

SILVERGRAD LIMITED

FINANCIAL STATEMENTS
30TH SEPTEMBER 2002

CROUCH CHAPMAN
Chartered Accountants
62 Wilson Street
London EC2A 2BU



SILVERGRAD LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2002

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SILVERGRAD LIMITED

COMPANY INFORMATION
AS AT 30TH SEPTEMBER 2002

DIRECTOR: A.J. Langton

SECRETARY: R.E. Attwell

REGISTERED OFFICE: 62 Wilson Street
London
EC2A 2BU

REGISTERED NUMBER: 1460104

AUDITORS: Crouch Chapman
Chartered Accountants
62 Wilson Street
London
EC2A 2BU

SILVERGRAD LIMITED

REPORT OF THE DIRECTOR

The director presents his annual report with the financial statements of the company for the year ended 30th September 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company is property holding and renting part of its portfolio to other members of the Aylesford Holdings Limited group of companies.

DIRECTOR AND HIS INTERESTS

The director in office in the year and his beneficial interest in the ultimate parent company at the balance sheet date and the beginning of the year was as follows:

Ordinary Shares of £1 Each	
30 September 2002	30 September 2001
A.J. LANGTON	-

The company is a wholly owned subsidiary of Aylesford Holdings Limited. The director has no beneficial interest in the shares of that company.

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

SILVERGRAD LIMITED

REPORT OF THE DIRECTOR

- continued

AUDITORS

The auditors, Crouch Chapman, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

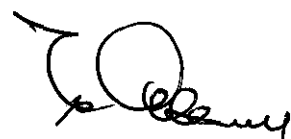
SMALL COMPANIES EXEMPTION

In preparing this report, the director has taken advantage of the special provisions of Part VII of the Companies Act 1985 relating to small companies.

62 Wilson Street
London EC2A 2BU

- 5 AUG 2003

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'J. O. [unclear]', written over a circular stamp or mark.

Secretary

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SILVERGRAD LIMITED

We have audited the financial statements of Silvergrad Limited for the year ended 30th September 2002 on pages 5 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's members, as a body, in accordance with S.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 auditors' 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 Directors' 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted 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 judgments 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 the company's affairs as at 30th September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

62 Wilson Street
London EC2A 2BU

- 5 AUG 2003


CROUCH CHAPMAN

Chartered Accountants
Registered Auditors

SILVERGRAD LIMITED

PROFIT AND LOSS ACCOUNT
YEAR ENDED 30TH SEPTEMBER 2002

	Notes	2002 £	2001 £
TURNOVER	1	72,078	92,011
Cost of sales		(2,909)	(21,405)
GROSS PROFIT		69,169	70,606
Administrative expenses		(27,886)	(26,228)
OPERATING PROFIT	2	41,283	44,378
Exceptional item	3	90,281	-
Interest receivable		104	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		131,668	44,378
Tax on profit on ordinary activities	4	55	(8,595)
PROFIT FOR THE FINANCIAL YEAR		131,723	35,783
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		347,503	311,720
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		479,226	347,503

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit or loss for the above two financial years.


The notes on pages 7 to 11 form part of these financial statements.

SILVERGRAD LIMITED

BALANCE SHEET
30TH SEPTEMBER 2002

	Notes	£	2002 £	2001 £
FIXED ASSETS				
Tangible assets	5		483,118	909,943
CURRENT ASSETS				
Debtors	6	420,733		261,119
Cash at bank		44		12
		<u>420,777</u>		<u>261,131</u>
CREDITORS: Amounts falling due within one year	7	(5,100)		(20,002)
NET CURRENT ASSETS			415,677	241,129
TOTAL ASSETS LESS CURRENT LIABILITIES			898,795	1,151,072
CREDITORS: Amounts falling due in more than one year	8		-	(384,000)
			<u>898,795</u>	<u>767,072</u>
CAPITAL AND RESERVES				
Called up share capital	10		200	200
Revaluation reserve	11		419,369	419,369
Profit and loss account			479,226	347,503
SHAREHOLDERS' FUNDS	12		<u>898,795</u>	<u>767,072</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

) DIRECTOR

Approved by the Board on

- 5 AUG 2003

The notes on pages 7 to 11 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2002

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and are in accordance with applicable accounting standards.

Cash Flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

Turnover

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

Related Party Transactions

The company has taken advantage of the exemption available under Financial Reporting Standard number 8, not to disclose material transactions with related parties.

