

NEST INVESTMENTS PROPERTY LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2000

Registered Number 3197767



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PKF

NEST INVESTMENTS PROPERTY LIMITED
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**NEST INVESTMENTS PROPERTY LIMITED
DIRECTORS' REPORT**

The directors present their annual report together with the financial statements for the year ended 31 December 2000.

REVIEW OF THE YEAR

We are pleased, having last year fully let the units in our Business Park, to see the company showing for the first time a net profit for the year. The 2001 results will be even better. We are proud to own such a modern industrial business park contributing to the local economy

RESULTS

The profit for the financial year after tax amounted to £17,797 (1999: loss £137,554).

PRINCIPAL ACTIVITY

The principal activity of the company is the renting of property.

DIRECTORS

The directors who served during the year were:-

G K Abu Nahl
M Eftekhari

AUDITORS

Pannell Kerr Forster changed its name to PKF on 1 November 2000 and has signed its audit report in its new name. PKF is eligible for re-appointment as auditor to the company and a resolution proposing its re-appointment will be proposed at the AGM.

BASIS OF PREPARATION

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

BY ORDER OF THE BOARD

 E Tan
For and on behalf of
St John's Square
Secretaries Limited

19 May 2001

**NEST INVESTMENTS PROPERTY 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; and
- 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
NEST INVESTMENTS PROPERTY LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000) and under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 affairs of the company as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London


PKF
Registered Auditors

23rd May 2001

NEST INVESTMENTS PROPERTY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
TURNOVER		371,366	242,086
Cost of sales		-	-
GROSS PROFIT		371,366	242,086
Administrative expenses		(109,684)	(122,700)
OPERATING PROFIT		261,682	119,386
Interest receivable	3	35	1,382
Interest payable and similar charges	4	(243,920)	(258,322)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	17,797	(137,554)
TAXATION ON ORDINARY ACTIVITIES	6	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	13	17,797	(137,554)

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>2000</u> £	<u>1999</u> £
Profit/(loss) for the financial year	17,797	(137,554)
Unrealised surplus on revaluation of property	892,863	-
Total recognised gains and losses for the year	910,660	(137,554)

NEST INVESTMENTS PROPERTY LIMITED
BALANCE SHEET
31 DECEMBER 2000

	<u>Notes</u>	<u>£</u>	<u>2000</u>	<u>£</u>	<u>1999</u>	<u>£</u>
FIXED ASSETS						
Tangible assets	7		4,107,380		3,134,853	
CURRENT ASSETS						
Debtors & prepayments	8	133,740		89,612		
Cash at bank and in hand		4,097		20,256		
		<u>137,837</u>		<u>109,868</u>		
CREDITORS						
Amounts falling due within one year	9	(385,929)		(296,547)		
NET CURRENT LIABILITIES			<u>(248,092)</u>		<u>(186,679)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,859,288</u>		<u>2,948,174</u>	
CREDITORS						
Amounts falling due after more than one year	10		(3,475,486)		(3,475,032)	
NET LIABILITIES			<u>383,802</u>		<u>(526,858)</u>	
CAPITAL AND RESERVES						
Called up share capital	11		1,000		1,000	
Revaluation reserve	12		892,863		-	
Profit and loss account	13		(510,061)		(527,858)	
			<u>383,802</u>		<u>(526,858)</u>	

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Approved by the board on 14.5. 2001

M. EFTEKHAR

Director



NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are material to the company's affairs.

(a) Accounting convention

The financial statements set out on pages 5 to 10 have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

(b) Depreciation

Tangible fixed assets are written off over their estimated useful lives on a straight line basis at the following rates:

	<u>Rates</u>
Furniture, fixture and fittings	15%
Plant and machinery	10%
Computer equipment	50%

(c) Turnover

Turnover represents rents receivable, management fees and service charges.

(d) Deferred tax

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

(e) Investment properties

Land and buildings representing investment properties are included at market value at a valuation agreed by the directors.

(f) Foreign currency

Transactions denominated in foreign currency are translated at the rate of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2000</u> £	<u>1999</u> £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	20,581	13,987
Auditors' remuneration	6,000	5,000
	<u><u> </u></u>	<u><u> </u></u>

3 INTEREST RECEIVABLE

Bank interest	35	1,382
	<u> </u>	<u> </u>
	35	1,382
	<u><u> </u></u>	<u><u> </u></u>

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

4 INTEREST PAYABLE	<u>2000</u>	<u>1999</u>
	£	£
Bank interest	150,142	145,523
Interest due to group undertakings	93,778	112,799
	<hr/>	<hr/>
	243,920	258,322
	<hr/>	<hr/>

5 DIRECTORS' REMUNERATION

The directors did not receive any remuneration during the year.

6 TAXATION

There is no taxation due to losses made in earlier years.

