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COMPANIES HOUSE COPY

STRUCTADENE LIMITED

REPORT AND ACCOUNTS

30 SEPTEMBER 1999

LD7 *L60H05H0* 0109
COMPANIES HOUSE 25/07/00

 **Hacker
Young**
Chartered Accountants


A40 *AIGUS6QC* 0253
COMPANIES HOUSE 03/08/00

St Alphage House 2 Fore Street London EC2Y 5DH

STRUCTADENE LIMITED

COMPANY INFORMATION

Directors	D A Pearlman P Colvin P F Cashier N A Watson M Goldberger (Appointed 24 March 2000)
Secretary	P Colvin
Registered office	St Alphage House 2 Fore Street London EC2Y 5DH
Auditors	Hacker Young St Alphage House 2 Fore Street London EC2Y 5DH
Business address	116 Clarence Road London E5 8JA
Solicitors	Eversleys Percy House 363 Liverpool Road London N1 1NL Nicholson Graham Jones 110 Cannon Street London EC4N 6AR Paisner & Co Bouverie House 154 Fleet Street London EC4A 2DQ
Bankers	Halifax Bank plc National Westminster Bank plc Barclays Bank plc Bank Leumi (UK) plc The Royal Bank of Scotland plc Nationwide Building Society Leopold Joseph & Sons Limited AIB Group (UK) plc Anglo Irish Bank Corporation plc

**AUDITORS' REPORT TO THE MEMBERS OF
STRUCTADENE LIMITED**

We have audited the accounts set out on pages 3 to 23 which have been prepared under the historical cost convention as modified by the revaluation of investment properties and the accounting policies set out on pages 8 to 10.

Respective responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

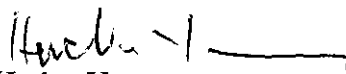
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 30 September 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Hacker Young

London

Registered Auditor

24 July 2000

Chartered Accountants

STRUCTADENE LIMITED

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REPORT OF THE DIRECTORS

The directors present their report together with the audited accounts for the year ended 30 September 1999.

Activities and Business Review

The company and its subsidiaries carry on the business of property dealing, development and investment.

The directors are satisfied with the performance of the company and its subsidiaries and look forward to continuing growth and profitability.

Results and Dividends

The state of the company's affairs is shown in the accounts attached.

The directors recommend that no dividend be paid on the ordinary shares.

Fixed Assets

The changes in the tangible fixed assets of the group and company are detailed in note 9 to the accounts.

Year 2000

The company has experienced no problems associated with the year 2000 date change since 1st January 2000 and none are anticipated by the directors.

Directors and Their Interests

According to the register kept by the company the directors had interests in the shares of the company at the beginning and the end of the year as follows:

	Ordinary shares of £1 each	
	30 September 1999	30 September 1998
D.A. Pearlman	1,898,989	1,898,989
P. Colvin	50,505	50,505
P.F. Cashier	25,253	25,253
N.A. Watson	-	-

M. Goldberger was appointed a director on 24 March 2000.

STRUCTADENE LIMITED
REPORT OF THE DIRECTORS
(CONTINUED)

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Statement Of Directors' Responsibilities

Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and the group and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts on a going concern basis, and that applicable accounting standards have been followed.

Close Company Status

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

A resolution to re-appoint Hacker Young as auditors will be put to the members at the Annual General Meeting.

