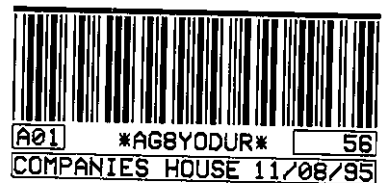


COMPANY NUMBER: 2457202

GUARANTEED PROPERTY (4) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995



GUARANTEED PROPERTY (4) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

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GUARANTEED PROPERTY (4) LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31st March 1995.

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:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgments and estimates that are reasonable and prudent;
- (c) 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. The directors 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.

ACTIVITY

The principal activity of the Company during the year under review was that of letting property on assured tenancies so as to comply with the provisions of the Business Expansion Scheme legislation.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The results for the year and the balance sheet position are considered satisfactory. The directors will continue to monitor the progress of the Company and are confident that acceptable occupancy rates will be maintained in future periods.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £10,139 and is dealt with on page 4.

The directors are unable to recommend the payment of a dividend.

FIXED ASSETS

Details of fixed assets are set out in note 8 to the financial statements.

GUARANTEED PROPERTY (4) LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS

The directors and their interests, as defined by the Companies Act 1985 in the shares of the company at both the beginning and end of the year under review are set out below:

Ordinary shares of £1 each

A J G Bilton
M S Rosenberg

Mr M S Rosenberg has invested £15,000 with the Guaranteed property funds.

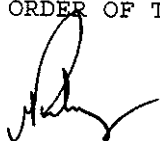
TAXATION STATUS

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

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Casson Beckman, Chartered Accountants, as auditors to the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



M S Rosenberg
SECRETARY

DATED: 14TH JUNE 1995

REGISTERED OFFICE: Hobson House
155 Gower Street
London WC1E 6BJ

AUDITORS' REPORT TO THE MEMBERS OF GUARANTEED PROPERTY (4) LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies as set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements 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 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, are consistently applied and are 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 31st March 1995 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CASSON BECKMAN
Chartered Accountants
and Registered Auditors
London

DATED: 14TH JUNE 1995

GUARANTEED PROPERTY (4) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1995

	Notes	<u>1995</u> £	<u>1994</u> £
Rental income from properties	2	11,614	15,088
Less: Direct property expenses	3	(5,654)	(6,004)
Administrative expenses	4	(13,166)	(18,811)
		<hr/>	<hr/>
Operating loss		(7,206)	(9,727)
Interest payable	5	(2,933)	(2,920)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(10,139)	(12,647)
Tax on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
Loss for the year	13	£(10,139) =====	£(12,647) =====

There are no recognised gains or losses other than the loss for the financial year.

Rental income and operating loss both derive from continuing activities.

The notes on pages 6 to 9 form part of these financial statements.

GUARANTEED PROPERTY (4) LIMITED

BALANCE SHEET

AS AT 31ST MARCH 1995

	Notes	<u>1995</u>	<u>1994</u>
		£	£
<u>Fixed assets</u>			
Tangible assets	8	290,910	294,933
<u>Current assets</u>			
Debtors	9	3,964	3,575
Creditors: Amounts falling due within one year	10	(38,386)	(31,240)
Net current liabilities		(34,422)	(27,665)
Total assets less current liabilities		256,488	267,268
Creditors: Amounts falling due after more than one year	11	-	(641)
		£256,488	£266,627
		=====	=====
<u>Capital and reserves</u>			
Called up share capital	12	330,000	330,000
Profit and loss account	13	(73,512)	(63,373)
		£256,488	£266,627
		=====	=====

A J G Bilton

) Directors

M S Rosenberg

)

The notes on pages 6 to 9 form part of these financial statements.

GUARANTEED PROPERTY (4) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

1. Accounting policies

(a) Basis of accounting

These accounts have been prepared under the historical cost convention.

(b) Rental income from properties

Rental income from properties represents sums due from tenants during the relevant period.

(c) Freehold properties

Freehold properties are carried at cost and no depreciation or amortisation is provided in respect of freehold properties.

This treatment, as regards certain of the company's properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets.

However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. In view of the factors set out in note 8, the amount of depreciation which might otherwise have been shown cannot be separately identified or quantified.

(d) Depreciation

Furniture, fixtures and fittings are depreciated on a straight line basis over five years.

(e) Leases

Assets held under finance leases or hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreements. The excess of the payments over the recorded obligations are treated as finance charges which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

2. Rental income and company loss

The rental income and loss of the company for the year was made entirely in the United Kingdom and derives from the same class of business as noted in the directors' report.

