

BASTION PRODUCTS LIMITED

(REGISTERED NUMBER: 470283)

FINANCIAL STATEMENTS

for the year ended

31 MARCH 2000



**COHEN, ARNOLD & CO
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
LONDON W1S 2HL**

BASTION PRODUCTS LIMITED

DIRECTORS

B S E Freshwater
D Davis

SECRETARY

C C Morse F.C.I.S.

REGISTERED OFFICE

13-17 New Burlington Place
Regent Street
LONDON W1S 2HL

AUDITORS

Cohen, Arnold & Co
13-17 New Burlington Place
Regent Street
LONDON W1S 2HL

BASTION PRODUCTS LIMITED
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FOR THE YEAR ENDED 31 MARCH 2000

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BASTION PRODUCTS LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Annual Report together with the audited Financial Statements of the Company for the year ended 31 March 2000.

BUSINESS REVIEW

The principal activity of the Company is Property Trading which has remained unchanged during the year and no change is anticipated in the immediate future.

RESULTS AND DIVIDEND

The financial results of the Company's activities for the year ended 31 March 2000 are fully reflected in the attached Financial Statements together with the Notes thereon.

The Directors do not recommend the payment of a dividend for the year under review (1999 - £Nil).

PROPERTIES

The Company's trading portfolio was professionally valued by the Group's Valuers, Cardales, at 31 March 1997 on the basis of open market value and, at that time, it had a surplus over book value of £588,087 (of which £468,824 related to properties still held at 31 March 2000) which was not incorporated into the Financial Statements. The Directors are satisfied that at 31 March 2000 properties held for trading still had a value considerably in excess of their book value. Had this surplus been incorporated into the Financial Statements the Company would have had a net asset position of approximately £185,000.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served during the year were Mr B S E Freshwater and Mr D Davis.

The Articles of Association do not require the Directors to retire by rotation. The Directors do not have service contracts nor do they receive any emoluments from the Company.

The whole of the issued share capital of the Company is owned by The Raphael Freshwater Memorial Association Limited, a Company registered in Great Britain and incorporated in England for charitable purposes. Mr B S E Freshwater and Mr D Davis are Governors of the Parent Undertaking but do not have any interest in the capital of the Company, the Parent Undertaking, Subsidiaries or any Subsidiary of the Parent Undertaking.

Day to day management of the Company is carried out by Highdorn Co. Limited and Freshwater Property Management Limited. Mr B S E Freshwater is a Director of both Companies and also has a non-beneficial interest in the share capital of Highdorn Co. Limited. Mr B S E Freshwater and Mr D Davis are also Governors of the Parent Undertaking of Freshwater Property Management Limited but have no beneficial interest in either company.

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 its profit or loss for that period. In preparing the Financial Statements, the Directors are required to:

- i) select suitable accounting policies and apply them consistently

BASTION PRODUCTS LIMITED

REPORT OF THE DIRECTORS

DIRECTORS' RESPONSIBILITIES (Continued)

- ii) make judgements and estimates that are reasonable and prudent
- iii) follow applicable Accounting Standards, subject to any material departures disclosed and explained in the Financial Statements
- iv) 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 maintaining 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.

TAXATION STATUS

So far as the Directors are aware, the Company is a "close company" within the meaning of the provisions of Section 414 Taxes Act, 1988.

AUDITORS

A resolution will be proposed at the Annual General Meeting that Messrs. Cohen, Arnold & Co., Chartered Accountants, are to be reappointed Auditors of the Company and that their remuneration is to be determined by agreement with the Directors.

BY ORDER OF THE BOARD



**C.C.MORSE
SECRETARY**

HEAD OFFICE:

**Freshwater House
158/162 Shaftesbury Avenue
LONDON WC2H 8HR**

.....01 DEC 2000

REPORT OF THE AUDITORS, COHEN, ARNOLD & CO.,

TO THE MEMBERS OF

BASTION PRODUCTS LIMITED

We have audited the Financial Statements on pages 4 to 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As indicated 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 the Financial Statements and to report our opinion to you.


BASIS OF OPINION

We have 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 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 and to give reasonable assurance that the Financial Statements are free from material mis-statement, 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 the Company's affairs at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies' Act 1985.