Registered Office:

St. Alphage House
2 Fore Street
London EC2Y 5DH

24 July 2000

By order of the board

P. Colvin

Secretary



STRUCTADENE LIMITED

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Notes	1999	1998
		£	£
Turnover: Group and share of joint ventures		11,546,628	11,508,070
Less: Share of joint ventures' turnover		(3,028,713)	(1,344,339)
Group turnover	3	8,517,915	10,163,731
Cost of sales		(1,985,938)	(4,031,719)
Gross Profit	3	6,531,977	6,132,012
Administrative expenses		(1,966,537)	(1,477,661)
Operating Profit		4,565,440	4,654,351
Share of operating profit of			
Joint ventures		1,591,347	894,022
Associated company		562,855	579,111
Profit on disposal of investment properties			
Group		173,317	197,201
Joint Ventures		23,332	-
Interest receivable of			
Group		51,909	8,060
Joint ventures		114,014	121,117
Interest payable and similar charges of			
Group	4	(2,553,067)	(2,448,307)
Joint ventures	4	(806,319)	(493,254)
Associated company	4	(418)	(65)
Profit On Ordinary Activities Before Taxation	5	3,722,410	3,512,236
Tax on profit on ordinary activities of			
Group	8	(871,164)	(812,773)
Associated company	8	(163,996)	(179,504)
Profit On Ordinary Activities After Taxation	15	£2,687,250	£2,519,959

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 1999

	1999 £	1998 £
Profit for the financial year	2,687,250	2,519,959
Surplus arising on revaluation of investment properties	4,680,395	2,164,578
Surplus arising on revaluation of share of joint venture investment properties	1,300,585	2,561,951
Total recognised gains relating to the year	<u>£ 8,668,230</u>	<u>£ 7,246,488</u>

Note of historical cost profits and losses

	1999 £	1998 £
Reported profit on ordinary activities before taxation	3,722,410	3,512,236
Realisation of property revaluations gains of previous years	73,625	159,818
Historical cost profit on ordinary activities before taxation	<u>£ 3,796,035</u>	<u>£ 3,672,054</u>
Historical cost profit for the year retained after taxation	<u>£ 2,760,875</u>	<u>£ 2,679,777</u>

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 1999

	Notes	£	1999 £	£	1998 £
Fixed Assets					
Tangible assets					
Investment properties	9(a)	39,479,824		24,775,425	
Other tangible assets	9(b)	245,200		200,115	
			39,725,024		24,975,540
Investments in joint ventures:	10(a)				
Share of gross assets		28,721,949		14,058,958	
Share of gross liabilities		(17,431,573)		(5,779,981)	
			11,290,376		8,278,977
Investment in associated company	10(b)		735,483		399,542
Current Assets					
Stocks	1(h)	14,464,472		14,598,788	
Debtors	11	3,451,751		2,717,519	
Cash at bank and in hand		1,304,256		542,400	
			19,220,479		17,858,707
Creditors: Amounts falling due within one year	12	(15,211,247)		(11,702,694)	
Net Current Assets			4,009,232		6,156,013
Total Assets Less Current Liabilities			55,760,115		39,810,072
Creditors: Amounts falling due after more than one year	13	(30,611,035)		(23,234,746)	
Provision for liabilities and charges	17	(867,907)		(962,383)	
			£24,281,173		£15,612,943
Capital And Reserves					
Called up share capital	14		2,000,000		2,000,000
Share premium account	15		1,250,200		1,250,200
Revaluation reserve	15		10,759,183		4,851,828
Profit and loss account	15		10,271,790		7,510,915
Shareholders' funds	16		£24,281,173		£15,612,943

SIGNED ON BEHALF OF THE BOARD

D.A. PEARLMAN)

P. COLVIN)

) DIRECTORS

24 July 2000

STRUCTADENE LIMITED

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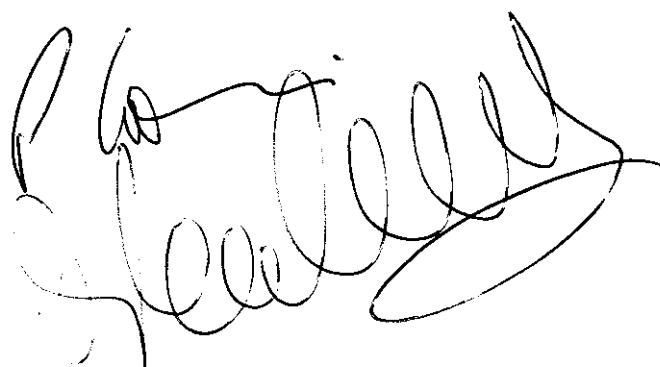
BALANCE SHEET AS AT 30 SEPTEMBER 1999

