
STORGUARD LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**



STORGUARD LIMITED

COMPANY INFORMATION

DIRECTORS

P.J.Pulford
G.M.Page (resigned 1 May 2003)
G.N.Marsden (resigned 3 October 2003)
R.A.Lee (appointed 1 May 2003)

SECRETARY

Rosa Lee

COMPANY NUMBER

3931663

REGISTERED OFFICE

717 North Circular Road
Dollis Hill
London
NW2 7AH

AUDITORS

Godson & Co
Chartered Accountants & Registered Auditors
6/7 Pollen Street
London W1S 1NJ

STORGUARD LIMITED

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STORGUARD LIMITED

DIRECTORS' REPORT For the year ended 31 December 2002

The directors present their report and the financial statements for the year ended 31 December 2002.

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 group and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and to 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The Company's principal activity during the period was the provision of self storage rental units.

Results for the facility at 717 North Circular Road were satisfactory and, after a slow start, occupancy rates at the Basildon store are rising.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £115,861 (2001 - Loss £257,411) .

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital was:

	A Ordinary Shares shares of £1 each		B Ordinary Shares shares of £1 each	
	<u>31/12/02</u>	<u>1/1/02</u>	<u>31/12/02</u>	<u>1/1/02</u>
P.J.Pulford	-	-	12,500	12,500
G.M.Page (resigned 1 May 2003)	-	-	-	-
G.N.Marsden (resigned 3 October 2003)	-	-	12,500	12,500
R.A.Lee (appointed 1 May 2003)	-	-	-	-

On 1 May 2003, Messrs Pulford and Marsden each acquired a beneficial interest in 12,500 A Ordinary shares in the Company.

On 3 October 2003, Messrs Pulford and Marsden ceased to hold their beneficial interest in B ordinary shares in the Company which were acquired by Mr Lee who also acquired the beneficial interest in 25,000 A ordinary shares.

LAND AND BUILDINGS

The directors are of the opinion that the market value of the land and buildings owned by the company is no less than their book value. They do not consider that the cost of an independent professional valuation would be justified.

STORGUARD LIMITED

DIRECTORS' REPORT For the year ended 31 December 2002

EVENTS SINCE THE END OF THE YEAR

Since the end of the year, the shareholder loans and the bank loans have been refinanced with loans of £3,865,000 from R.A.Lee, a director. Mr Lee has undertaken not to demand repayment of these advances unless the Company has adequate resources to make such repayments.

AUDITORS

The auditors, Godson & Co, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on *13 November 2003* and signed on its behalf.


Director

STORGUARD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STORGUARD LIMITED

I have audited the financial statements of Storguard Limited for the year ended 31 December 2002 set out on pages 4 to 18. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you if, in my opinion, the Directors' Report is not consistent with the financial statements, if the group has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the Group is not disclosed.

I read the Directors' Report and consider the implications for my report if I become aware of any apparent misstatements within it.

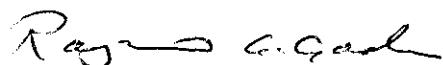
BASIS OF AUDIT OPINION

I conducted my 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 circumstances of the company and the group, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 2002 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985, as amended.



Godson & Co

Chartered Accountants
Registered Auditors
6/7 Pollen Street
London W1S 1NJ

Date: 13 November 2003

STORGUARD LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2002

		Year ended 31 December 2002 £	Year ended 31 December 2001 £
TURNOVER	1,2	504,174	434,829
Cost of sales		(110,536)	(154,185)
GROSS PROFIT		393,638	280,644
Selling and distribution costs		(39,293)	(35,864)
Administrative expenses		(426,686)	(306,803)
OPERATING LOSS	3	(72,341)	(62,023)
EXCEPTIONAL ITEMS			
Other exceptional items	7	407,124	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		334,783	(62,023)
Interest receivable		2,440	1,948
Interest payable	6	(221,362)	(253,285)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		115,861	(313,360)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	8	-	55,949
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	15	115,861	(257,411)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	15	115,861	(257,411)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2002 or 2001 other than those included in the profit and loss account.