COHEN, ARNOLD & CO
Chartered Accountants and
Registered Auditor

London

Date: 01 DEC 2000

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

	Note	£	<u>2000</u> £	£	<u>1999</u> £
Rents and Charges Receivable	2	167,081		128,766	
Property Outgoings		(195,415)		(121,452)	
			(28,334)		7,314
Property Sales	2	152,675		22,500	
Cost of Sales		-		-	
			152,675		22,500
			124,341		29,814
Administrative Expenses	3		(11,985)		(12,060)
OPERATING PROFIT			112,356		17,754
Interest Receivable			606		42
Interest Payable	4		(79,362)		(75,543)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			33,600		(57,747)
Taxation	5		(4,500)		18,000
PROFIT/(LOSS) ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR			29,100		(39,747)
Adverse Balance Brought Forward			(312,579)		(272,832)
ADVERSE BALANCE CARRIED FORWARD			£(283,479)		£(312,579)

None of the Company's activities was acquired or discontinued during the financial year nor in the previous year.

The Company has no recognised gains or losses other than those reflected in the above Profit and Loss Account for the financial year nor for the previous year.

The Notes on pages 6 to 10 form part of these Financial Statements.

BASTION PRODUCTS LIMITED**BALANCE SHEET AS AT 31ST MARCH 2000**

		<u>2000</u>	<u>1999</u>
		£	£
	Note		
FIXED ASSETS			
Investment in Subsidiary Undertakings	6	200	200
CURRENT ASSETS			
Properties held for Trading	1.3	45,176	45,176
Debtors	7	1,177,034	1,226,648
		<hr/>	<hr/>
		1,222,210	1,271,824
CREDITORS: Amounts Falling Due Within One Year	8	(1,505,789)	(1,584,503)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(283,579)	(312,679)
		<hr/>	<hr/>
DEFICIENCY IN NET ASSETS		£(283,379)	£(312,479)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called-up Share Capital	9	100	100
Profit and Loss Account		(283,479)	(312,579)
		<hr/>	<hr/>
		£(283,379)	£(312,479)
		<hr/>	<hr/>

The Financial Statements were approved by the Board of Directors on01 DEC. 2000
and signed on its behalf by:

.....
B.S.E. FRESHWATER

DIRECTORS

.....
D DAVIS

The Notes on pages 6 to 10 form part of these Financial Statements.

BASTION PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2000

1. ACCOUNTING POLICIES

The following Accounting Policies have been used consistently in the preparation of the Company's Financial Statements.

1.1 BASIS OF ACCOUNTING

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

1.2 DISPOSAL OF PROPERTIES

Disposals are considered to have taken place at the date of legal completion.

1.3 PROPERTIES HELD FOR TRADING

Properties held for trading are stated at the lower of cost and net realisable value.

1.4 GROUP FINANCIAL STATEMENTS

Group Financial Statements have not been prepared as the Directors have taken advantage of the exemptions from so doing conferred by Sections 248 and 249 of the Companies Act 1985 on the basis that the Group qualifies as a "small group".

1.5 CASH FLOW STATEMENT

The Company is exempted from the requirement to prepare a Cash Flow Statement (in accordance with Financial Reporting Standard No: 1) on the basis of its being a "small company" as defined by Section 247, Companies Act 1985.

2. TURNOVER

The turnover of the Company is derived from its income from properties held for trading purposes and the relevant contribution towards profit for the year is displayed in the Profit and Loss Account. Property Sales comprise Consideration Receivable on granting of Lease Extensions.

3. ADMINISTRATIVE EXPENSES

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Auditors' Remuneration	4,935	4,935
Administration and Office Charges (Note 11)	7,050	7,050
Legal and Professional charges	-	75
	<hr/>	<hr/>
	£11,985	£12,060
	<hr/>	<hr/>

BASTION PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH 2000****4. INTEREST PAYABLE**

	<u>2000</u> £	<u>1999</u> £
Bank and other Short Term Interest	6,220	1,996
Interest Payable to Parent Undertaking	49,000	49,000
Interest Payable to Loan Creditors	24,121	23,897
Interest on Overdue Tax	21	650
	<hr/>	<hr/>
	£79,362	£75,543
	<hr/>	<hr/>

5. TAXATION

The (charge)/credit in the Profit and Loss Account comprises:

	<u>2000</u> £	<u>1999</u> £
Consideration Receivable for Group Relief Current Year	-	18,000
Consideration Payable for Group Relief Current Year	(4,500)	-
	<hr/>	<hr/>
	£(4,500)	£18,000
	<hr/>	<hr/>

6. INVESTMENT IN SUBSIDIARY COMPANIES

	<u>2000</u> £	<u>1999</u> £
Shares at Cost	4,802	4,802
<u>Deduct:</u> Provision for diminution in value	(4,602)	(4,602)
	<hr/>	<hr/>
	£200	£200
	<hr/>	<hr/>

BASTION PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2000

6. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

The Company holds the whole of the issued share capital in the undermentioned Companies, all of which are incorporated in England unless otherwise stated:

Brigade Properties Limited
Kayville Properties Limited
Delbast Corporation (incorporated in
the United States of America)

The profits (less losses) of the Subsidiary Companies, incorporated in England, for the year ended 31st March 2000 aggregate £10,481 and as at the aforementioned date, their accumulated Capital and Reserves amounted to £174,474.