	Notes	£	1999 £	£	1998 £
Fixed Assets					
Tangible assets	9(c)		84,284		127,344
Investments	10(c)		7,560,062		7,476,792
			7,644,346		7,604,136
Current Assets					
Stocks	1(h)	5,356,363		5,028,667	
Debtors	11	32,450,812		22,392,319	
Cash at bank and in hand		1,015,858		471,343	
			38,823,033		27,892,329
Creditors: Amounts falling due within one year	12	(13,298,519)		(10,099,285)	
Net Current Assets			25,524,514		17,793,044
Total Assets Less Current Liabilities			33,168,860		25,397,180
Creditors: Amounts falling due after more than one year	13		(27,714,846)		(21,673,823)
			£ 5,454,014		£ 3,723,357
Capital And Reserves					
Called up share capital	14		2,000,000		2,000,000
Share premium account	15		1,250,200		1,250,200
Profit and loss account	15		2,203,814		473,157
Shareholders' funds			£ 5,454,014		£ 3,723,357

SIGNED ON BEHALF OF THE BOARD

D.A. PEARLMAN)
) DIRECTORS
 P. COLVIN)

24 July 2000



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Notes	1999	1998
		£	£
Net Cash Inflow From Operating Activities	19	5,882,991	3,508,512
Dividends from associates		62,500	-
Returns On Investment And Servicing Of Finance			
Interest received		22,312	16,334
Interest paid		(2,852,985)	(2,269,906)
		(2,830,673)	(2,253,572)
Taxation			
Corporation tax paid		(2,072,070)	(278,401)
Capital Investment and Financial investment			
Purchase of other fixed assets		(156,862)	(59,354)
Purchase of investment properties		(10,844,142)	(9,604,637)
Sale of other fixed assets		4,400	11,550
Sale of investment property		993,451	2,223,398
Net cash (outflow) from joint ventures		(788,440)	(947,294)
Net Cash (Outflow) From Investing Activities		(10,791,593)	(8,376,337)
Net Cash (Outflow) Before Financing		(9,748,845)	(7,399,798)
Financing			
Increase in bank loans		10,472,632	7,115,284
Directors' loans		282,048	326,637
Other loans		(134,059)	(277,502)
Finance leases		(29,834)	(40,614)
Net Cash Inflow From Financing		10,590,787	7,123,805
Increase/(Decrease) In Cash	21	£ 841,942	£ (275,993)

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

1. Principal Accounting Policies**a) Basis Of Accounting**

The accounts are prepared under the historical cost convention, modified to include revaluation of investment properties and in accordance with applicable accounting standards.

b) Basis Of Consolidation

The group accounts consolidate the accounts of Structadene Limited and all its subsidiaries made up to 30 September each year.

c) Goodwill

Goodwill represents the difference between the costs of acquisition and the fair value of the net tangible assets acquired.

Goodwill arising on the acquisition of subsidiaries in previous years was written off immediately against reserves. The group has adopted the transitional arrangements allowed by FRS 10 in that this goodwill remains eliminated against reserves and will be charged to the profit and loss account on the subsequent disposal of the businesses to which it relates.

d) Associated Company

Investments are regarded as associated companies where the group has a long-term interest in more than 20% of the equity and is in a position to exercise a significant influence over their affairs on a continuing basis. These are stated in the Consolidated Balance Sheet at the Group's share of net assets.

e) Investments in Joint Ventures

The group accounts for its interests in joint ventures using the gross equity method, in accordance with FRS 9 on Associates and Joint Ventures. The group's share of net assets of the joint ventures is capitalised as investments in joint ventures.

f) Investments in the company's balance sheet

The company's investments in subsidiaries are stated at cost less provision for any diminution in value.

