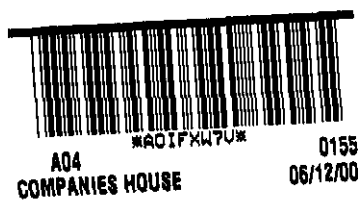


Ricardo Properties Limited

Directors' Report and Financial Statements

Year ended 30 June 2000

Registered Number 2032816



Ricardo Properties Limited

Directors' Report

The Directors present their report and financial statements for the year ended 30 June 2000.

Business Review

The principal activity of the Company consists of the management and the administration of freehold and leasehold properties for the Ricardo plc group of companies.

Results and Dividends

The results for the year are shown on page 5 of the financial statements. An interim dividend of £95,000 (1999 - £115,000) was paid during the year. The Directors propose a final dividend of £95,000 (1999 - NIL). A transfer of £7,000 has been made to reserves.

Directors and Directors' Interests

The Directors who served during the year were:

Mrs J A Heaman
R J Westhead
A R Goodburn

No Director held any beneficial interests in the shares of the Company during the year.

The interests of R J Westhead and A R Goodburn in the share capital of the ultimate holding company, Ricardo plc, are disclosed in the financial statements of that company. The interest of Mrs J A Heaman in the share capital of the ultimate holding company is as follows:

	30 June 1999 Number of shares	Exercised in the year Number of shares	30 June 2000 Number of shares
Ordinary shares of 25p each	17,240	-	18,630
Options over shares of 25p each	23,098	(21,098)	2,000

The options granted to the above Director are exercisable at 114p up to March 2006.

Mrs J A Heaman also had a contingent interest in 7,374 shares at 30 June 2000, representing the maximum number of shares to which she would become entitled under the Ricardo plc Long Term Incentive Plan, if all the relevant criteria are met.

No Directors had any interest in any contract entered into by the Company.

Ricardo Properties Limited

Directors' Report (Continued)

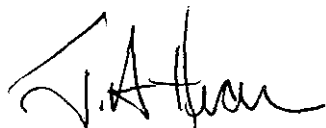
Subsequent Events

Subsequent to the balance sheet date, a long leasehold property (carrying value at 30 June 2000 - £30,000) was sold for a consideration of £95,000 and a freehold property (carrying value at 30 June 2000 - £59,500) was sold for a consideration of £93,500.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and, following the Company's resolution to dispense with annual general meetings, they are deemed to be re-appointed for each further succeeding financial year until further notice.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'J A Heaman', written in a cursive style.

J A HEAMAN
Secretary

14 November 2000

Ricardo Properties Limited

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 year. 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;
- 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.

Ricardo Properties Limited

Auditors' Report to the members of Ricardo Properties Limited

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

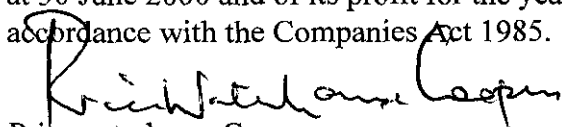
Basis of audit opinion

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 the company's affairs at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Southampton

14 November 2000

Ricardo Properties Limited

Profit and Loss Account for the year ended 30 June 2000

	Note	2000 £'000	1999 £'000
Turnover	2	652	706
Operating charges		(465)	(555)
Operating profit		187	151
Bank interest receivable		185	182
Profit on ordinary activities before taxation	3	372	333
Taxation on profit on ordinary activities	6	(175)	(319)
Profit for the financial year		197	14
Dividends paid and proposed	7	(190)	(115)
Retained profit/(loss) for the financial year	14	7	(101)

The turnover and operating profit all related to continuing operations.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been prepared.

The notes on pages 8 to 15 form part of these financial statements.

Ricardo Properties Limited

Note of Historical Cost Profits and Losses for the year ended 30 June 2000

	2000	1999
	£'000	£'000
Reported profit on ordinary activities before taxation	372	333
Realised revaluation surplus on disposal of investment property	82	-
Historical cost profit on ordinary activities before taxation	454	333
Historical cost profit/(loss) for the year after taxation and dividends	89	(101)

Reconciliation of Movements in Shareholders' Funds for the year ended 30 June 2000

	2000	1999
	£'000	£'000
Profit for the financial year	197	14
Dividends	(190)	(115)
Increase/(reduction) in shareholders' funds	7	(101)
Opening shareholders' funds	518	619
Closing shareholders' funds	525	518

The notes on pages 8 to 15 form part of these financial statements.

