorised</u>		
Equity interests:		
1,000 Ordinary shares of £1 each	1,000	1,000
<u>Alotted, called up and fully paid</u>		
Equity interests:		
379 Ordinary shares of £1 each	379	379

12. SHARE PREMIUM ACCOUNT

	1999 £	1998 £
Equity interests:		
Balance brought forward at 1 April 1998	1,637,414	1,637,414
Balance carried forward at 31 March 1999	1,637,414	1,637,414

13. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
Retained profits at 1 April 1998	2,072,410	1,619,366
Profit for the financial year	510,487	453,044
Retained profits at 31 March 1999	2,582,897	2,072,410

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year	510,487	453,044
Shareholders' funds at 1 April 1998	3,710,203	3,257,159
Shareholders' funds at 31 March 1999	4,220,690	3,710,203
Represented by:-		
Equity interests	4,220,690	3,710,203

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1999

15. CONTINGENT LIABILITIES

There is a contingent liability in respect of corporation tax on chargeable gains which would become payable if the properties were disposed of at current market values.

16. RELATED PARTY DISCLOSURES

The company paid rent of £30,000 (1998: £7,800) and management commission of £33,472 (1998: £11,790) during the year to Lawrence Smith & Co, a practice owned by C L Smith.