The company's capital account balances with its joint ventures are capitalised as fixed asset loans to joint ventures.

The company's share of joint venture results for the year is accounted for as investment income.

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

g) Tangible Fixed Assets

Freehold investment properties are revalued annually by the directors. The aggregate surplus or deficit arising from such revaluation is transferred to the revaluation reserve unless a deficit (or its reversal) on an individual property is expected to be permanent, in which case it is charged (or credited) to the profit and loss account.

No depreciation is provided in respect of freehold investment properties, although it is a departure from the general requirement of the Companies Act 1985 to provide depreciation in respect of fixed assets having a limited useful economic life. These properties are not held for consumption but for investment and the directors consider that systematic depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation 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.

Other fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Motor vehicles	- 25% per annum
Office equipment	- 10% per annum

h) Stocks

Stock comprises properties held for dealing, which are valued at the lower of cost and net realisable value.

i) Profit Recognition

Purchases and sales of properties are accounted for on completion of contracts.

j) Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

k) Pensions

Payments to the company's defined contribution pension scheme are charged to the profit and loss account as they become payable.

Payments to the company's defined benefit pension scheme are charged to the profit and loss account so as to spread the regular cost of pensions over the service lives of the employees. Variations from regular cost are spread over the expected remaining service lives of current employees in the scheme.

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

i) **Deferred Taxation**

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future at the rate at which it is estimated that the tax will be payable.

2. **Holding Company Profit And Loss Account**

The company has taken advantage of the exemption in the Companies Act 1985 not to present its own profit and loss account. Of the group profit after taxation for the financial year, a profit of £1,730,657 (1998 - loss of £625,275) is dealt with in the accounts of the holding company.

3. **Turnover And Gross Profit**

	1999 £	1998 £
Turnover comprises:		
Sales of trading properties	2,591,526	5,291,500
Gross rental income	5,446,050	4,561,298
Commission, fees and sundry income	480,339	310,933
	<u>£8,517,915</u>	<u>£10,163,731</u>
	1999 £	1998 £
Gross profit comprises:		
Trading property sales	1,569,568	2,444,579
Net rental income	4,558,078	3,421,360
Other activities	404,331	266,073
	<u>£ 6,531,977</u>	<u>£ 6,132,012</u>

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

4. Interest Payable And Similar Charges	1999	1998
	£	£
Group:		
On bank loans and overdrafts	2,429,996	2,330,488
On overdue tax	24,062	983
On other loans	83,305	116,836
On finance leases	15,704	-
	2,553,067	2,448,307
Joint ventures:		
On bank loans and overdrafts	757,870	443,879
On other loans	48,449	49,375
Associated company:		
On bank loans and overdrafts	418	65
	<u>£ 3,359,804</u>	<u>£ 2,941,626</u>
5. Profit On Ordinary Activities Before Taxation		
Profit on ordinary activities before taxation is stated after charging:	1999	1998
	£	£
Depreciation - owned	78,854	45,193
- finance leases	32,143	30,610
Auditors' remuneration		
- audit	42,000	40,000
- non-audit fees	79,552	11,192
6. Staff Costs (including directors)	1999	1998
	£	£
Wages and salaries	959,161	928,943
Social security costs	114,351	93,455
Pension costs	93,587	81,479
	<u>£ 1,167,099</u>	<u>£ 1,103,877</u>

The average number of employees (including directors)
during the year was as follows:

Sales and administration	<u>24</u>	<u>23</u>
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AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

7. Directors' Remuneration

	1999	1998
Directors' emoluments	<u>£ 412,426</u>	<u>£ 505,885</u>
Directors' remuneration above (excluding pension contributions) included:		
Chairman and highest paid director	<u>£ 150,000</u>	<u>£ 209,000</u>

The number of directors for whom retirement benefits are accruing amounted to two under defined benefit schemes and three under money purchase schemes.

