

SJS INVESTMENTS LIMITED**ANNUAL REPORT****YEAR ENDED 30 SEPTEMBER 2002**

SJS INVESTMENTS LIMITED

CONTENTS

| | Page |
|--|-------------|
| DIRECTORS' REPORT | 1 |
| STATEMENT OF DIRECTORS' RESPONSIBILITIES | 2 |
| AUDITORS' REPORT | 3 - 4 |
| PROFIT AND LOSS ACCOUNT | 5 |
| STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES | 6 |
| BALANCE SHEET | 7 |
| NOTES TO THE FINANCIAL STATEMENTS | 8 - 11 |

SJS INVESTMENTS LIMITED
DIRECTORS' REPORT
YEAR ENDED 30 SEPTEMBER 2002

The directors submit their report and the financial statements for the year ended 30 September 2002.

Principal activity

The principal activity of the company during the year continued to be that of an investment company

Directors

The directors who served during the year were:

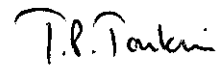
JAB Corscadden (resigned 12 August 2003)
JR Quarmby
RP Stross

None of the directors had any interest in the share capital of the company. The directors are all directors of St James Securities Holdings Limited, the company's parent undertaking. Their interests in the shares of that company are disclosed in its directors' report.

Basis of preparation

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board


T P Tonkin
Secretary

SJS INVESTMENTS 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 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;
- 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 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.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SJS INVESTMENTS LIMITED**

We have audited the financial statements of SJS Investments Limited for the year ended 30 September 2002 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under 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 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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SJS INVESTMENTS LIMITED (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Manchester, UK

19 September 2003

PKF

PKF

Registered Auditors

SJS INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2002

| | Notes | 2002 £ | 2001 £ |
|--|----------|----------------|-----------|
| TURNOVER | 2 | 832,833 | 708,038 |
| Administrative expenses | | (21,823) | (3,386) |
| OPERATING PROFIT | 3 | 811,010 | 704,652 |
| Interest receivable and similar income | | 12,584 | 2,603 |
| Interest payable and similar charges | | (572,401) | (591,862) |
| PROFIT FOR THE FINANCIAL YEAR | | 251,193 | 115,393 |

SJS INVESTMENTS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 30 SEPTEMBER 2002

| | 2002 £ | 2001 £ |
|---|-----------------------|-----------------------|
| Profit for the financial year | 251,193 | 115,393 |
| Unrealised surplus on revaluation of investment property | 475,000 | - |
| Total recognised gains and losses relating to the year | <u><u>726,193</u></u> | <u><u>115,393</u></u> |

SJS INVESTMENTS LIMITED

BALANCE SHEET

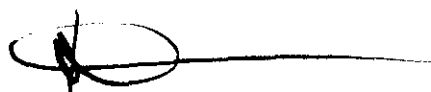
30 SEPTEMBER 2002

| | Notes | 2002 £ | 2001 £ |
|--|-------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Tangible | 4 | 9,375,000 | 8,900,000 |
| CURRENT ASSETS | | | |
| Debtors | 5 | 15,150 | 129,426 |
| Cash at bank and in hand | | 139,504 | - |
| | | <u>154,654</u> | <u>129,426</u> |
| CREDITORS: amounts falling due within one year | 6 | (984,812) | (1,040,068) |
| NET CURRENT LIABILITIES | | <u>(830,158)</u> | <u>(910,642)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>8,544,842</u> | <u>7,989,358</u> |
| CREDITORS: amounts falling due after more than one year | 7 | (4,821,271) | (4,991,980) |
| NET ASSETS | | <u><u>3,723,571</u></u> | <u><u>2,997,378</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 8 | 2 | 2 |
| Revaluation reserve | 9 | 2,624,334 | 2,149,334 |
| Profit and loss account | 9 | 1,099,235 | 848,042 |
| | | <u><u>3,723,571</u></u> | <u><u>2,997,378</u></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.

The financial statements were approved by the board on 1st September 2003

Signed on behalf of the board of directors



Director

SJS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

(b) Turnover

Turnover comprises rental income.

