

LONDON AND CAPITAL PROPERTIES LIMITED
(formerly known as "Burstclear Ltd")

FINANCIAL STATEMENTS

REGISTERED NUMBER 3806748

FOR THE YEAR ENDED

30TH JUNE 2000



LONDON AND CAPITAL PROPERTIES LIMITED
(formerly known as "Burstclear Ltd")

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report and the Audited Financial Statements of the company for the period from the date of incorporation (14 July 1999) to 30 June 2000.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company enjoyed a successful year, and looks forward to the coming year with some optimism.

CHANGE OF NAME

On 11 August 1999 the company changed its name from Burstclear Limited to London and Capital Properties Limited.

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.

SUPPLIER PAYMENT POLICY AND PRACTICE

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed with its suppliers, provided that all trading terms and conditions have been complied with.

At the year end the company had an average of 10 days purchases outstanding in trade creditors.

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

15 Berners Street
London
W1P 3DE

30th October 2000

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 their 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 2000 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

8th February 2001

LONDON AND CAPITAL PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM DATE OF INCORPORATION (4 JULY 1999) TO 30 JUNE 2000

		Year ended 30 June 2000
	Notes	£
TURNOVER	(2)	289,498
Cost of sales		(630,502)
GROSS PROFIT		(341,004)
Administration expenses		(259,454)
OPERATING PROFIT	(3)	(600,458)
Interest receivable	(17)	
Interest payable	17	
		0
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(600,458)
Tax on profit on ordinary activities	(4)	0
LOSS FOR THE FINANCIAL YEAR		(600,458)

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

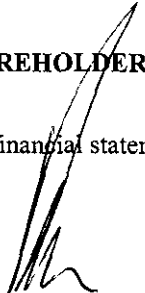
The notes on pages 7 to 13 form an integral part of these accounts.

LONDON AND CAPITAL PROPERTIES LIMITED

BALANCE SHEET AS AT 30TH JUNE 2000

		Year ended 30 June 2000	
	Notes	£	£
FIXED ASSETS			
Tangible Assets	(6)		12,073
CURRENT ASSETS			
Debtor	(7)	231,157	
Cash at bank and in hand		46,201	
		<hr/>	
		277,358	
Creditors: amounts falling due within one year	(8)	(889,887)	
		<hr/>	
NET CURRENT ASSETS			(612,529)
NET ASSETS			<hr/>
			(600,456)
			<hr/>
CAPITAL AND RESERVES			
Called up share capital	(9)		2
Profit and loss account			(600,458)
			<hr/>
SHAREHOLDERS FUNDS - equity interests			(600,456)
			<hr/>

The financial statements were approved by the Board on 30th October 2000 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 2000

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 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 2000
(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 2000
£**

The operating profit is arrived at after charging:

Auditors remuneration	5,874
Depreciation	2,360
Directors remuneration	510,831
Operating lease rentals:	
Land and buildings	7,314
Exchange (gains) / losses	-

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2000
(continued)

Year ended
30 June 2000
£

4) DIRECTORS REMUNERATION

Directors emoluments	387,618
Company contributions to defined contribution scheme	123,213
	<hr/>
	510,831
	<hr/>

Retirement benefits are accruing to the following number of Directors under:

Defined contribution scheme	<hr/> 1 <hr/>
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The emoluments of the highest paid director amounted to £ 387,618, and the company contributions of £ 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 2000
(continued)

5) WAGES AND SALARIES

**Year ended
30 June 2000
£**

Particulars of employees (including directors) are
as shown below:

Wages and Salaries	410,201
Social security costs	47,291
Other pension costs	15,582
	<hr/>
	473,073
	<hr/> <hr/>

Average number of employees by activity:

Sales	2
Administration	1
	<hr/>
	3
	<hr/> <hr/>

6) TANGIBLE ASSETS

The Company

Cost

**Office /
Computer
Equipment**

Total

At 1 July 1999	-	-
Additions	14,434	14,434
Disposals	-	-
At 30 June 2000	<hr/> 14,434	<hr/> 14,434

Depreciation

At 1 July 1999	-	-
Charge for the year	(2,361)	(2,361)
Disposals	-	-
At 30 June 2000	<hr/> (2,361)	<hr/> (2,361)

Net Book Value

At 30 June 2000	<hr/> 12,073	<hr/> 12,073
At 30 June 1999	<hr/> -	<hr/> -

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2000
(continued)

7) DEBTORS

30 June 2000

Trade Debtors	230,088
Other debtors	911
Prepayments and accrued income	158
	<hr/>
	231,157
	<hr/>

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2000
(continued)

8) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2000
Trade Creditors	35,452
Amounts owed to group undertakings	504,552
Corporation Tax	-
Other creditors including taxation and social security	-
Accruals and deferred income	349,883
	<hr/> 889,887 <hr/>

9) SHARE CAPITAL

	30 June 2000
	£
Authorised	
2 Ordinary Shares of £ 1 each	2
	<hr/>
Allotted, issued and fully paid	
2 Ordinary Shares of £ 1 each	2
	<hr/>

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2000
(continued)

10) RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	30 June 2000
Opening shareholders' funds	2
Profit for the financial year	(600,458)
Closing shareholders' funds	<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, the amounts allocated to the EBT have been charged to the company's profit and loss account when incurred. The amounts charged to the company's profit and loss account in relation to the EBT amounted to £343,300. Out of these amounts 11% has been allocated by the trust to employees on a discretionary basis and 89% to the directors. As at the year end, all benefits had been substantially allocated to employees.

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 2000 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 2000 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 15 Berners Street, London W1P 3DE.