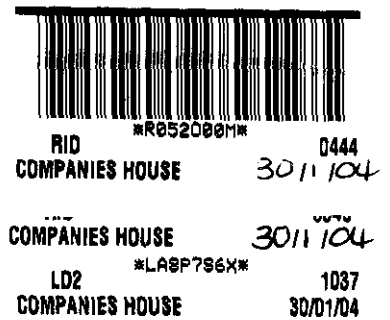


**SAC GP LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2003**  
**Registered No: 3934576**



04-02-04

## **SAC GP Limited**

### **Company Information**

**Registered Number** 3934576

### **Directors**

Frederick David Richard Coupe

Andrew John Martin

Richard Andrew Chadwick (Retired 18 July 2002)

Barry Henderson (Retired 18 July 2002)

Andrew Dewhirst (Appointed 18 July 2002)

Elizabeth Adams (Appointed 18 July 2002)

### **Secretary**

Andrew John Lattaney Peake (Resigned 30 April 2003)

Simon A F Bailey (Appointed 30 April 2003)

### **Auditors**

PricewaterhouseCoopers LLP

Southwark Towers

32 London Bridge Street

London

SE1 9SY

### **Company Address**

SAC GP Limited

7 Stratford Place

London W1C 1ST

## **SAC GP Limited**

### **Directors' Report for the year ended 31 March 2003**

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

#### **Activities**

The company is entitled to the first available of the profits of The Tower Hill Retail Limited Partnership which is engaged in the business of commercial property development and investment. The profit share of the company is limited to a maximum of £5,000 per annum.

During the period, the company has acted solely as the General Partner of The Tower Hill Retail Limited Partnership and under the terms of the partnership agreement, dated 4 July 2000, all the costs incurred in acting as the General Partner are to be met by the partnership. These costs have been reflected within the partnership accounts.

#### **Results**

The company received no income and incurred no costs during the year.

#### **Dividend**

The directors do not recommend the payment of a dividend.

#### **Directors**

The directors who served on the board during the year were as follows:

Frederick David Richard Coupe  
Andrew John Martin  
Richard Andrew Chadwick  
Barry Henderson  
Andrew Dewhirst  
Elizabeth Adams

None of the directors held any beneficial or family interest in the company during the year.

No director was paid a fee for their services during the year (2002: nil).

**SAC GP Limited**

**Directors' Report (Cont'd)**

**Independent Auditors**

Following the conversion of our auditors, PricewaterhouseCoopers, into a limited liability partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 22 January 2004 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A special resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the Annual General Meeting.

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

A handwritten signature in black ink, appearing to read 'S A F Bailey', written in a cursive style.

**S A F BAILEY**  
Secretary

28 January 2004

**SAC GP Limited**

**Statement of Directors' Responsibilities in respect of the Accounts**

Company law requires the directors to prepare accounts 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also make judgements and estimates that are reasonable and prudent; and in preparing the financial statements for the year ended 31 March 2003 and that applicable accounting prepare the accounts on the going concern basis unless it is inappropriate to presume

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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



**S A F BAILEY**  
Secretary

*28 January 2004*

## **SAC GP Limited**

### **Independent auditors' report to the members of SAC GP Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable 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 issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

#### **Basis of audit 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 affairs of the company's affairs at 31 March 2003 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

*28 January* 2004

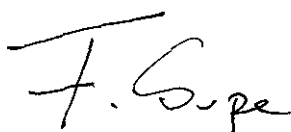
**SAC GP Limited**

**Balance Sheet as at 31 March 2003**

	Note	31 March 2003 £	31 March 2002 £
<b>Fixed Assets</b>			
Investment	3	1	1
<b>Current Assets</b>			
Debtors	4	500	500
Creditors falling due within one year	3	(1)	(1)
<b>Net Assets</b>		<u>500</u>	<u>500</u>
<b>Capital &amp; Reserves</b>			
Called up Share Capital	4	500	500
Reserves		-	-
<b>Equity Shareholders' Funds</b>		<u>500</u>	<u>500</u>

Approved by the board on  
and signed on its behalf by:

28 January 2004



**F D R COUPE**  
Director

## SAC GP Limited

### Notes to the accounts for the year ended 31 March 2003

#### 1 Accounting Policies

##### *Accounting convention*

The accounts are prepared under the historical cost convention.

#### 2 Profit and Loss Account

All operating costs of the company are incurred and paid on its behalf by the Tower Hill Retail Limited Partnership, including the audit fee of £1,500. The company received no income nor paid any expenses for the year and accordingly no profit and loss account has been prepared.

#### 3 Investments

The company has an investment in the Tower Hill Retail Limited Partnership of £1. To date this amount remains unpaid.

