

LONDON AND CAPITAL PROPERTIES LIMITED

FINANCIAL STATEMENTS

REGISTERED NUMBER 3806748

FOR THE YEAR ENDED

30TH JUNE 2001



LONDON AND CAPITAL PROPERTIES LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report and the Audited Financial Statements of the company for the year to 30th June, 2001.

PRINCIPAL ACTIVITY

The company's principal activity is the provision of property acquisition and management services.

BUSINESS REVIEW

The company continued to build contacts and develop business and traded at a loss for the year.

RESULTS AND DIVIDENDS

The company's results for the year are given in the profit and loss account on page 5.

The Directors do not propose the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The Directors in office throughout the year were as follows:

D K Freedman
R W Leigh

The interest of the Directors in the shares of the company and its parent company, London and Capital Group Ltd the year end are disclosed in the Report of the Directors of the parent company.

LONDON AND CAPITAL PROPERTIES LIMITED

REPORT OF THE DIRECTORS

(Continued)

EMPLOYEE BENEFITS TRUST

During the period under review, the company made contributions to the Employee Benefits Trust for the purpose of providing discretionary benefits to employees. Details are given in note 11 to the accounts.

CLOSE COMPANY

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution in accordance with section 385 of the Companies Act 1985 proposing the re-appointment of KPMG Audit Plc will be put to the Members at the Annual General Meeting.

Registered Office

10 Maltravers Street
London
WC2R 3NL

30th October 2001

BY ORDER OF THE BOARD



A.P. Drain
Secretary

LONDON AND CAPITAL PROPERTIES 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 for that period. In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the accounts 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. They 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF
LONDON AND CAPITAL PROPERTIES LIMITED

We have audited the financial statements on pages 5 to 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

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 affairs of the company as at 30th June 2001 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG audit Ltd

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

30th October 2001

LONDON AND CAPITAL PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR TO JUNE 2001

		Year ended 30 June 2001	Year ended 30 June 2000
	Notes	£	£
TURNOVER	(2)	334,265	289,498
Cost of sales		(338,420)	(630,502)
GROSS PROFIT		(4,155)	(341,004)
Administration expenses		(251,097)	(259,454)
OPERATING PROFIT	(3)	(255,252)	(600,458)
Interest receivable		-	(17)
Interest payable		-	17
		-	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(255,252)	(600,458)
Tax on profit on ordinary activities		-	-
LOSS FOR THE FINANCIAL YEAR		(255,252)	(600,458)
Retained loss brought forward		(600,458)	-
LOSS FOR THE FINANCIAL YEAR		(855,710)	(600,458)

The above figures, which relate to continuing operations, include all recognised gains and losses.

The notes on pages 7 to 13 form an integral part of these accounts.

LONDON AND CAPITAL PROPERTIES LIMITED

BALANCE SHEET AS AT 30TH JUNE 2001

		Year ended 30 June 2001		Year ended 30 June 2000	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible Assets	(6)		228,214		12,073
CURRENT ASSETS					
Debtors	(7)	204,450		231,157	
Cash at bank and in hand		26,662		46,201	
		<u>231,112</u>		<u>277,358</u>	
Creditors: amounts falling due within one year	(8)	(1,315,034)		(889,887)	
		<u></u>		<u></u>	
NET CURRENT ASSETS			(1,083,922)		(612,529)
NET ASSETS			<u>(855,708)</u>		<u>(600,456)</u>
CAPITAL AND RESERVES					
Called up share capital	(9)		2		2
Profit and loss account			(855,710)		(600,458)
			<u></u>		<u></u>
SHAREHOLDERS FUNDS - equity interests			<u>(855,708)</u>		<u>(600,456)</u>

The financial statements were approved by the Board on 30th October 2001 and signed on their behalf by:


D K FREEDMAN
Director

The notes on pages 7 to 13 form an integral part of these accounts

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2001

1) ACCOUNTING POLICIES

a) Basis of Preparation

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

The directors have applied a going concern basis on the grounds that the holding company has provided a letter of financial support for a period of at least 12 months from the signing of these accounts.

b) Income recognition

The company recognises income for management services on accruals basis and on transactions when these are progressed to legal exchange.

c) Depreciation

Depreciation has been provided so as to write-off the cost less estimated residual value of tangible fixed assets over their estimated useful lives at the following rates:

Office and computer equipment	33% on reducing balance
Fixtures and fittings	15% on reducing balance

d) Deferred taxation

Deferred taxation is provided under the liability method in respect of the taxation effect of all timing differences to the extent that a liability is expected to crystallise in the foreseeable future.