8. Tax On Profit On Ordinary Activities

Group	1999 £	1998 £
Corporation tax at current rates	965,600	1,055,000
Deferred tax	(94,436)	(242,227)
	<u>£ 871,164</u>	<u>£ 812,773</u>
Associated Company		
Corporation tax at current rates	<u>£ 163,996</u>	<u>£ 179,504</u>

9. Tangible Fixed Assets

a) Investment properties - Group

	Freehold property £	Long Leasehold property £	Total £
At valuation			
At 1 October 1998	21,775,821	2,999,604	24,775,425
Additions	8,093,882	2,750,260	10,844,142
Surplus on revaluation	4,414,247	266,148	4,680,395
Disposals	(820,138)	-	(820,138)
	<u>£ 33,463,812</u>	<u>£ 6,016,012</u>	<u>£ 39,479,824</u>

The historical cost of investment property, included at valuation, was £32,790,905 (1998: £22,780,601).

The investment properties were valued as at 30 September 1999 by P. F. Cashier, MSST, a director of the company.

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

b) Other tangible assets - Group

	Motor vehicles £	Office equipment £	Total £
Cost			
At 1 October 1998	314,582	78,850	393,432
Additions	67,217	117,712	184,929
Disposals	(78,575)	-	(78,575)
At 30 September 1999	303,224	196,562	499,786
Depreciation			
At 1 October 1998	164,359	28,958	193,317
Charge for year	75,862	35,135	110,997
Eliminated on disposal	(49,728)	-	(49,728)
At 30 September 1999	190,493	64,093	254,586
Net book value			
At 30 September 1999	£ 112,731	£ 132,469	£ 245,200
At 30 September 1998	£ 150,223	£ 49,892	£ 200,115

Included in the above are motor vehicles held under finance leases with a net book value of £62,353.

c) Other tangible assets - Company

	Motor vehicles £	Office equipment £	Total £
Cost			
At 1 October 1998	274,399	14,743	289,142
Additions	50,892	-	50,892
Disposals	(72,592)	-	(72,592)
At 30 September 1999	252,699	14,743	267,442
Depreciation			
At 1 October 1998	147,238	14,559	161,797
Charge for year	65,564	41	65,605
Eliminated on disposal	(44,244)	-	(44,244)
At 30 September 1999	168,558	14,600	183,158
Net book value			
At 30 September 1999	£ 84,141	£ 143	£ 84,284
At 30 September 1998	£ 127,161	£ 183	£ 127,344

Included in the above are motor vehicles held under finance leases with a net book value of £62,353.

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

10. Fixed Asset Investment

a) Group

Investments in joint ventures

			Joint Ventures £
At 1 October 1998			8,278,977
Share of profits for the year			922,374
Revaluation of properties			1,300,585
Net injections/(withdrawals) of capital			788,440
At 30 September 1999			£ 11,290,376
	£	1999 £	1998 £
Share of fixed assets	22,115,490		10,242,498
Share of current assets	6,606,459		3,816,460
		28,721,949	14,058,958
Share of liabilities:			
Due within one year	(6,348,449)		(3,647,287)
Due after more than one year	(11,083,124)		(2,132,694)
		(17,431,573)	(5,779,981)
Share of net assets		£ 11,290,376	£ 8,278,977

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

b) Group

Investment in Associated Company

One of the group's joint venture undertakings owns 50% of the issued share capital of Anglo-Israel Securities Limited, a company incorporated in England, whose principal activity is property development. The group has a 25% interest in the company's results and net assets, as set out below:

	Associated company £
At 1 October 1998	399,542
Profit for the year	398,441
Dividends paid	(62,500)
	735,483

Anglo-Israel Securities Limited has a year end of 31 December 1999. The directors, in order for the group accounts to comply with the requirements of FRS 9 have equity accounted the results of the company based on these audited accounts. No audited accounts were available in 30 September 1999, the Group's year-end. In the directors' opinion the results of the associated company for its nine months to 30 September 1999 were not materially different from those shown in the accounts to 31 December 1999.