#### 4 Share Capital

	2003	2002
	£	£
Authorised:		
Ordinary "A" Shares of £1 each	500	500
Ordinary "B" Shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
Allotted and issued:		
Ordinary "A" Shares of £1 each - Nil Paid	250	250
Ordinary "B" Shares of £1 each - Nil Paid	250	250
	<u>500</u>	<u>500</u>

The issued share capital has not been paid up.

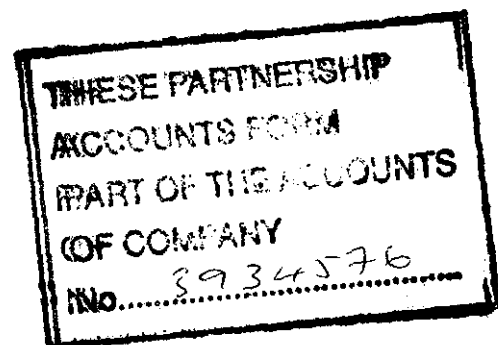


**THE TOWER HILL RETAIL LIMITED PARTNERSHIP**  
**(Formerly The HSPUT-Homebase Limited Partnership)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2003**

**Registered No: LP6986**



## **The Tower Hill Retail Limited Partnership**

### **Partnership Information**

#### **General Partner**

SAC (General Partner) Limited  
7 Stratford Place  
London W1C 1ST

#### **Operator**

King Sturge Financial Services Limited  
7 Stratford Place  
London W1C 1ST

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

#### **Solicitors**

S J Berwin & Co  
222 Gray's Inn Road  
London  
WC1X 8HB

## **The Tower Hill Retail Limited Partnership**

### **Members' Report**

**For the Year Ended 31 March 2003**

The Tower Hill Retail Limited Partnership is regulated by a partnership agreement dated 4 July 2000.

The objective of the partnership is to carry on the business of acquiring, developing, holding, managing and investing in commercial properties in the United Kingdom, with a view to maximising the total investment returns from such properties.

The General Partner presents its report and the audited financial statements for the year ending 31 March 2003

### **Structure of the Partnership**

The capital of the partnership has been provided by the partners in the following amounts:

#### **General Partner**

£1

SAC GP Limited

#### **Limited Partners**

£2,441

Britel

£2,440

Hermes Property Unit Trust

Under the terms of the partnership agreement, the General Partner is entitled to receive a profit share of up to £5,000 per annum. Thereafter, the profit share of the partnership is split equally between the Limited Partners. Under the partnership agreement, only income arising from the operation or disposal of investment properties is treated as distributable profits.

On 18th July 2002 Homebase Limited retired from the partnership and was replaced by Britel. On the same date the name of the partnership was changed from The HSPUT-Homebase Limited partnership to The Tower Hill Retail Limited Partnership.

### **Activities**

The principal activity of the partnership is to acquire, develop, hold, manage and otherwise deal with commercial property with a view to maximising the total investment return from the properties.

### **Duration**

The partnership will continue in force until 4 July 2005. This is subject to (a) dissolution, insolvency or liquidation of the General Partner; (b) the agreement of the General Partner and the Limited Partners to terminate the Partnership, (c) the Partnership having completed the disposal of all its right, title and interest in the Properties owned at the time and the General Partner providing confirmation that no further Properties will be acquired on behalf of the Partnership, (d) one or more non-affected parties holding Agreed Proportions representing in aggregate 20% of the Agreed Proportions, after the occurrence of an Event of Default, serve notice that they wish to terminate the Partnership, (e) the Chelmsford Property Development Agreement failing to become unconditional in all respects by the cut off date.

At any time prior to termination the partnership can be extended by such period as is agreed by all the Partners in writing. If the Partnership would otherwise be terminated, the Partnership may be reconstituted and its business continued if the Limited Partners elect to continue the Partnership and appoint a new general partner.

## **The Tower Hill Retail Limited Partnership**

### **General Partner's Report (Cont'd)**

#### **Investment Properties**

The partnership currently holds assets that are properties and sites undergoing, or being held for, development.

#### **Independent Auditors**

Following the conversion of our auditors, PricewaterhouseCoopers, into a limited liability partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 22 January 2004 and the General Partner appointed its successor, PricewaterhouseCoopers LLP, as auditors.

### **Statement of the General Partner's and Operator's Responsibilities**

#### **Statement of the General Partner's and Operator's Responsibilities**

The partnership agreement dated 4 July 2000, which constitutes the partnership, requires the General Partner to procure the preparation of the financial statements for each period. The partnership agreement requires the General Partner to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. The General Partner is required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the partnership will continue in business.

The General Partner confirms that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2003 and that applicable accounting standards have been followed.