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2001
(continued)

e) Pension Costs

The company operates a defined contribution executive pension scheme for directors and key employees working full time for the company.

f) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date. All differences are taken to the profit and loss account.

2) TURNOVER

Turnover was derived from its principal activity and is earned wholly within the United Kingdom.

3) OPERATING PROFIT

**Year ended
30 June 2001
£**

**Year ended
30 June 2000
£**

The operating profit is arrived at after charging:

Auditors remuneration	3153	5,874
Depreciation	7,617	2,360
Directors remuneration	471,727	510,831
Operating lease rentals:		
Land and buildings	8,015	7,314
Exchange (gains) / losses	164	-

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2001
(continued)

	Year ended 30 June 2001 £	Year ended 30 June 2000 £
4) DIRECTORS REMUNERATION		
Directors emoluments	374,114	387,618
Company contributions to defined contribution scheme	97,613	123,213
	<hr/> 471,727 <hr/>	<hr/> 510,831 <hr/>
Retirement benefits are accruing to the following number of Directors under:		
Defined contribution scheme	<hr/> 1 <hr/>	<hr/> 1 <hr/>

The emoluments of the highest paid director amounted to £374,114 (2000: £387,618), and company contributions of £97,613 (2000: £ 123,213) were made to a defined contribution scheme on his behalf.

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2001
(continued)

5) WAGES AND SALARIES

	Year ended 30 June 2001 £	Year ended 30 June 2000 £
Particulars of employees (including directors) are as shown below:		
Wages and Salaries	291,718	410,201
Social security costs	35,590	47,291
Other pension costs	97,613	15,582
	<u>424,921</u>	<u>473,073</u>
Average number of employees by activity:		
Sales	2	2
Administration	1	1
	<u>3</u>	<u>3</u>

6) TANGIBLE ASSETS

Cost	Office / Computer Equipment	Fixtures and Fittings	Total
At 1 July 2000	14,434	-	14,434
Additions	12,285	211,473	223,758
Disposals	-	-	-
At 30 June 2001	<u>26,719</u>	<u>211,473</u>	<u>238,192</u>
Depreciation			
At 1 July 2000	(2,361)	-	(2,361)
Charge for the year	(5,279)	(2,338)	(7,617)
Disposals	-	-	-
At 30 June 2001	<u>(7,640)</u>	<u>(2,338)</u>	<u>(9,978)</u>
Net Book Value			
At 30 June 2001	<u>19,079</u>	<u>209,135</u>	<u>228,214</u>
At 30 June 2000	<u>12,073</u>	<u>-</u>	<u>12,073</u>

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2001
(continued)

7) DEBTORS

	30 June 2001 £	30 June 2000 £
Trade Debtors	189,256	230,088
Other debtors	15,194	911
Prepayments and accrued income	-	158
	<hr/> 204,450 <hr/>	<hr/> 231,157 <hr/>

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2001
(continued)

8) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2001	30 June 2000
Trade Creditors	67,143	35,452
Amounts owed to group undertakings	1,176,387	504,552
Accruals and deferred income	71,504	349,883
	<u>1,315,034</u>	<u>889,887</u>

9) SHARE CAPITAL

	30 June 2001	30 June 2001
	£	£
Authorised		
2 Ordinary Shares of £ 1 each	<u>2</u>	<u>2</u>
Allotted, issued and fully paid		
2 Ordinary Shares of £ 1 each	<u>2</u>	<u>2</u>

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2001
(continued)

10) RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	30 June 2001	30 June 2000
Opening shareholders' funds	(600,456)	2
Profit for the financial year	(255,252)	(600,458)
Closing shareholders' funds	<u>(855,708)</u>	<u>(600,456)</u>

11) EMPLOYEE BENEFITS TRUST

The Trust has been set up to provide benefits to employees at the discretion of its independent Trustees. In the current year, there have been no charges to the company's profit and loss account in respect of amounts allocated to the EBT (2000: £343,000 of which 89% was allocated to directors). As at the year end, all benefits remaining within the trust from previous years had been substantially allocated.

12) CASH FLOW STATEMENT

The company has relied upon the exemption, given in Financial Reporting Standard 1, not to disclose a separate cash flow statement on the grounds that it is a wholly owned subsidiary of a parent undertaking established under the law of an EC member state.

13) RELATED PARTY TRANSACTIONS

As at the 30th June 2001 the company was a wholly owned subsidiary of London and Capital Group Limited, a Company registered in England and Wales. The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group.

14) ULTIMATE PARENT COMPANY

The ultimate parent company at 30th June 2001 was London and Capital Group Ltd, a company registered in England and Wales.

A copy of the parent company's accounts may be obtained from 10 Maltravers Street, London WC2R 3NL