7 TANGIBLE FIXED ASSETS

	<u>Land and buildings</u>	<u>Furniture Fixtures & Fittings</u>	<u>Plant and machinery</u>	<u>Computer Equipment</u>	<u>Total</u>
	£	£	£	£	£
Cost					
At 1 January 2000	3,063,841	73,546	15,001	6,327	3,158,715
Additions	43,296	17,987	38,962	-	100,245
Disposals	-	-	-	-	-
Revaluation	892,863	-	-	-	892,863
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	4,000,000	91,533	53,963	6,327	4,151,823
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2000	-	(12,990)	(6,000)	(4,872)	(23,862)
Charge for year	-	(13,730)	(5,396)	(1,455)	(20,581)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	-	(26,720)	(11,396)	(6,327)	(44,443)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book amounts					
At 31 December 2000	4,000,000	64,813	42,567	-	4,107,380
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	3,063,841	60,556	9,001	1,455	3,134,853
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

As from 1 January 1998 the land and buildings shown above became investment properties and are included at market value. Accordingly, no depreciation charge is appropriate since that date. The requirement of the Companies Act is to depreciate all fixed assets but that requirement conflicts with Statement of Standard Accounting Practice No. 19 (SSAP 19). The directors consider that to depreciate investment properties would not give a true and fair view and have therefore adopted the principles of SSAP 19. If this departure from the Act had not been made the loss would have been increased by depreciation amounting to approximately £60,000. All other tangible fixed assets are included at cost less the appropriate depreciation.

The open market value of the investment property has been estimated by the directors at £4 million. A valuation by professional valuers is expected to be carried out in 2003.

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

8	DEBTORS	<u>2000</u> £	<u>1999</u> £
	Debtors comprised:		
	Other debtors	601	7,787
	Prepayments	3,438	2,486
	Trade debtors	129,701	79,339
		<hr/>	<hr/>
		133,740	89,612
		<hr/>	<hr/>

9	CREDITORS		
	Amounts falling due within one year:		
	Bank loan (see note 10)	215,815	194,090
	Bank overdraft	25,450	-
	Accruals and deferred income	144,664	102,457
		<hr/>	<hr/>
		385,929	296,547
		<hr/>	<hr/>

10	CREDITORS		
	Amounts falling due after more than one year:		
	Due to parent undertaking	1,928,248	1,823,431
	Bank loan	1,547,238	1,651,601
		<hr/>	<hr/>
		3,475,486	3,475,032
		<hr/>	<hr/>

The amount due to the parent undertaking represents a loan from Nest Investments Limited repayable at the rate of 0.5% above STG LIBOR fixed on 31 December each year on the principal amount of £1,500,444. There is no fixed date for repayment of the loan. The parent undertaking has agreed not to request repayment until the company has sufficient net assets in order to meet its liabilities. In addition, the parent undertaking has agreed to meet any day to day working capital requirements of the company in the event that this becomes necessary.

The bank loan represents loans from Barclays Bank Plc repayable at fixed interest rates of between 7.2% and 8.7% per annum. The repayment period of the loans is between five and ten years (i.e. between 20 and 40 quarterly instalments). The loans are secured by a) fixed legal charge over Nest Business Park, b) guarantee for £1,500,000 from Nest Investments.

The amount due after more than five years is £649,086.

11	CALLED UP SHARE CAPITAL	<u>2000</u>		<u>1999</u>	
		Number	£	Number	£
	Authorised:				
	Ordinary shares of £1 each	1,000	1,000	1,000	1,000
		<hr/>	<hr/>	<hr/>	<hr/>
	Allotted, called up and fully paid:				
	Ordinary shares of £1 each	1,000	1,000	1,000	1,000
		<hr/>	<hr/>	<hr/>	<hr/>

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

12 REVALUATION RESERVE	<u>2000</u> £	<u>1999</u> £
Balance at 1 January 2000	-	-
Revaluation in the year	892,863	-
	<hr/>	<hr/>
Balance at 31 December 2000	892,863	-
	<hr/> <hr/>	<hr/> <hr/>
13 PROFIT AND LOSS ACCOUNT		
The movement of reserves during the year was as follows:		
At 1 January 2000	(527,858)	(390,304)
Profit/(loss) for the year	17,797	(137,554)
	<hr/>	<hr/>
At 31 December 2000	(510,061)	(527,858)
	<hr/> <hr/>	<hr/> <hr/>
14 CAPITAL COMMITMENT		
The Company has entered into a capital commitment amounting to £75,000 in relation to additional development costs to be paid and capitalised during the next year.		
15 PARENT UNDERTAKING AND CONTROLLING PARTY		
The company is a 100% subsidiary of Nest Investments Limited, a company incorporated in Jersey. The controlling party is Mr G K Abu Nahl.		
16 RELATED PARTY TRANSACTIONS		
The company has a loan from its parent company as disclosed in note 10.		
The interest paid on this loan is shown in note 4.		