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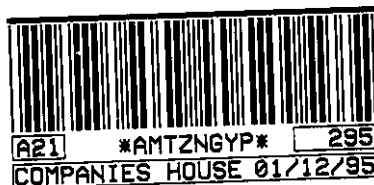
Company Number 2600067

SUREINCOME LIMITED
DIRECTOR'S REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH 1995

M J Ventham & Co

CHARTERED ACCOUNTANTS

63 Lincoln's Inn Fields,
London,
WC2A 3JX.



SUREINCOME LIMITED

DIRECTOR:-

T.J. Wood

SECRETARY:-

C.M. Wood

REGISTERED OFFICE:-

3rd Floor, 63 Lincoln's Inn Fields, London, WC2A 3JX.

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SUREINCOME LIMITED

DIRECTOR'S REPORT

The director has pleasure in submitting his annual report and the audited accounts for the year ended 31st March 1995.

DIRECTORS' 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 judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

PRINCIPAL ACTIVITY

The principal activity of the company was that of investment in property.

REVIEW OF THE BUSINESS

A summary of the results for the year's trading is given on page 5 of the accounts.

The investment property was purchased on 15th November 1991 based on a professional valuation carried out by Chartered Surveyors. A further formal valuation was undertaken on 13th October, 1995 and the valuation of £2,000,000 has been adopted in these accounts.

RESULTS AND DIVIDENDS

The net loss for the year of £533,698 (1994: £27,202) has been taken to reserves. The directors do not recommend the payment of a dividend because of the losses incurred.

FIXED ASSETS

Details of movements in fixed assets are set out in note 2 of the accounts.

SUREINCOME LIMITED

DIRECTOR'S REPORT

DIRECTOR'S INTERESTS

The director who served and his interest in the issued share capital of the company during the year were as follows:-

	<u>At 31.3.95</u>	<u>At 31.3.94</u>
T.J. Wood	Nil	Nil

The interest of the director in the shares of the holding company are disclosed in that company's accounts.

AUDITORS

The auditors Messrs M J Ventham & Co, have indicated their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

Signed on behalf of the board

C.M. Wood

Secretary

Carol Wood

23/11/95

SUREINCOME LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 4 to 9 which have been prepared following the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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, 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 31st March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

29. 11. 1995

63 Lincoln's Inn Fields,
London,
WC2A 3JX.

M. J. Ventham & Co

M J Ventham & Co
CHARTERED ACCOUNTANTS
and Registered Auditors

SUREINCOME LIMITED

BALANCE SHEET AS AT 31ST MARCH 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
<u>FIXED ASSETS</u>			
Investments	1D & 2	2,000,000	2,500,000
<u>CURRENT ASSETS</u>			
Debtors	3	-	123
<u>CREDITORS: amounts falling due within one year</u>	4	(199,055)	(165,480)
<u>NET CURRENT LIABILITIES</u>		(199,055)	(165,357)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		1,800,945	2,334,643
<u>CREDITORS: amounts falling due after more than one year</u>	5	3,176,051	3,176,051
		£(1,375,106)	£(841,408)
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	7	2	2
Profit and Loss Account		(1,375,108)	(841,410)
<u>SHAREHOLDERS' FUNDS</u>	8	£(1,375,106)	£(841,408)

Signed on behalf of the board:-

T J Wood

- Director

These accounts were approved by the director on

23rd Nov 95

SUREINCOME LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
Turnover	1C	227,000	224,547
Administrative Expenses		6,346	1,607
		<hr/>	<hr/>
Operating Profit		220,654	222,940
Exceptional Amount Written Off Investment Property	10	500,000	-
Interest Payable and Similar Charges	12	254,352	250,142
		<hr/>	<hr/>
Loss on Ordinary Activities before Taxation		(533,698)	(27,202)
Taxation	13	-	-
		<hr/>	<hr/>
Loss for the Financial Year		(533,698)	(27,202)
Accumulated Losses Brought Forward		(841,410)	(814,208)
		<hr/>	<hr/>
Accumulated Losses Carried Forward		<u>£(1,375,108)</u>	<u>£(841,410)</u>

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 loss for the above two financial years.

SUREINCOME LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

- (A) These accounts have been prepared on the going concern basis. This assumes that the terms of the agreements entered into by the company with its bankers and Walter Lawrence Construction Limited are adhered to. (see notes 5 & 6).