The Financial Statements of Delbast Corporation are made up to 31st December in each year and as 31 December 1995 (the latest audited Financial Statements available), they disclose a deficiency in reserves of £17,000 (U.S. Dollars 26,857).

7. DEBTORS

	<u>2000</u> £	<u>1999</u> £
Loan Debtor (see below)	320,077	320,077
Rents and Service Charges Due	117,575	72,370
Amounts due from Fellow Subsidiary Undertakings (see below)	171,600	171,600
Amount due from Connected Company (see below)	543,947	625,913
Consideration Receivable for Group Relief (Note 5)	18,000	32,000
Other Debtors	5,835	4,688
	<hr/>	<hr/>
	£1,177,034	£1,226,648
	<hr/>	<hr/>

- (a) The Loan Debtor relates to amounts due from the estate of a former Director and his widow. The amount is interest free and effectively repayable on demand.
- (b) Amounts due from Fellow Subsidiary Undertakings is stated after deducting a provision thereagainst of £100,000 (1999: £100,000). The loans are interest free and effectively repayable on demand.
- (c) The amount due from Connected Company represents an amount due from Highdorn Co Limited, a Company of which Mr B S E Freshwater is a Director and in which he has a non-beneficial interest in its share capital. The loan is effectively repayable on demand.

BASTION PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH 2000****8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Rents and Service Charges Charged and Paid in Advance	3,168	35,451
Bank Overdraft	81,008	135,624
Amount due to Parent Undertaking (see below)	618,167	618,167
Amounts due to Fellow Subsidiary Undertakings (see below)	175,000	175,000
Amounts due to Subsidiary Undertakings	172,942	172,942
Loan Creditors (see below)	273,000	273,000
Schedule 16 Taxation	-	4,820
Taxation	4,500	-
Interest Payable to Loan Creditors	151,080	126,959
Other Creditors and Accruals	26,924	42,540
	<hr/>	<hr/>
	£1,505,789	£1,584,503
	<hr/>	<hr/>

The Loan Creditors relate to amounts due to Freshwater Property Management Limited and Haysgrans Property Co. Limited, companies of which Mr B S E Freshwater is a Director. Mr D Davis is also a director of Haysgrans Property Co. Limited and both he and Mr B.S.E. Freshwater are Governors of the Parent Undertaking of both companies. The loans bear interest at varying rates and are effectively repayable on demand.

The amount due to Parent Undertaking bears interest at the rate of 8% per annum and is also effectively repayable on demand.

The amounts due to Fellow Subsidiary Undertakings are interest free and effectively repayable on demand.

BASTION PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2000

9. CALLED UP SHARE CAPITAL

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
<u>Authorised, Issued and Fully Paid:</u>		
100 Ordinary Shares of £1 each	100	100
	<u> </u>	<u> </u>

10. DEFICIENCY IN NET ASSETS

Although there is a deficiency of Net Assets in the Company's Financial Statements as at 31st March 2000, the Directors consider the underlying value of Properties Held for Trading included in the Balance Sheet at cost would in the event of disposal result in a surplus in excess of the deficit as at the Balance Sheet date.

11. DIRECTORS' INTEREST IN CONTRACTS

Day to day management of the Company is carried out by Highdorn Co. Limited and Freshwater Property Management Limited, both of which are members of the Freshwater Group of Companies with which this company is closely associated. Mr BSE Freshwater is a director of both companies and has a non-beneficial interest in the share capital of Highdorn Co. Limited.

The amounts paid for the provision of a full range of management services charged at normal commercial rates were:-

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Highdorn Co. Limited	7,050	7,050
Freshwater Property Management Limited	7,210	4,756
	<u> </u>	<u> </u>

12. ULTIMATE PARENT UNDERTAKING

The Company's Ultimate Parent Undertaking is The Raphael Freshwater Memorial Association Limited, a company incorporated in England for Charitable purposes.