

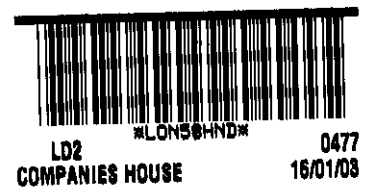
**LONDON AND CAPITAL PROPERTIES LIMITED**

**FINANCIAL STATEMENTS**

**REGISTERED NUMBER 3806748**

**FOR THE YEAR ENDED**

**30TH JUNE 2002**



## **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, 2002.

#### **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, at 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)**

**CLOSE COMPANY**

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

**AUDITORS**

During the year, Grant Thornton were appointed, to fill a casual vacancy, as auditors to the Group.  
A resolution in accordance with section 385 of the Companies Act 1985 proposing the re-appointment of Grant Thornton will be put to the Members at the Annual General Meeting.

**Registered Office**

10 Maltravers Street  
London  
WC2R 3NL

30th October 2002

**BY ORDER OF THE BOARD**



A.P. Drain  
Secretary

## **LONDON AND CAPITAL PROPERTIES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law in the United Kingdom 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;
- state whether applicable accounting standards have been followed, 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 directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of London and Capital Properties Limited for the year ended 30th June, 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 17 on pages 5 to 12. These financial statements have been prepared under the accounting policies set out therein.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and 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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

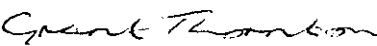
**BASIS OF OPINION**

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 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 30th June, 2002 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**GRANT THORNTON**  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

Grant Thornton House  
Melton Street, Euston Square  
London, NW1 2EP

30th October 2002

**LONDON AND CAPITAL PROPERTIES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR TO JUNE 2002**

		Year ended 30 June 2002	Year ended 30 June 2001
	Notes	£	£
<b>TURNOVER</b>	(2)	857,695	334,265
Cost of sales		(392,950)	(338,420)
<b>GROSS PROFIT / (LOSS)</b>		464,745	(4,155)
Administration expenses		(589,427)	(251,097)
<b>OPERATING LOSS</b>	(3)	(124,682)	(255,252)
Interest payable		(16,363)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(141,045)	(255,252)
Tax on loss on ordinary activities	(6)	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		(141,045)	(255,252)
Retained loss brought forward		(855,710)	(600,458)
<b>LOSS FOR THE FINANCIAL YEAR</b>		(996,755)	(855,710)

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

The notes on pages 7 to 12 form an integral part of these accounts.

**LONDON AND CAPITAL PROPERTIES LIMITED**

**BALANCE SHEET AS AT 30TH JUNE 2002**

		As at 30 June 2002		As at 30 June 2001	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible Assets	(7)		204,807		228,214
<b>CURRENT ASSETS</b>					
Debtors	(8)	340,129		204,450	
Cash at bank and in hand		117		26,662	
		<hr/>		<hr/>	
		340,246		231,112	
Creditors: amounts falling due within one year	(9)	<hr/> (1,363,846) <hr/>		<hr/> (1,315,034) <hr/>	
<b>NET CURRENT LIABILITIES</b>			(1,023,600)		(1,083,922)
Creditors: amounts falling due after one year	(10)		(177,960)		-
<b>NET LIABILITIES</b>			<hr/> (996,753) <hr/>		<hr/> (855,708) <hr/>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	(11)		2		2
Profit and loss account			(996,755)		(855,710)
			<hr/>		<hr/>
<b>SHAREHOLDERS FUNDS - equity interests</b>			<hr/> (996,753) <hr/>		<hr/> (855,708) <hr/>

The financial statements were approved by the Board on 30th October 2002 and signed on their behalf by:

  
D K FREEDMAN  
Director

The notes on pages 7 to 12 form an integral part of these accounts

**LONDON AND CAPITAL PROPERTIES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002**

**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.

The principal accounting policies of the company have remained unchanged from the previous year.

**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:

Motor vehicles	25% on reducing balance
Office and computer equipment	33% on reducing balance
Fixtures and fittings	15% on reducing balance

**d) Deferred taxation**

Deferred tax is recognised on all timing differences where the transaction or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.



**LONDON AND CAPITAL PROPERTIES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002**  
**(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 LOSS**

**Year ended  
30 June 2002  
£**

**Year ended  
30 June 2001  
£**

The operating loss is arrived at after charging:

Auditors remuneration	7,000	3,153
Depreciation	50,394	7,617
Operating lease rentals:		
Land and buildings	-	8,015
Exchange (gains) / losses	-	164
Loss on disposal of fixed assets	2,045	-
	<hr/> <hr/>	<hr/> <hr/>