The directors are of the opinion that the company will be able to meet the terms of these agreements in the forthcoming accounting period.

- (B) Acquisitions and disposals of properties are included on exchange of contracts and on completion of sale respectively.
- (C) Turnover represents the rent receivable for the year.
- (D) The fixed asset investments are included at the open market value as determined by the directors.

2. FIXED ASSETS - INVESTMENTS

	<u>Investment Property</u>
<u>VALUATION</u>	
At 1.4.94	2,500,000
Written Down	(500,000)
	<hr/>
At 31.3.95	£2,000,000
	<hr/> <hr/>

The property was valued by the Chartered Surveyors at open market value on 13th October, 1995. The historical cost of the property is £3,211,697.

The directors consider that the open market value of the property has not altered materially between the balance sheet date and 13th October, 1995.

3. DEBTORS

	<u>1995</u>	<u>1994</u>
Due within one year:		
Amounts owed by Group Undertakings	£Nil	£123
	<hr/>	<hr/>

SUREINCOME LIMITED
NOTES TO THE ACCOUNTS

(Continued)

4. CREDITORS: amounts falling due within one year

	<u>1995</u>	<u>1994</u>
Bank Loans and Overdrafts	136,560	97,613
Amounts owed to Group Undertakings	227	-
Accruals and Deferred Income	62,268	67,867
	<hr/>	<hr/>
	£199,055	£165,480
	=====	=====

5. CREDITORS: amounts falling due after more than one year

	<u>1995</u>	<u>1994</u>
Bank Loans (Note 6)	2,500,000	2,500,000
Trade Creditors - see below	676,051	676,051
	<hr/>	<hr/>
	£3,176,051	£3,176,051
	=====	=====

The indebtedness of Sureincome Limited to the trade creditor, Walter Lawrence Construction Limited, is set out in an agreement dated 15th November 1991. The final liability of Sureincome Limited is dependent upon the Net Realised Value of the Investment Property after deducting bank debts secured thereon. The final liability cannot be quantified but it is improbable that it will exceed the amount shown in the accounts. The creditor is secured by a second charge over the property and a floating charge over the assets of the company. The agreement term is five years unless Sureincome Limited default on the terms of the agreement.

6. BANK LOANS AND OVERDRAFTS

The bank borrowings are secured by a first charge on the Investment Property owned by the company, a floating debenture over the assets of the company and a legal assignment over the rental income derived from the property.

The bank facilities are set out in an agreement dated 15th November 1991 for an original term of 5 years and the facilities will continue to be supplied by the bank whilst Sureincome Limited adhere to the terms of that agreement.

SUREINCOME LIMITED

NOTES TO THE ACCOUNTS

(Continued)

7. CALLED UP SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
<u>Authorised</u>		
1,000 Ordinary Shares of £1 each	£1,000 =====	£1,000 =====
<u>Issued and Fully Paid</u>		
2 Ordinary Shares of £1 each	£2 =	£2 =

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u>	<u>1994</u>
Loss for the Financial Year	(533,698)	(27,202)
Opening Shareholders' Funds	(841,408)	(814,206)
	-----	-----
Closing Shareholders' Funds	£(1,375,106) =====	£(841,408) =====

9. OPERATING PROFIT

	<u>1995</u>	<u>1994</u>
Stated after charging:-		
Auditors' Remuneration	£1,528 =====	£1,293 =====

10. EXCEPTIONAL ITEM

As indicated in note 2 to the accounts the investment property has been written down by £500,000 to £2,000,0000 following an independent valuation carried out after the year end.

11. EMPLOYEES AND DIRECTORS

The company had no employees other than the director who received no remuneration.

12. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1995</u>	<u>1994</u>
Bank Loans and Overdrafts repayable other than in Instalments	£254,352 =====	£250,142 =====

SUREINCOME LIMITED

NOTES TO THE ACCOUNTS

(Continued)

13. TAXATION

No taxation liability arises as a result of these accounts, due to the loss incurred and the availability of accumulated losses brought forward.

14. HOLDING COMPANY

The holding company of Sureincome Limited is London Law and Land Limited, a company registered in England and Wales.

15. STATUS

The company is a "Close Company" as defined by Section 414(1) Income and Corporation Taxes Act 1988.