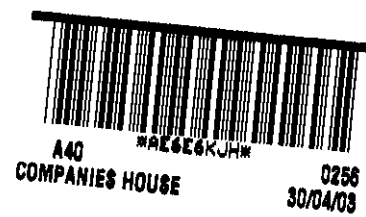


SUNLEY PROPERTIES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2002

Registered Number: 692859



SUNLEY PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

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SUNLEY PROPERTIES LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2002

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2002.

REVIEW OF THE BUSINESS

The principal activity of the company during the year involved the acquisition, resale and letting of residential properties between group companies.

RESULTS AND DIVIDENDS

The company made a profit for the year before taxation of £12,542 (2001: £2,370). The profit for the year after taxation was £8,779 (2001: £1,659).

The directors recommend that no dividend be paid. (2001: Nil)

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company who served during the year are shown below:

John B. Sunley (Chairman)
James B. Sunley
Andrew C. Wibling

None of the directors had any interest in the share capital of the company. John B. Sunley and James B. Sunley are directors of the ultimate parent company, Sunley Family Limited. Their interests in the ultimate parent company and its subsidiaries are declared in that company's directors' report.

STATEMENT OF 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 of fraud and other irregularities.

SUNLEY PROPERTIES LIMITED

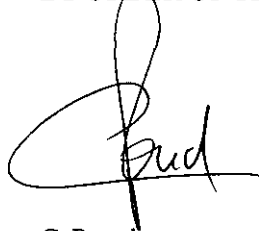
DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2002

AUDITORS

A resolution reappointing haysmacintyre will be proposed at the AGM in accordance with S385(2) of the Companies Act 1985.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'C. Proud', is written over a horizontal line.

C. Proud
Secretary

Registered Office:
20 Berkeley Square
London
W1J 6LH

14 March 2003

INDEPENDENT AUDITORS REPORT OT THE SHAREHOLDERS OF SUNLEY PROPERTIES LIMITED

We have audited the financial statements of Sunley Properties Limited for the year ended 31 December 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for 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 Director's 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.

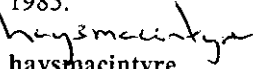
Basis of audit opinion

We constructed 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 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 give explanations which we found 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 the company's affairs as at 31 December 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


haysmacintyre
Chartered Accountants
Registered Auditors

Southampton House
317 High Holborn
London
WC1V 7NL

14 March 2003

SUNLEY PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
Administrative expenses		(1,500)	(1,532)
OPERATING LOSS		<u>(1,500)</u>	<u>(1,532)</u>
Interest receivable		14,042	3,902
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>12,542</u>	<u>2,370</u>
Taxation	2	(3,763)	(711)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>8,779</u>	<u>1,659</u>
RETAINED PROFITS BROUGHT FORWARD		856,211	854,552
RETAINED PROFITS CARRIED FORWARD		<u><u>£864,990</u></u>	<u><u>£856,211</u></u>

Turnover and operating profit are derived wholly from continuing operations.

All recognised gains and losses are included in the profit and loss account.

SUNLEY PROPERTIES LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2002**

	Notes	2002 £	2001 £
CURRENT ASSETS			
Debtors	3	1,933,598	1,615,811
Investments	5	11	11
Cash at bank and in hand		1,633	1,628
		<u>1,935,242</u>	<u>1,617,450</u>
CREDITORS: Amounts falling due within one year	4	341,252	32,239
NET CURRENT ASSETS		<u>£1,593,990</u>	<u>£1,585,211</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	6	729,000	729,000
PROFIT AND LOSS ACCOUNT		864,990	856,211
EQUITY SHAREHOLDERS' FUNDS	7	<u>£1,593,990</u>	<u>£1,585,211</u>

Approved by the board on 14 March 2003 and signed on its behalf by:



JAMES.B.SUNLEY - Director

SUNLEY PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2002**

1. ACCOUNTING POLICIES**a) BASIS OF PREPARATION**

The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards.

b) CONSOLIDATION

These financial statements present information relating to Sunley Properties Limited not to the Sunley Properties Group. In the opinion of the directors Sunley Properties Limited is exempt from preparing consolidated financial statements of the group, under section 228, Companies Act 1985, as amended. Sunley Holdings Plc, which is incorporated in England draws up the group accounts.

2. TAXATION ON PROFIT ON ORDINARY SHARES**2002**
£**2001**
£

The charge for taxation on ordinary activities represents:

UK corporation tax at 30% (2001: 30%)
on the profit for the year

£3,763£711**3. DEBTORS: DUE WITHIN ONE YEAR**

Amounts owed by group companies

£1,933,598£1,615,811**4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Corporation tax
Amounts owed to group companies
Other creditors

4,474

1,651

333,970

28,720

2,808

1,868

£341,252£32,239**5. INVESTMENT**

Shares in subsidiary company

£11£11

SUNLEY PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2002

6. CALLED UP SHARE CAPITAL

	Authorised		Issued and fully paid	
	2002	2001	2002	2001
	£	£	£	£
Ordinary shares of £1 each	385,500	385,500	364,500	364,500
2% Preference shares of £1 each	364,500	364,500	364,500	364,500
	<u>£750,000</u>	<u>£750,000</u>	<u>£729,000</u>	<u>£729,000</u>

The 2% Preference shares of £1 each entitle the holder to a fixed non-cumulative dividend of 2% per annum in priority to any payment on the Ordinary shares but to no other rights to the profits or assets of the company. The shares carry voting rights only on a resolution directly affecting the rights of the shares.

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	8,779	1,659
Opening shareholders' funds	<u>1,585,211</u>	<u>1,583,552</u>
Closing shareholders' funds	<u>£1,593,990</u>	<u>£1,585,211</u>

8. ULTIMATE PARENT COMPANY

The ultimate parent company is Sunley Family Limited, which is registered in England and Wales. Sunley Family Limited is also the head of the largest group of companies, of which the company is a member, that prepares group accounts.

The smallest group of companies, of which the company is a member, that prepares group accounts is headed by Sunley Holdings PLC, which is registered in England and Wales.

Group accounts for both Sunley Family Limited and Sunley Holdings PLC are available to the public, on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Cardiff CF4 3UZ.

9. GROUP COMPANIES

The following is a list of subsidiary companies as at the 31 December 2002.

	% Ownership	Location
Barley Showhomes Limited	50%	England

Barley Showhomes Limited is a joint venture financed by the Sunley Holdings Group and Barclays Bank PLC and owned equally by both parties, the company is controlled by Sunley Holdings PLC. Barley Showhomes Limited purchases showhouse properties from a Group company and charges a licence fee to that Group company for the use of properties. At 31 December 2002 the amounts owing to the Sunley Holdings Group and Barclays Bank PLC in respect of these properties was £397,914 (2001: £148,703) and £2,254,839 (2001: £842,648) respectively.

At 31 December 2002 Barley Showhomes held properties at a value of £2,672,754 (2001: £991,351).