GUARANTEED PROPERTY (4) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

3. Direct property expenses

	<u>1995</u>	<u>1994</u>
	£	£
Insurance	555	359
Depreciation on furniture, fixtures and fittings	4,023	4,023
Maintenance and services	1,076	1,622
	<u>£5,654</u>	<u>£6,004</u>
	=====	=====

4. Administrative expenses

	<u>1995</u>	<u>1994</u>
	£	£
Letting agents' commission	801	2,834
Auditors' fees	1,469	1,469
Property Management fees	5,875	5,875
Administration services	3,304	3,304
Accounting and shareholder services	583	460
Doubtful debt provision	221	4,150
Other	913	719
	<u>£13,166</u>	<u>£18,811</u>
	=====	=====

5. Interest payable

	<u>1995</u>	<u>1994</u>
	£	£
Bank loans, overdrafts and other loans wholly repayable within five years	2,114	2,101
Finance charges on finance leases and hire purchase obligations	819	819
	<u>£2,933</u>	<u>£2,920</u>
	=====	=====

6. Employees and directors

The company had no employees during the year.

7. Taxation

There is no charge to United Kingdom Corporation Tax for the year. Subject to agreement with H M Inspector of Taxes the Company will have losses available of £47,000 for set off against future profits.

8. Fixed assets

Tangible assets

	<u>Freehold properties</u>	<u>Furniture fixtures and fittings</u>	<u>Total</u>
<u>Cost</u>	£	£	£
As at 1st April 1994			
and at 31st March 1995	£290,750	£20,117	£310,867
	=====	=====	=====
<u>Depreciation</u>			
As at 1st April 1994	-	15,934	15,934
Charge for the year	-	4,023	4,023
At 31st March 1995	-	£19,957	£19,957
	=====	=====	=====
<u>Net book value</u>			
At 31st March 1995	£290,750	£160	£290,910
	=====	=====	=====
At 31st March 1994	£290,750	£4,183	£294,933
	=====	=====	=====

GUARANTEED PROPERTY (4) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

8. Fixed assets (continued)

The directors are of the opinion that the use of an open market value basis is not appropriate for the freehold properties due to the builders' guarantees in place. No adjustments in the financial statements have been made in respect of these guarantees.

The directors have not sought professional valuations for the properties, however, in their opinion the current value of the properties is approximately £237,000. The builders have guaranteed to pay any shortfall in market value below the purchase price up to 5 per cent. This is approximately £14,000.

The builders have further guaranteed that if the properties rise in value by less than 7.5 per cent per annum they will pay the shortfall between the higher of market value and purchase price on sale with vacant possession as increased by the compound rate of growth of 7.5 per cent per annum. Accordingly, the guaranteed increase as at 31st March 1995 amounts to approximately £115,000.

The current combined value of the 5 per cent shortfall, the 7.5 per cent compound growth and the directors' valuations is approximately £366,000.

The related depreciation charge for the year in respect of financed leased assets held under finance leases is £2,192. These assets have been fully written down by the year end.

9. Debtors

	<u>1995</u>	<u>1994</u>
	£	£
Trade debtors	770	871
Other debtors	868	1,708
Prepayments	2,326	996
	<hr/>	<hr/>
	£3,964	£3,575
	=====	=====

10. Creditors: Amounts falling due within one year

	<u>1995</u>	<u>1994</u>
	£	£
Bank overdraft	17,185	25,882
Obligations under finance and hire purchase contracts	644	1,526
Other creditors	18,797	1,297
Accruals	1,760	2,535
	<hr/>	<hr/>
	£38,386	£31,240
	=====	=====

The bank overdraft is secured by a legal charge over 7 St Albans Close, Grantham.

Obligations under finance leases and hire purchase contracts are secured on the related assets.

GUARANTEED PROPERTY (4) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

11. <u>Creditors: Amounts falling due after more than one year</u>	<u>1995</u>	<u>1994</u>
Amounts due within 1 to 2 years		
Obligations under finance and hire purchase contracts	£ Nil	£641
	=====	=====

12. Called up share capital

Authorised share capital:

10,000,000 Ordinary shares of 50p each	£5,000,000	£5,000,000
	=====	=====

Allotted, issued and fully paid:

660,000 Ordinary shares of 50p each	£330,000	£330,000
	=====	=====

13. Reserves and Reconciliations in Shareholders' Funds

	<u>Share Capital</u>	<u>Profit and Loss Account</u>	<u>Total Shareholders' Funds</u>
	£	£	£
Opening shareholders' funds	330,000	(63,373)	266,627
Loss for the year	-	(10,139)	(10,139)
Closing shareholders' funds	£330,000	£(73,512)	£256,488
	=====	=====	=====

14. Approval of accounts

These accounts were formally approved by the board of directors on 14th June 1995.