Freehold and Long Leasehold Property

The freehold and long leasehold property is maintained as a matter of company policy by a programme of repair and refurbishment such that the residual value is at least equal to the book value. Having regard to this, it is the opinion of the directors that depreciation of the property as required by the Companies Act 1985 and Statement of Standard Accounting Practice 12, would not be material.

Deferred Taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. It is the company's policy not to discount deferred tax to reflect the time value of money. The adoption of Financial Reporting Standard (FRS) 19 has resulted in a change in the deferred taxation accounting policy. Before 2002, the company provided for deferred tax using the liability method under Statement of Standard Accounting Practice (SSAP) 15. The change in accounting policy has not necessitated a prior year adjustment.

2. OPERATING PROFIT	2002	2001
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	850	850
	<u>850</u>	<u>850</u>

NOTES TO THE FINANCIAL STATEMENTS
- continued

3. EXCEPTIONAL ITEM

During the year ended 30th September 2002, the company realised a profit of £90,281 on the disposal of a long leasehold property. Associated costs of disposal of £14,258 are included within administrative expenses.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES	2002 £	2001 £
The taxation charge comprises:		
UK corporation tax at 0% (2001: 20%)	-	8,874
Overprovision for previous year	(55)	(279)
	<u>(55)</u>	<u>8,595</u>
	<u><u>(55)</u></u>	<u><u>8,595</u></u>

Factors Affecting Tax Charge For The Year

The tax assessed for the year is at the standard rate of corporation tax in the UK:

Profit on ordinary activities before taxation	131,668	44,378
	<u>131,668</u>	<u>44,378</u>
Corporation tax payable at 22.5% & 23.75% (2001: 20%)	30,394	8,874
Profit on sale of property	(20,877)	-
Group relief	(9,517)	-
Prior period adjustment to tax charge	(55)	(279)
	<u>(55)</u>	<u>(279)</u>
	<u><u>(55)</u></u>	<u><u>8,595</u></u>

SILVERGRAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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5. TANGIBLE FIXED ASSETS

	Freehold Property £	Long Leasehold £	Total £
COST AND VALUATION			
At 1st October 2001	483,118	426,825	909,943
Disposals	-	(426,825)	(426,825)
At 30th September 2002	483,118	-	483,118

	£
Cost	63,749
Valuation 1985	239,369
Valuation 1989	180,000
	<u>483,118</u>

No provision has been made in the financial statements for depreciation of the freehold.

6. DEBTORS

	2002 £	2001 £
Amounts owed by group undertakings	411,278	259,169
Prepayments and accrued income	1,505	-
Other debtors	7,950	1,950
	<u>420,733</u>	<u>261,119</u>

7. CREDITORS

	2002 £	2001 £
Amounts falling due within one year:		
Corporation tax	-	3,709
Accruals and deferred income	5,100	4,250
Other creditors	-	12,043
	<u>5,100</u>	<u>20,002</u>

SILVERGRAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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8. CREDITORS	2002 £	2001 £
Amounts falling due in more than one year:		
Bank loan	-	384,000
	<u> </u>	<u> </u>
9. BORROWINGS	2002 £	2001 £
The company's borrowings are repayable as follows:		
Between two and five years	-	43,069
After five years	-	340,931
	<u> </u>	<u> </u>
	-	384,000
	<u> </u>	<u> </u>
10. SHARE CAPITAL	2002 £	2001 £
Authorised, allotted, called up and fully paid:		
Equity interests		
100 ordinary shares of £1 each	100	100
100 deferred shares of £1 each	100	100
	<u> </u>	<u> </u>
	200	200
	<u> </u>	<u> </u>
11. REVALUATION RESERVE	2002 £	2001 £
Balance at 1st October 2001	419,369	419,369
	<u> </u>	<u> </u>
Balance at 30th September 2002	419,369	419,369
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
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12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2002 £	2001 £
Profit for the financial year	131,723	35,783
Opening shareholders' funds	767,072	731,289
Closing shareholders' funds	<u>898,795</u>	<u>767,072</u>
REPRESENTED BY:		
Equity interests	<u>898,795</u>	<u>767,072</u>

13. ULTIMATE PARENT COMPANY

The holding company is Aylesford Holdings Limited, a company registered in England. The *ultimate holding company is Grange Nominees Limited, a company registered in Guernsey.*

14. CAPITAL COMMITMENTS

At the balance sheet date, the company had capital commitments amounting to £54,000.