**LONDON AND CAPITAL PROPERTIES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002**  
**(continued)**

	Year ended 30 June 2002 £	Year ended 30 June 2001 £
<b>4) DIRECTORS REMUNERATION</b>		
Directors emoluments	87,180	374,114
Company contributions to defined contribution scheme	5,347	97,613
	<u>92,527</u>	<u>471,727</u>
Retirement benefits are accruing to the following number of Directors under:		
Defined contribution scheme	<u>2</u>	<u>1</u>
The emoluments of the highest paid director amounted to £46,633 (2001: £374,114), and company contributions of £2,319 (2001: £97,613) were made to a defined contribution scheme on his behalf.		
<b>5) WAGES AND SALARIES</b>	£	£
Particulars of employees (including directors) are as shown below:		
Wages and Salaries	201,431	291,718
Social security costs	22,632	35,590
Other pension costs	5,347	97,613
	<u>229,410</u>	<u>424,921</u>
Average number of employees by activity:		
Sales	1	2
Administration	2	1
	<u>3</u>	<u>3</u>
<b>6) TAXATION</b>	£	£
Corporation tax at 19.75%	(33,998)	(59,756)
Group relief	33,998	59,756
Tax	<u>-</u>	<u>-</u>
Tax computation:		
	£	£
Tax re. loss on ordinary activities at 19.75%	(27,856)	(51,050)
Tax re. expenses not deductible for tax purposes	-	51
Tax re. capital allowances for the period in excess of depn	(4,693)	(10,206)
Tax re. losses b/fwd	(1,449)	1,449
Adjusted tax due for the year	<u>(33,998)</u>	<u>(59,756)</u>

Group relief includes profits and losses surrendered from fellow group undertakings.

**LONDON AND CAPITAL PROPERTIES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002**  
**(continued)**

**7) TANGIBLE ASSETS**

<b>Cost</b>	<b>Motor Vehicles £</b>	<b>Office / Computer Equipment £</b>	<b>Fixtures and Fittings £</b>	<b>Total £</b>
At 1 July 2001	-	26,719	211,473	238,192
Additions	46,350	13,375	2,308	62,033
Disposals	(46,350)	-	-	(46,350)
At 30 June 2002	<u>-</u>	<u>40,094</u>	<u>213,781</u>	<u>253,875</u>
<b>Depreciation</b>				
At 1 July 2001	-	(7,640)	(2,338)	(9,978)
Charge for the year	(11,304)	(7,371)	(31,719)	(50,394)
Disposals	11,304	-	-	11,304
At 30 June 2002	<u>-</u>	<u>(15,011)</u>	<u>(34,057)</u>	<u>(49,068)</u>
<b>Net Book Value</b>				
At 30 June 2002	<u>-</u>	<u>25,083</u>	<u>179,724</u>	<u>204,807</u>
At 30 June 2001	<u>-</u>	<u>19,079</u>	<u>209,135</u>	<u>228,214</u>

R W Leigh, a director of the company, purchased a motor vehicle from the company for £33,000.

All of the motor vehicles are assets under finance leases or hire purchase agreements. Depreciation of £11,304 (2001 : nil) has been charged during the year.

During the year, other assets with a cost of £222,613 were used as security for a hire purchase facility provided by a commercial bank. The net book value of these assets at the year end was £184,132.

Analysis of the depreciation charge for the year:

Owned assets	-	(3,718)	(534)	(4,252)
Leased assets	(11,304)	(3,653)	(31,185)	(46,142)
	<u>(11,304)</u>	<u>(7,371)</u>	<u>(31,719)</u>	<u>(50,394)</u>

**LONDON AND CAPITAL PROPERTIES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002**  
(continued)

**8) DEBTORS**

	30 June 2002 £	30 June 2001 £
Trade Debtors	278,982	189,256
Other debtors	30,943	15,194
Prepayments and accrued income	30,204	-
	<u>340,129</u>	<u>204,450</u>

**9) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 June 2002 £	30 June 2001 £
Trade Creditors	16,701	67,143
Amounts owed to group undertakings	1,086,694	1,176,387
Accruals and deferred income	27,498	71,504
Hire Purchase	165,380	-
Other	67,573	-
	<u>1,363,846</u>	<u>1,315,034</u>

**10) CREDITORS: AMOUNTS FALLING AFTER ONE YEAR**

	30 June 2002 £	30 June 2001 £
Hire Purchase	<u>177,960</u>	<u>-</u>
Obligations under finance leases and hire purchase agreements payable:		
within one year	165,380	-
in second to fifth years inclusive	177,960	-
thereafter	-	-
	<u>343,340</u>	<u>-</u>

**LONDON AND CAPITAL ASSET MANAGEMENT LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002**  
**(continued)**

**14) RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS**

	30 June 2002 £	30 June 2001 £
Opening shareholders' funds	1,502,961	1,333,009
Profit for the financial year	199,025	169,952
Closing shareholders' funds	<u>1,701,986</u>	<u>1,502,961</u>

**15) 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.

**16) CONTINGENT LIABILITIES**

The company had no contingent liabilities at 30th June 2002 or 30th June 2001.

**17) CAPITAL COMMITMENTS**

The company had no capital commitments at 30th June 2002 or 30th June 2001.

**18) RELATED PARTY TRANSACTIONS**

As at the 30th June 2002 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 B8 exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

**19) ULTIMATE PARENT COMPANY**

The ultimate parent company at 30th June 2002 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.