

COMPANY REGISTRATION NO : 3203923

MORLEY LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 30 September 2000



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2000.

ACTIVITIES AND FUTURE PROSPECTS

The principal activity of the Company during the year was to act as trustee of a portfolio of unsecured loans and of all payments received on those loans.

The directors consider that the Company has and will continue to perform satisfactorily.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 4. The directors do not recommend the payment of a dividend (1999: £nil).

DIRECTORS

The directors throughout the year, unless otherwise noted, were:

J R Clark (appointed on 30 August 2000)
K W Maynard (appointed on 30 August 2000)
R G Baker (resigned on 30 August 2000)
SPV Management Limited (resigned on 30 August 2000)

None of the directors had any interest in the shares of the Company or of other group companies during the year.

None of the directors had any interest during the year in any material contract or arrangement with the Company.

Neither director had a service contract with the Company.

CREDITOR PAYMENT POLICY

The Company agrees terms and conditions with its suppliers. Payment is then made on the terms agreed, subject to the appropriate terms and conditions being met by the supplier. The trade creditor days figure has not been stated as the measure is not appropriate to the business.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors of the Company and a resolution to reappointment them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



J G Gemmell
Company Secretary
14 February 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in relation to Financial Statements

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for the financial period. As required, in the absence of any circumstances which would make it inappropriate, the financial statements have been prepared on a going concern basis.

The directors consider that in preparing the financial statements (on pages 4 to 7), the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT

TO THE MEMBERS OF MORLEY LIMITED

We have audited the financial statements on pages 4 to 7 which have been prepared 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, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 circumstances of the Company, 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 30 September 2000 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nesike . Louie

Deloitte & Touche
Chartered Accountants and
Registered Auditors
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

28 February 2001

PROFIT AND LOSS ACCOUNT**Year ended 30 September 2000**

	Note	2000 £'000	1999 £'000
Operating income		8	7
Operating expenses		<u>(8)</u>	<u>(7)</u>
Operating profit, being profit on ordinary activities before taxation	3	-	-
Taxation charge on profit on ordinary activities		<u>-</u>	<u>-</u>
Retained profit for the year		<u><u>-</u></u>	<u><u>-</u></u>

All material activities derive from continuing operations.

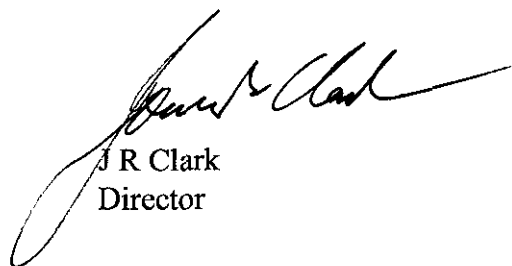
There are no recognised gains or losses, or other movements in shareholders' funds other than the result for the current and preceding years.

MORLEY LIMITED**BALANCE SHEET****30 September 2000**

	Note	2000 £'000	1999 £'000
ASSETS EMPLOYED			
CURRENT ASSETS			
Debtors	4	<u>4</u>	<u>11</u>
FINANCED BY:			
EQUITY SHAREHOLDERS' FUNDS			
Called up share capital	5	-	-
CREDITORS			
Amounts falling due within one year	6	<u>4</u>	<u>11</u>
		<u>4</u>	<u>11</u>

These financial statements were approved by the Board of Directors on February 2001.

Signed on behalf of the Board of Directors



J R Clark
Director

06/02/01

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below:

Accounting convention

The financial statements are prepared under the historical cost convention.

2. DIRECTORS AND EMPLOYEES

Directors' remuneration from the company during the year is stated in note 3.

The Company has no other employees.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation is after charging :		
Directors' remuneration	3	2
Auditors' remuneration - audit services	4	5
	<u>7</u>	<u>7</u>

4. DEBTORS

	£'000	£'000
Amounts falling due within one year:		
Prepayments and accrued income	4	11
	<u>4</u>	<u>11</u>

5. CALLED UP SHARE CAPITAL

	£	£
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted and fully paid:		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

6. CREDITORS

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Accruals	<u>4</u>	<u>11</u>

7. PARENT COMPANY

The company's parent company is Kings Hill Capital Limited, a company registered in England and Wales. Copies of the parent company's financial statements are available from that company's registered office at 10, Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4LT.