The notes on pages 8 to 18 form part of these financial statements.

STORGUARD LIMITED

CONSOLIDATED BALANCE SHEET
As at 31 December 2002

		2002		2001	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets	9		3,175,854		3,338,285
Investments	10		-		-
CURRENT ASSETS					
Debtors	11	45,856		65,184	
Cash at bank and in hand		181,914		146,998	
		227,770		212,182	
CREDITORS: amounts falling due within one year	12	(217,304)		(480,008)	
NET CURRENT ASSETS/(LIABILITIES)			10,466		(267,826)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,186,320		3,070,459
CREDITORS: amounts falling due after more than one year	13		(3,620,000)		(3,620,000)
NET LIABILITIES			(433,680)		(549,541)
CAPITAL AND RESERVES					
Called up share capital	14		50,000		50,000
Profit and loss account	15		(483,680)		(599,541)
SHAREHOLDERS' FUNDS - ALL EQUITY	16		(433,680)		(549,541)

The financial statements were approved by the board on 13 November 2003 and signed on its behalf.

Director

The notes on pages 8 to 18 form part of these financial statements.

STORGUARD LIMITED

COMPANY BALANCE SHEET
As at 31 December 2002

	Note	£	2002 £	2001 £
FIXED ASSETS				
Tangible fixed assets	9		3,130,607	3,293,038
Investments	10		871	148,399
			<u>3,131,478</u>	<u>3,441,437</u>
CURRENT ASSETS				
Debtors	11	45,855	65,184	
Cash at bank and in hand		181,044	63,463	
		<u>226,899</u>	<u>128,647</u>	
CREDITORS: amounts falling due within one year	12	(217,304)	(290,008)	
NET CURRENT ASSETS/(LIABILITIES)			<u>9,595</u>	<u>(161,361)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,141,073</u>	<u>3,280,076</u>
CREDITORS: amounts falling due after more than one year	13		(3,620,000)	(3,620,000)
NET LIABILITIES			<u>(478,927)</u>	<u>(339,924)</u>
CAPITAL AND RESERVES				
Called up share capital	14		50,000	50,000
Profit and loss account	15		(528,927)	(389,924)
SHAREHOLDERS' FUNDS - All Equity	16		<u>(478,927)</u>	<u>(339,924)</u>

The financial statements were approved by the board on 13 November 2003 and signed on its behalf.

Director

The notes on pages 8 to 18 form part of these financial statements.

STORGUARD LIMITED

CASH FLOW STATEMENT
For the year ended 31 December 2002

	Note	Year ended 31 December 2002 £	As restated Year ended 31 December 2001 £
Net cash flow from operating activities	17	265,052	310,761
Returns on investments and servicing of finance	18	(218,922)	(251,337)
Capital expenditure and financial investment	18	(11,214)	(327,284)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		34,916	(267,860)
Financing	18	-	370,000
INCREASE IN CASH IN THE YEAR		34,916	102,140

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 19)
For the year ended 31 December 2002

	Year ended 31 December 2002 £	As restated Year ended 31 December 2001 £
Increase in cash in the year	34,916	102,140
Cash decrease from decrease in debt and lease financing	-	(370,000)
MOVEMENT IN NET DEBT IN THE YEAR	34,916	(267,860)
Net debt at 1 January 2002	(3,473,002)	(3,205,142)
NET DEBT AT 31 DECEMBER 2002	(3,438,086)	(3,473,002)

The notes on pages 8 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Basis of consolidation

The financial statements consolidate the accounts of Storguard Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

1.3 Investments

(i) **Subsidiary Undertakings**

Share in subsidiaries are valued at cost less provision for permanent impairment.

(ii) **Other investments**

Investments held as fixed assets are shown at cost less provisions for their permanent impairment.

