

COMPANY NUMBER: 2457204

GUARANTEED PROPERTY (1) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995



GUARANTEED PROPERTY (1) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

INDEX

PAGES

Directors' report

1 - 2

Auditors' report

3

Profit and loss account

4

Balance sheet

5

Notes to the accounts

6 - 9

GUARANTEED PROPERTY (1) 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 years.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £5,017 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 accounts.

GUARANTEED PROPERTY (1) 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 Guaranteed Property Funds.

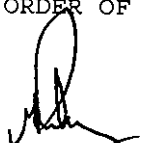
TAXATION STATUS

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 (1) LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets 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 shareholders.

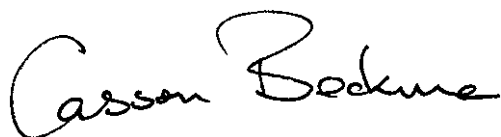
BASIS OF OPINION

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 (1) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1995

	Notes	<u>1995</u> £	<u>1994</u> £
Rental income from investment properties	2	16,730	17,375
Less: Direct property expenses	3	(5,972)	(5,031)
Administrative expenses	4	(17,094)	(15,672)
		<hr/>	<hr/>
Operating loss		(6,336)	(3,328)
Profit on disposal of fixed assets		2,953	-
Interest payable	5	(1,634)	(1,591)
Amounts written off investment properties		-	(43,791)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(5,017)	(48,710)
Tax on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
Loss for the year	13	£(5,017) =====	£(48,710) =====

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

Rental income and operating loss all derive from continuing activities.

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

GUARANTEED PROPERTY (1) LIMITED

BALANCE SHEET

AS AT 31ST MARCH 1995

	Notes	£	1995	£	£	1994	£
<u>Fixed assets</u>							
Tangible assets	8		146,342			206,140	
<u>Current assets</u>							
Debtors	9	50,347			3,694		
Cash at bank and in hand		6			6		
		50,353			3,700		
Creditors: Amounts falling due within one year	10	(9,528)			(17,080)		
Net current assets/(liabilities)			40,825			(13,380)	
Total assets less current liabilities			187,167			192,760	
Creditors: Amounts falling due after more than one year	11		-			(576)	
			£187,167			£192,184	
			=====			=====	
<u>Capital and reserves</u>							
Called up share capital	12		330,000			330,000	
Profit and loss account	13		(142,833)			(137,816)	
			£187,167			£192,184	
			=====			=====	

A J G Bilton)
M S Rosenberg) Directors

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

GUARANTEED PROPERTY (1) 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 with the exception of the investment property which is shown on the basis described in note (c).

(b) Rental income from investment properties

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

(c) Investment property

In accordance with Statement of Standard Accounting Practice 19:

- investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- no depreciation or amortisation is provided in respect of freehold investment properties.

This treatment, as regards certain of the company's investment 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. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount 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 (1) 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>
	£	£
Service charges and insurance	2,819	1,322
Depreciation on furniture, fixtures and fittings	2,801	2,801
Maintenance and services	352	908
	<hr/>	<hr/>
	£5,972	£5,031
	=====	=====

4. Administrative expenses

	<u>1995</u>	<u>1994</u>
	£	£
Letting agents commission	4,670	3,795
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
Other	1,193	769
	<hr/>	<hr/>
	£17,094	£15,672
	=====	=====

5. Interest payable

	<u>1995</u>	<u>1994</u>
	£	£
Bank loans, overdrafts and other loans wholly repayable within five years	902	859
Finance charges on finance leases and hire purchase obligations	732	732
	<hr/>	<hr/>
	£1,634	£1,591
	=====	=====

6. Employees and directors

The company had no employees during the period.

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 £37,500 for set off against future profits.

GUARANTEED PROPERTY (1) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

8. Fixed assets

Tangible assets

<u>Cost or valuation</u>	<u>Freehold investment property</u> £	<u>Furniture fixtures and fittings</u> £	<u>Total</u> £
At 1st April 1994	203,206	14,003	217,209
Disposal	(56,997)	(3,812)	(60,809)
At 31st March 1995	146,209	10,191	156,400
<u>Depreciation</u>			
At 1st April 1994	-	11,069	11,069
Charge for the year	-	2,801	2,801
In respect of disposal	-	(3,812)	(3,812)
At 31st March 1995	-	10,058	10,058
<u>Net book value</u>			
At 31st March 1995	£146,209	£133	£146,342
At 31st March 1994	£203,206	£2,934	£206,140

The properties have been valued by the directors as at the year end on an open market value basis. The original cost of the properties was £205,007.

During 1991 the builder who had guaranteed to pay any shortfall if the properties rise in value was less than 7.5 per cent per annum was placed into administrative receivership by its bankers. It has, therefore, been necessary to write down the investment properties.

The depreciation charge for the year in respect of finance leased assets is £1,959. These assets have been written down by the year end.

9. Debtors

	<u>1995</u> £	<u>1994</u> £
Trade debtors	700	880
Other debtors	47,173	1,648
Prepayments	2,474	1,166
	£50,347	£3,694
	=====	=====

GUARANTEED PROPERTY (1) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

<u>10. Creditors: Amounts falling due within one year</u>	<u>1995</u>	<u>1994</u>
	£	£
Bank overdraft	5,844	11,657
Other creditors	1,536	2,012
Obligations under finance leases and hire purchase contracts	576	1,361
Accruals	1,572	2,050
	<u>£9,528</u>	<u>£17,080</u>
	=====	=====

The bank overdraft is secured by a legal charge over 67 King George Square, Richmond.

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

<u>11. 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 leases and hire purchase contracts	£ Nil	£ 576
	=====	=====

<u>12. Called up share capital</u>	<u>1995</u>	<u>1994</u>
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 of Movements in Shareholders' Funds

	<u>Share Capital</u>	<u>Profit and Loss Account</u>	<u>Total</u>
	£	£	£
Opening Shareholders' Funds	330,000	(137,816)	192,184
Loss for the financial year	-	(5,017)	(5,017)
Closing Shareholders' Funds	£330,000	£(142,833)	£187,167
	=====	=====	=====

14. Approval of accounts

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