Since the year end the group has acquired a further 25% interest in Anglo-Israel Securities Limited, increasing the group interest to 50%.

FRS 9 on Associates and Joint Ventures requires further disclosure of the group's investment in Anglo-Israel Securities Limited, as the group's share of turnover of the associate exceeds 25% of the group's own turnover.

	1999	1998
	£	£
Share of fixed assets	-	-
Share of current assets	1,088,527	2,635,889
	1,088,527	2,635,889
Share of liabilities:		
Due within one year	(353,044)	(2,236,347)
Due after more than one year	-	-
	(353,044)	(2,236,347)
Share of net assets	£735,483	£ 399,542
Share of turnover	£3,230,704	£2,613,427

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

c) Company

	Shares in subsidiary undertakings £	Loans to joint ventures £	Total £
Cost or valuation			
At 1 October 1998	6,600,955	875,837	7,476,792
Share of net profits of joint ventures	-	200,642	200,642
Cash movement	-	(117,372)	(117,372)
At 30 September 1999	<u>£ 6,600,955</u>	<u>£ 959,107</u>	<u>£ 7,560,062</u>

The company's 100% owned subsidiaries at 30 September 1999, which are all incorporated in England, were as follows:

Property dealing:
Sprintpost Limited
Wanderslore Limited

Property investment:
Searchgrade Limited
Cosmichome Limited
Weldonvale Limited

Property management:
Demifix Limited

Non-trading:
Kirby's of Hackney Limited
Gazebo Properties Limited
Jaywood Properties Limited

Marchborder Limited
Furnhill Limited

d) Particulars of Principal Joint Ventures

Group		
Name of Joint Venture	Address of Principal Place of Business	Interest in Joint Capital
Stenguild Limited	116, Clarence Road London E5 8JA	50%
Portmount Property Limited	116, Clarence Road London E5 8JA	50%
M. Davidson Settlement	116, Clarence Road London E5 8JA	50%
Tokanda Limited	116, Clarence Road London E5 8JA	50%
Vendart Limited	116, Clarence Road London E5 8JA	50%
Shieldbay (Enfield) Limited	116, Clarence Road London E5 8JA	50%
Hampstead Homes (London) Limited	116, Clarence Road London E5 8JA	50%

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

d) Particulars of Principal Joint Ventures (continued)

Company

Name of Joint Venture	Address of Principal Place of Business	Interest in Joint Capital
Portmount Property Limited	116, Clarence Road London E5 8JA	50%
Shieldbay (Enfield) Limited	116, Clarence Road London E5 8JA	50%
Validfern Limited	116, Clarence Road London E5 8JA	50%
Peaceline Limited	116, Clarence Road London E5 8JA	50%
Miltenform Limited	116, Clarence Road London E5 8JA	50%
Romenglen Limited	116, Clarence Road London E5 8JA	50%
Clearvalley Limited	116, Clarence Road London E5 8JA	50%

The above Joint Ventures are managed jointly through management boards on which subsidiary undertakings of the group and other joint ventures are represented in accordance with respective interests held in the Joint Ventures.

11. Debtors: Amounts Falling Due Within One Year:

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Trade debtors	120,709	41,834	-	-
Due from subsidiaries	-	-	25,681,350	19,220,891
Amounts due from related parties	2,515,123	2,049,303	2,515,123	2,049,303
Amounts due from participating interests	178,750	72,820	-	-
Other debtors	83,656	50,853	4,017,566	776,566
Prepayments and accrued income	553,513	502,709	236,773	345,559
	<u>£ 3,451,751</u>	<u>£ 2,717,519</u>	<u>£ 32,450,812</u>	<u>£22,392,319</u>