Ricardo Properties Limited

Balance Sheet as at 30 June 2000

	Note	2000		1999	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	8	5,186		5,205	
Investment properties	9	490		980	
			5,676		6,185
Current assets					
Debtors	10	226		218	
Cash at bank		3,195		2,659	
		3,421		2,877	
Creditors					
Amounts falling due within one year	11	(8,464)		(8,413)	
Net current liabilities			(5,043)		(5,536)
Total assets less current liabilities			633		649
Provision for liabilities and charges	12		(108)		(131)
Net Assets			525		518
Capital and reserves					
Called up share capital	13		500		500
Revaluation reserve	14		-		82
Profit and loss account	14		25		(64)
Equity shareholders' Funds			525		518

The notes on pages 8 to 15 form part of these financial statements.

These financial statements were approved by the Board of Directors on 14 November 2000.



J A Heaman
Director

Ricardo Properties Limited

Notes to the financial statements for the year ended 30 June 2000

1. Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies are described below.

a) Accounting convention

Investment properties are stated at valuation. All other items are stated in the financial statements under the historical cost accounting convention.

b) Fixed assets

Tangible Fixed Assets

Depreciation is provided to write off the value (being cost less estimated residual value) of long leasehold property and freehold buildings and the cost of other tangible fixed assets over their estimated useful lives as follows:

Freehold buildings	-	over 50 years
Long leasehold property	-	over the term of the lease
Short leasehold property	-	over the term of the lease
Fixtures, fittings and equipment	-	between 3 and 10 years

Investment Properties

Investment properties are stated at the Directors' valuation. In accordance with the Statement of Standard Accounting Practice no. 19, the properties are not depreciated, contrary to the Companies Act 1985, in order to show a true and fair view.

c) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is possible that liabilities will crystallise in the foreseeable future.

d) Leases

The cost of operating leases are dealt with by way of a charge to the profit and loss account as incurred.

e) Rents receivable

Income from lessees is credited to the profit and loss account on an accruals basis.

Ricardo Properties Limited

Notes to the financial statements for the year ended 30 June 2000

f) Pension costs

The company contributes to a defined benefit group pension scheme operated by Ricardo plc. Contributions and pension costs of the defined benefit scheme are based on pension costs across the Group as a whole. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected remaining working lifetime of members of the scheme after making suitable allowances for further withdrawals.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to the continuing activity of the management and administration of freehold and leasehold properties for the Ricardo plc group of companies.

3. Profit on ordinary activities before taxation

	2000 £'000	1999 £'000
This is shown after charging (crediting):		
Auditors' remuneration	3	3
Depreciation	19	21
Gain on sale of investment properties	(10)	-
Provision against carrying value of investment properties	200	235
Operating leases	82	90

Operating leases

Commitments exist for non cancellable operating lease rentals payable during 2000/2001 for leases of land and buildings which expire in future years as follows:

	2000 £'000	1999 £'000
Expiry:		
Within one year	-	-
Between one and five years	39	38
After five years	36	36
	75	74

Ricardo Properties Limited

Notes to the financial statements for the year ended 30 June 2000

4. Staff costs

	2000 £'000	1999 £'000
Wages & salaries	61	63
Social security costs	7	7
Other pension costs	10	3
	78	73

The average number of persons employed during the year was 1 (1999 - 1)

Pension Arrangements

The company participates in a group pension scheme operated by Ricardo plc. The pension scheme is of the defined benefit type. The assets of the scheme are held in a separate trustee administered fund. This fund is valued every three years by an independent qualified actuary. In the intervening years the actuary reviews the appropriateness of the rates. The latest actuarial assessment of the scheme was at 5 April 1999. Particulars of the scheme are contained in the financial statements of Ricardo plc.

5. Directors emoluments

	2000 £'000	1999 £'000
Sums paid to Ricardo plc for directors services	61	63

Mrs J A Heaman exercised share options over 25p ordinary shares of Ricardo plc.

6. Taxation

	2000 £'000	1999 £'000
United Kingdom corporation tax Current at 30% (1999: 30.75%)	202	188
Deferred tax (note 12)	(23)	131
Prior year adjustment: Corporation tax	(4)	-
	175	319

The charge for taxation on the profit for the year is £90,000 higher than the statutory rate (1999: higher by £86,000) due to the effect of permanent timing differences in arriving at taxable profits.