(c) Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with the Financial Reporting Standard for Smaller Entities and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

(d) Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised. Deferred tax is not provided on timing differences arising from the revaluation of certain fixed assets in the financial statements.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

This constitutes a change from the previous policy of providing for deferred tax using the liability method. The change in policy has not resulted in the need to restate prior year figures.

2 TURNOVER

All turnover arose within the United Kingdom.

3 OPERATING PROFIT

No directors received any emoluments (2001 - £NIL).

SJS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

4 TANGIBLE FIXED ASSETS

| | Freehold investment properties £ |
|--|---|
| Cost or valuation | |
| At 1 October 2001 | 8,900,000 |
| Revaluations | 475,000 |
| | <u>9,375,000</u> |
| At 30 September 2002 | <u>9,375,000</u> |
| Depreciation | |
| At 1 October 2001 and 30 September 2002 | - |
| | <u>-</u> |
| Net book amount | |
| At 30 September 2002 | 9,375,000 |
| | <u><u>9,375,000</u></u> |
| At 30 September 2001 | <u><u>8,900,000</u></u> |

The company's investment properties were revalued at open market value on 30 September 2002 by the directors.

On the historical cost basis, investment properties would have been included as follows:

| | 2002 £ | 2001 £ |
|------|-------------------------|-------------------------|
| Cost | 6,750,666 | 6,750,666 |
| | <u><u>6,750,666</u></u> | <u><u>6,750,666</u></u> |

5 DEBTORS

| | 2002 £ | 2001 £ |
|---------------|----------------------|-----------------------|
| Trade debtors | 15,150 | 77,741 |
| Other debtors | - | 51,685 |
| | <u>15,150</u> | <u>129,426</u> |
| | <u><u>15,150</u></u> | <u><u>129,426</u></u> |

SJS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

6 CREDITORS:

Amounts falling due within one year

| | 2002 | 2001 |
|------------------------------------|----------------|------------------|
| | £ | £ |
| Bank loans and overdrafts | 170,709 | 311,934 |
| Trade creditors | 1 | 1 |
| Amounts owed to group undertakings | 500,000 | 494,090 |
| Other taxation and social security | 32,246 | 30,947 |
| Other creditors | 281,856 | 203,096 |
| | <u>984,812</u> | <u>1,040,068</u> |

7 CREDITORS:

Amounts falling due after more than one year

| | 2002 | 2001 |
|------------|------------------|------------------|
| | £ | £ |
| Bank loans | 4,821,271 | 4,991,980 |
| | <u>4,821,271</u> | <u>4,991,980</u> |

Included within creditors above are amounts falling due after more than five years as follows:

| | 2002 | 2001 |
|------------|------------------|------------------|
| | £ | £ |
| Bank loans | 4,821,271 | 4,991,980 |
| | <u>4,821,271</u> | <u>4,991,980</u> |

The interest rates on the loans are 11.79%, 11.94% and 9.32%. The loans are secured by fixed and floating charges over the assets of the company. The loans are repayable quarterly over 8 and 9 years.

8 SHARE CAPITAL

| | Authorised | Allotted, called up and fully paid | |
|---|----------------|---------------------------------------|----------|
| | £ | No | £ |
| At 1 October 2001 and 30 September 2002 | | | |
| Ordinary shares of £1 each | 100,000 | 2 | 2 |
| | <u>100,000</u> | <u>2</u> | <u>2</u> |

SJS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

9 RESERVES

| | |
|------------------------------------|--------------|
| Revaluation reserve | £ |
| At 1 October 2001 | 2,149,334 |
| Revaluation during the year | 475,000 |
| | <hr/> |
| At 30 September 2002 | 2,624,334 |
| | <hr/> |
| Profit and loss account | £ |
| At 1 October 2001 | 848,042 |
| Profit for the year | 251,193 |
| | <hr/> |
| At 30 September 2002 | 1,099,235 |
| | <hr/> |

10 CONTINGENT LIABILITIES

At 30 September 2002, the company had guaranteed amounts owing by the parent company and fellow subsidiaries of £2,631,016 (2001: £590,780).

11 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemptions conferred on 90% subsidiaries to not disclose transactions with other group companies.

12 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is controlled by St James Securities Holdings Limited.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is St James Securities Holdings Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.

In the opinion of the directors this is the company's ultimate parent company and ultimate controlling party.