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

12. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank overdrafts (secured)	276,608	356,694	237,445	346,251
Bank loans (see below) (secured)	5,143,152	3,768,595	5,143,152	3,768,595
Other bank loans (note 13)	1,960,478	819,259	1,836,206	754,209
Other loans	503,300	68,714	503,300	68,714
Obligations under finance leases and hire purchase contracts	35,004	29,354	35,004	29,354
Due to subsidiaries	-	-	2,917,292	2,843,661
Amounts due to related parties	1,650,287	877,394	944,252	447,676
Amounts due to participating interests	1,564,960	754,410	194,418	194,418
Corporation tax payable	783,503	1,889,933	-	9,000
Directors' loan accounts	1,924,922	1,667,687	1,002,428	910,376
Social security and PAYE	313,653	249,584	85,962	60,956
Other creditors	187,969	218,077	91,986	58,210
Accruals and deferred income	867,411	1,002,993	307,074	607,865
	<u>£15,211,247</u>	<u>£11,702,694</u>	<u>£13,298,519</u>	<u>£10,099,285</u>

The bank loans and overdrafts are secured on investment properties and stocks held for dealing.

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

13. Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank loans (secured)	31,976,528	22,878,453	28,996,067	21,353,480
Other loans	80,000	648,645	40,000	547,645
Directors' loan	500,000	500,000	500,000	500,000
Obligations under finance leases and hire purchase contracts	14,985	26,907	14,985	26,907
	32,571,513	24,054,005	29,551,052	22,428,032
Less: Bank loans falling due within one year (note 12)	(1,960,478)	(819,259)	(1,836,206)	(754,209)
	<u>£30,611,035</u>	<u>£23,234,746</u>	<u>£27,714,846</u>	<u>£21,673,823</u>

Bank loan maturity analysis

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Within one year	1,960,478	819,259	1,836,206	754,209
Between one and two years	1,904,634	353,064	1,759,862	277,202
Between two and five years	5,624,287	19,031,586	5,066,319	18,742,079
In five years or more	22,487,129	2,674,544	20,333,680	1,579,990
	<u>£31,976,528</u>	<u>£22,878,453</u>	<u>£28,996,067</u>	<u>£21,353,480</u>

Other loans are all repayable to the Wanderslore Pension Fund within five years. There is no fixed repayment date for the director's loan.

The above bank loans are secured on investment properties and stock. Other loans and the director's loan are unsecured.

14. Called Up Share Capital

	1999	1998
Authorised:		
2,500,000 ordinary shares of £1 each	<u>£2,500,000</u>	<u>£2,500,000</u>
Allotted, called up and fully paid:		
2,000,000 ordinary shares of £1 each	<u>£2,000,000</u>	<u>£2,000,000</u>

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

15. Reserves

Group	Revaluation reserve £	Share premium account £	Profit and loss account £
At 1 October 1998	4,851,828	1,250,200	7,510,915
Surplus on revaluation			
- Group	4,680,395	-	-
- Joint Ventures	1,300,585	-	-
Profit for the year	-	-	2,687,250
Transfer from revaluation reserve to profit and loss account	(73,625)	-	73,625
At 30 September 1999	<u>£10,759,183</u>	<u>£1,250,200</u>	<u>£10,271,790</u>

Company	Share premium account £	Profit and loss account £
At 1 October 1998	1,250,200	473,157
Profit for the year	-	1,730,657
At 30 September 1999	<u>£ 1,250,200</u>	<u>£ 2,203,814</u>

16. Reconciliation Of Movements In Shareholders' Funds

	1999 £	Group 1998 £
Profit for the financial year	2,687,250	2,519,959
Other recognised gains relating to the year	5,980,980	4,726,529
Net addition to shareholders' funds	8,668,230	7,246,488
Opening shareholders' funds	15,612,943	8,366,455
Closing shareholders' funds	<u>£24,281,173</u>	<u>£15,612,943</u>

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

17. Deferred Taxation

	30 September 1999		30 September 1998	
	Full Provision made £	potential liability £	Full Provision made £	potential liability £
Revaluation of trading properties on subsidiary acquisition	792,667	792,667	887,143	887,143
Revaluation of investment properties	-	3,200,925	-	1,742,661
Accelerated losses	75,240	75,240	75,240	75,240
Accelerated capital allowances	-	454,616	-	180,217
	<u>£ 867,907</u>	<u>£ 4,523,448</u>	<u>£ 962,383</u>	<u>£2,885,261</u>

No deferred taxation has been provided in respect of the revaluation of investment properties as there is currently no intention of disposing of the relevant assets.