Ricardo Properties Limited

Notes to the financial statements for the year ended 30 June 2000

7. Dividends

	2000 £'000	1999 £'000
Interim paid £0.19 (1999 - £0.23) per £1 share	95	115
Final proposed £0.19 (1999 - £NIL) per £1 share	95	-
	190	115

8. Tangible fixed assets

	Land & Buildings			Fixtures Fittings & Equipment	Total
	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000	£'000	£'000
Cost					
At 1 July 1999	5,676	416	28	29	6,149
Reclassification	-	3	-	(3)	-
Disposals	-	-	-	(10)	(10)
At 30 June 2000	5,676	419	28	16	6,139
Depreciation					
At 1 July 1999	888	6	23	27	944
Reclassification	-	3	-	(3)	-
Charge for year	12	4	1	2	19
Disposals	-	-	-	(10)	(10)
At 30 June 2000	900	13	24	16	953
Net book amount					
At 30 June 2000	4,776	406	4	-	5,186
Net book amount					
At 30 June 1999	4,788	410	5	2	5,205

Ricardo Properties Limited

Notes to the financial statements for the year ended 30 June 2000

9. Investment properties

	2000 £'000	1999 £'000
As at 1 July	980	1,215
Provision against carrying value of premises	(200)	(235)
Disposals	(290)	-
As at 30 June	490	980

The net book amount of the investment properties at 30 June 2000 is comprised as follows:

	£'000
Historical cost	1,311
Accumulated depreciation	(43)
Provision for diminution in value	(778)
Carrying value	490

Ricardo Properties Limited

Notes to the financial statements for the year ended 30 June 2000

10. Debtors

	2000 £'000	1999 £'000
Trade debtors	20	27
Amounts owed by fellow subsidiary undertakings	171	164
Other debtors	3	6
Prepayments and accrued income	32	21
	226	218

All of these amounts are due within one year of the balance sheet date.

11. Creditors - Amounts falling due within one year

	2000 £'000	1999 £'000
Trade creditors	3	14
Amounts owed to parent undertaking	8,069	7,909
Amounts owed to fellow subsidiary undertakings	1	1
Other creditors	59	128
Corporation tax	149	188
Other taxes and social security	24	11
Accruals and deferred income	159	162
	8,464	8,413

Amounts owed to parent undertaking are unsecured, interest free and have no set repayment date.

Ricardo Properties Limited

Notes to the financial statements for the year ended 30 June 2000

12. Provision for liabilities and charges

	2000 £'000	1999 £'000
Deferred Taxation		
Balance at 1 July	131	-
Movement in year (note 6)	(23)	131
At 30 June	108	131
The amounts provided are in respect of:		
Accelerated capital allowances on properties held for resale.	108	131

13. Called up share capital

	2000 £'000	1999 £'000
500,000 ordinary shares of £1 each authorised, allotted and fully paid.	500	500

Ricardo Properties Limited

Notes to the financial statements for the year ended 30 June 2000

14. Reserves

	Revaluation reserve	Profit and loss account
	£'000	£'000
At 1 July 1999	82	(64)
Realised revaluation surplus on disposal of investment property	(82)	82
Profit for the year	-	7
At 30 June 2000	-	25

15. Contingent liabilities

The Company has given an unlimited guarantee in respect of the bank overdrafts of other group companies which amounted to £4,587,000 at 30 June 2000 (1999 - £6,546,000).

16. Subsequent Events

Subsequent to the balance sheet date, a long-leasehold property (carrying value at 30 June 2000 - £30,000) was sold for a consideration of £95,000 and a freehold property (carrying value at 30 June 2000 - £59,500) was sold for a consideration of £93,500.

17. Cash flow statement and related party disclosures

The Company is a wholly-owned subsidiary of Ricardo plc and is included in the consolidated financial statements of Ricardo plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard No. 8 from disclosing related party transactions with entities that are part of Ricardo plc or investees of Ricardo plc qualifying as related parties.

18. Ultimate holding company

Ricardo plc, which is registered in England, is the ultimate holding company. Copies of the consolidated accounts of Ricardo plc which is the largest and smallest group for which group accounts are prepared and of which Ricardo Properties Limited is a member, are available from: The Company Secretary, Ricardo plc, Bridge Works, Shoreham - by - Sea, West Sussex, BN43 5FG.