1.4 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	3.33%	straight line
Short-term leasehold land and buildings	-	6.67%	straight line
Plant and equipment	-	25%	reducing balance
Motor vehicles	-	25%	reducing balance
Fixtures and fittings	-	25%	reducing balance

1.6 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

2. TURNOVER

The whole of the turnover is attributable to the provision of self storage units for rental

All turnover arose within the United Kingdom.

STORGUARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

3. OPERATING LOSS

The Operating loss is stated after charging:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Depreciation of tangible fixed assets:		
- owned by the company	173,645	153,544
Auditors' remuneration	6,730	4,600
Operating lease rentals:		
- other operating leases	123,166	56,160
	<hr/> <hr/>	<hr/> <hr/>

Auditors fees(including remuneration for non-audit services) for the Company were £6,730 (2001:£1,780)

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Wages and salaries	80,007	119,514
Social security costs	15,955	16,220
	<hr/> <hr/>	<hr/> <hr/>
	95,962	135,734

The average monthly number of employees, including the directors, during the year was as follows:

Year ended 31 December 2002 No.	Year ended 31 December 2001 No.
5	5
<hr/> <hr/>	<hr/> <hr/>

5. DIRECTORS' REMUNERATION

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Emoluments	-	200
	<hr/> <hr/>	<hr/> <hr/>

STORGUARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

6. INTEREST PAYABLE

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
On bank loans and overdrafts	94,604	109,252
On other loans	126,758	144,033
	<u>221,362</u>	<u>253,285</u>

Interest payable on other loans includes £63,359 (2001-£77,016) payable to Highbridge Properties plc a company connected with two directors (Messrs Pulford and Marsden). See Note 7 below for details of subsequent waivers.

7. EXCEPTIONAL ITEMS

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Credit for waiver of loan interest	217,124	-
Provision no longer required on transfer of trade of subsidiary	<u>190,000</u>	<u>-</u>
	<u>407,124</u>	<u>-</u>

On 1 May 2003, Lion d'Or Investments Limited, a loan creditor of the company, waived its right to receive the interest accrued on its loan. On 3 October 2003, Highbridge Properties plc, a company connected with two directors (Messrs Pulford and Marsden) waived its right to receive £66,062 of interest accrued on its loan to the Company. The exceptional credit represents the aggregate interest accrued and subsequently waived on the loans up to the date of these financial statements.

8. TAXATION

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Deferred tax		
Origination and reversal of timing differences	-	(55,949)
	<u>-</u>	<u>(55,949)</u>
Tax on profit/(loss) on ordinary activities	<u>-</u>	<u>(55,949)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 31 December 2002	<i>Year ended 31 December 2001</i>
	£	£
Profit/(loss) on ordinary activities before tax	115,861	<i>(313,360)</i>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 - 30)	34,758	<i>(94,008)</i>
Effects of:		
Expenses not deductible for tax purposes	(34,758)	<i>94,008</i>
Current tax charge for year (see note above)	-	<i>-</i>

Factors that may affect future tax charges

There are tax losses available for carry forward estimated at £ 365,000.

9. TANGIBLE FIXED ASSETS

	Land and buildings	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£
Group				
Cost				
At 1 January 2002	2,751,553	20,841	780,066	3,552,460
Additions	-	-	11,214	11,214
At 31 December 2002	2,751,553	20,841	791,280	3,563,674
Depreciation				
At 1 January 2002	40,564	10,421	163,190	214,175
Charge for the year	21,206	2,330	150,109	173,645
At 31 December 2002	61,770	12,751	313,299	387,820
Net book value				
At 31 December 2002	2,689,783	8,090	477,981	3,175,854
At 31 December 2001	2,710,989	10,420	616,876	3,338,285

At 31 December 2002, included within the net book value of land and buildings is £2,672,871 relating to freehold land and buildings, £NIL relating to long term leasehold land and buildings and £16,912 relating to short term leasehold land and buildings.

Interest of £45,246 (2001 - £45,246) is included in Land and Buildings.

STORGUARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

Company	Land and buildings	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 January 2002	2,676,346	11,909	704,957	3,393,212
Additions	-	-	11,214	11,214
At 31 December 2002	<u>2,676,346</u>	<u>11,909</u>	<u>716,171</u>	<u>3,404,426</u>
Depreciation				
At 1 January 2002	10,604	1,489	88,081	100,174
Charge for the year	21,206	2,330	150,109	173,645
At 31 December 2002	<u>31,810</u>	<u>3,819</u>	<u>238,190</u>	<u>273,819</u>
Net book value				
At 31 December 2002	<u>2,644,536</u>	<u>8,090</u>	<u>477,981</u>	<u>3,130,607</u>
At 31 December 2001	<u>2,665,742</u>	<u>10,420</u>	<u>616,876</u>	<u>3,293,038</u>

At 31 December 2002, included within the net book value of land and buildings is £2,627,625 relating to freehold land and buildings, £NIL relating to long term leasehold land and buildings and £16,912 relating to short term leasehold land and buildings.

10. FIXED ASSET INVESTMENTS

Company	Share in group under- takings	Loans to group under- takings	Total
	£	£	£
Cost or valuation			
At 1 January 2002	284,778	(136,378)	148,400
Additions	(64,865)	136,248	71,383
Amounts written off	(218,913)	-	(218,913)
At 31 December 2002	<u>1,000</u>	<u>(130)</u>	<u>870</u>

STORGUARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

11. DEBTORS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Due within one year				
Trade debtors	594	59,404	593	59,408
Other debtors	-	4	-	-
Prepayments and accrued income	45,262	5,776	45,262	5,776
	45,856	65,184	45,855	65,184

12. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Payments received on account	38,548	32,229	38,548	32,229
Trade creditors	65,404	37,399	65,404	37,399
Social security and other taxes	4,907	4,972	4,907	4,972
Accruals and deferred income	108,445	405,408	108,445	215,408
	217,304	480,008	217,304	290,008

Interest payable to Highbridge Properties plc a company connected with two directors (Messrs Pulford and Marsden) of £66,062 (2001 - £87,533) is included in the figure for accruals and deferred income.

STORGUARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

13. CREDITORS:
Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£	£	£	£
Debenture loans	1,950,000	1,950,000	1,950,000	1,950,000
Bank loans	1,670,000	1,670,000	1,670,000	1,670,000
	<u>3,620,000</u>	<u>3,620,000</u>	<u>3,620,000</u>	<u>3,620,000</u>

Included within the above are amounts falling due as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£	£	£	£
Between two and five years				
Debenture loans	1,950,000	1,950,000	1,950,000	1,950,000
Bank loans	1,670,000	1,670,000	1,670,000	1,670,000
	<u>3,620,000</u>	<u>3,620,000</u>	<u>3,620,000</u>	<u>3,620,000</u>

The bank loan bears interest at sterling LIBOR plus 1.75% and is repayable in 28 quarterly instalments commencing on 21 March 2004. It is secured by a charge on its freehold property at 717 North Circular Road.

The loans from shareholders and undertakings connected with shareholders are secured by a floating charge on the company's assets. They are repayable on 31 December 2005 and carry interest at the Bank of Scotland base rate plus 2.5%. Interest of £302,124 (2001 - £175,368) was due for payment on 31 December 2002 (31 December 2001) but the lenders agreed to defer payment until such time as the Company had adequate resources to discharge the liabilities. The lenders have subsequently waived their right to receive £217,124 of the amount accrued.

Included in loans from shareholders and undertakings connected with shareholders is an amount of £975,000 (2001 - £975,000) due to Highbridge Properties plc, a company connected with two directors, Messrs Pulford and Marsden.

STORGUARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

14. SHARE CAPITAL

	2002 £	2001 £
Authorised		
25,000 A Ordinary Shares shares of £1 each	25,000	25,000
25,000 B Ordinary Shares shares of £1 each	25,000	25,000
10,000 C Ordinary Shares shares of £1 each	10,000	10,000
	<u>60,000</u>	<u>60,000</u>
Allotted, called up and fully paid		
25,000 A Ordinary Shares shares of £1 each	25,000	25,000
25,000 B Ordinary Shares shares of £1 each	25,000	25,000
	<u>50,000</u>	<u>50,000</u>

15. RESERVES

	Profit and loss account £
Group	
At 1 January 2002	(599,541)
Profit retained for the year	115,861
	<u>(483,680)</u>
	Profit and loss account £
Company	
At 1 January 2002	(389,924)
Profit retained for the year	(139,003)
	<u>(528,927)</u>

STORGUARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Group		
Profit/(loss) for the year	115,861	(257,411)
	<u>115,861</u>	<u>(257,411)</u>
Opening shareholders' funds	(549,541)	(292,130)
Closing shareholders' funds	<u>(433,680)</u>	<u>(549,541)</u>
	2002	2001
	£	£
Company		
Profit/(loss) for the year	(139,003)	(298,966)
	<u>(139,003)</u>	<u>(298,966)</u>
Opening shareholders' funds	(339,924)	(40,958)
Closing shareholders' funds	<u>(478,927)</u>	<u>(339,924)</u>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit and loss account.

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Operating loss	(72,341)	(62,023)
Depreciation of tangible fixed assets	173,645	153,545
Decrease in debtors	19,326	71,105
(Decrease)/increase in creditors	(262,702)	148,134
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	<u>(142,072)</u>	<u>310,761</u>

STORGUARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	2,440	1,948
Interest paid	(221,362)	(253,285)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(218,922)	(251,337)
	Year ended 31 December 2002 £	Year ended 31 December 2001 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(11,214)	(350,285)
Sale of tangible fixed assets	-	23,001
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(11,214)	(327,284)
	Year ended 31 December 2002 £	Year ended 31 December 2001 £
FINANCING		
New secured loans	-	370,000

19. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2002 £	Cash flow £	Other non-cash changes £	31 December 2002 £
Cash at bank and in hand:	146,998	34,916	-	181,914
DEBT :				
Debts falling due after more than one year	(3,620,000)	-	-	(3,620,000)
NET DEBT	(3,473,002)	34,916	-	(3,438,086)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

20. OPERATING LEASE COMMITMENTS

At 31 December 2002 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2002	2001
Group	£	£
Expiry date:		
After more than 5 years	<u>113,085</u>	<u>113,085</u>

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2002	2001
Company	£	£
Expiry date:		
After more than 5 years	<u>113,085</u>	<u>113,085</u>

21. TRANSACTIONS WITH DIRECTORS

Highbridge Properties plc, a company with which two directors, Messrs Pulford and Marsden are connected, is a party to the transactions described in Notes 6, 12 and 13 above.

22. RELATED PARTY TRANSACTIONS

Related party transactions are described in Notes 6, 12, 13 and 21 above.

23. POST BALANCE SHEET EVENTS

On 1 May 2003, the loans from Lion d'Or Investments Limited were refinanced with additional loans from Highbridge Properties plc and interest of £151,026 was waived. On 3 October 2003, the then outstanding loans of £1,950,000 from Highbridge Properties plc and the bank loans of £1,670,000 were refinanced with loans from R.A.Lee, a director.

24. PRINCIPAL SUBSIDIARIES**Principal subsidiaries**

Company name	Country	Percentage Shareholding	Description
717 NCR Limited	United Kingdom	100	Dormant

25. GOING CONCERN

At the Balance Sheet date, the company was in a net liability position due to its reliance on loans from its shareholders and their associates. The Company received undertakings from these lenders that repayment will only be required as and when the company has funds available. Subsequently similar undertakings were received from Mr R.A.Lee who refinanced the loans. Accordingly the accounts have been prepared on the going concern basis.