18. Pension Scheme

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. The pension cost charge represents contributions payable by the company to the fund and amounted to £51,587 (1998: £48,537).

In addition the company's subsidiary, Wanderslore Limited, operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations based on discounting future income and expenditure at the valuation rate of interest. The most recent valuation was at 30 September 1998. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 10% per annum and that salary increases would average 10% per annum.

The pension charge for the year was £21,000 (1998 - £21,000).

The most recent actuarial valuation showed that the market value of the scheme's assets was £5,606,456 and that the actuarial value of those assets represented 104% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The normal contributions of the company will remain at £21,000 per annum.

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

19. Reconciliation Of Operating Profit To Net
Cash Inflow/(Outflow) From Operating Activities

	1999 £	1998 £
Operating profit	4,565,440	4,654,351
Depreciation	110,997	75,803
(Profit)/Loss on sale of fixed assets	(4,867)	6,774
Decrease/(Increase) in stocks	134,316	500,032
Decrease/(Increase) in debtors	(704,635)	(1,498,109)
Increase/(decrease) in creditors	1,781,740	(230,339)
	<u>£ 5,882,991</u>	<u>£ 3,508,512</u>

20. Reconciliation of Net Cash Flow to Movement in Net (Debt)/Fund

	1999 £
Increase in cash during the year	841,942
Net cash (inflow)/outflow from repayment and issue of loans	(10,620,621)
Cash outflow from decrease in lease financing	29,834
Other non cash changes	1,251
	<u>(9,747,594)</u>
Movement in debt during the period	(9,747,594)
Net debt at 1 October 1998	<u>(29,402,649)</u>
	<u>£(39,150,243)</u>

21. Analysis of Net Debt

	At 30 September 1999 £	Cash flows £	Other non-cash changes £	At 1 October 1998 £
Cash at bank and in hand	1,304,256	761,856	-	542,400
Bank overdrafts	(276,608)	80,086	-	(356,694)
	<u>1,027,648</u>	<u>841,942</u>	<u>-</u>	<u>185,706</u>
Debt due within one year	(9,531,852)	(3,232,410)	24,813	(6,324,255)
Debt due after one year	(30,596,050)	(7,388,211)	-	(23,207,839)
Finance leases	(49,989)	29,834	(23,562)	(56,261)
	<u>£(39,150,243)</u>	<u>£(9,748,845)</u>	<u>£ 1,251</u>	<u>£(29,402,649)</u>

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

(CONTINUED)

22. **Contingent Liabilities**

- a) The group is jointly and severally liable for the bank borrowings of its joint ventures which are secured on their assets. The group's potential liability under such borrowings amounts to £32,216,638.
- b) The group has entered into arrangements whereby a third party is entitled to a share of the profits on the ultimate disposal of certain properties.

23. **Related parties**

Turnover includes £339,047 (1998: £170,436) in respect of property maintenance and commissions receivable from companies and partnerships in which D.A. Pearlman has a material interest.

During the year interest of £21,555 (1998: £18,247) was charged by the group to Hampstead Homes, a joint venture in which the group has a participating interest.

In addition, interest of £50,212 (1998: £94,144) was received from Vendart, a joint venture in which the group has a participating interest.

Interest of £8,859 (1998: £11,591) was charged by Roviguard Limited, a charity for whom D. A. Pearlman is a director.

Interest of £2,765 (1998: £nil) was charged by Portgrand Limited, a trading subsidiary of a charity for whom D. A. Pearlman is a director.