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Partnership Agreement. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**On behalf of the Partnership:**



**F D R COUPE**

**Director of SAC (GP) Limited as General Partner**

*28 January 2004*

## **The Tower Hill Retail Limited Partnership**

### **Independent auditors' report of the members of The Tower Hill Retail Limited Partnership**

We have audited the financial statements which comprise the profit and loss account, the statement of total gains and losses, the balance sheet and the related notes.

#### **Respective responsibilities of the General Partner and auditors**

It is the responsibility of Chelsea (General Partner) Limited, the General partner appointed by the partnership for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards as set out in the statement of partners' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the partnership's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 Partnerships and Unlimited Companies (Accounts) Regulations 1993. We also report to you if, in our opinion, the partners' report is not consistent with the financial statements, if the partnership 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 is not disclosed.

We read the other information in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the partners' report.

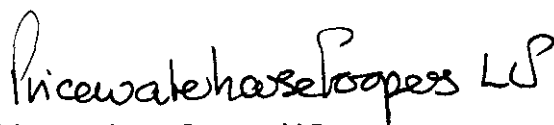
#### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes the 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 General Partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the partnership'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 fairly state the partnership's affairs as at 31 March 2003 and its profit for the year then ended and have been properly prepared in accordance with the Partnership Agreement.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
London

28 January 2004

**The Tower Hill Retail Limited Partnership**

**Profit and Loss Account**

**For the year to 31 March 2003**

	Notes	Year to 31 March 2003 £	Year to 31 March 2002 £
Rental income		3,445,047	2,483,951
Net property costs	2	(30,374)	(11,123)
Operating profit		<u>3,414,673</u>	<u>2,472,828</u>
Administrative expenses		(188,165)	(188,347)
Profit on ordinary activities before interest	3	<u>3,226,508</u>	<u>2,284,481</u>
Interest receivable		19,105	53,616
Profit on ordinary activities		<u>3,245,613</u>	<u>2,338,097</u>
Distribution payable to General Partner	8	-	-
Distributions paid and payable to Limited Partners	8	(3,245,613)	(2,489,388)
Retained (loss)/profit for the year		<u><u>0</u></u>	<u><u>(151,291)</u></u>

There is no difference between profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

**Statement of Total Recognised Gains and Losses**

	Notes	Year to 31 March 2003 £	Year to 31 March 2002 £
Profit for the year/period		3,245,613	2,338,097
Net unrealised surplus on revaluation of properties		4,201,551	525,911
Total gains during the year		<u><u>7,447,164</u></u>	<u><u>2,864,008</u></u>

**The Tower Hill Retail Limited Partnership**

**Balance Sheet as at 31 March 2003**

	Notes	31 March 2003		31 March 2002	
		£	£	£	£
<b>Fixed Assets</b>					
Investment property	4		54,290,000		39,625,000
Development property	5				8,540,000
<b>Current Assets</b>					
VAT recoverable			38,048		36,102
Debtors	6		593,789		810,614
Cash at bank			50,149		326,412
			<u>681,986</u>		<u>1,173,128</u>
<b>Creditors due within one year</b>	7		<u>(1,918,018)</u>		<u>(1,569,142)</u>
<b>Net Current Assets</b>			(1,236,032)		(396,014)
<b>Total Assets less Current Liabilities</b>			<u>53,053,968</u>		<u>47,768,986</u>
<b>Capital and Reserves</b>					
Partnership capital	8		4,882		4,882
Partner loans	8		48,321,623		47,236,765
Income accounts	8		-		1,427
Revaluation reserve	8		4,727,463		525,911
			<u>53,053,968</u>		<u>47,768,985</u>

The financial statements were approved by the Board of Directors of SAC GP Limited, the

General Partner, on **28 January** 2004 and were signed on its behalf by:



**E ADAMS**  
Director

**The Tower Hill Retail Limited Partnership**

**Cashflow Statement**

**For the year to 31 March 2003**

	<b>Notes</b>	<b>Year to 31 March 2003 £</b>	<b>Year to 31 March 2002 £</b>
<b>Net cash inflow from operating activities</b>	<b>9</b>	<b>2,587,624</b>	<b>2,466,197</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		19,105	53,616
		<u>2,606,730</u>	<u>2,519,813</u>
<b>Capital expenditure and financial investment</b>			
Purchase of properties and capital additions		(1,371,173)	(8,904,580)
<b>Distributions paid</b>		<u>(2,596,678)</u>	<u>(1,993,853)</u>
<b>Net cash outflow before financing</b>		<u>(1,361,121)</u>	<u>(8,378,620)</u>
<b>Financing</b>			
Capital contributions		-	-
Partners' loan drawdowns		1,084,858	8,535,108
<b>(Decrease)/Increase in cash representing net funds carried forward</b>		<u><u>(276,263)</u></u>	<u><u>156,488</u></u>



## The Tower Hill Retail Limited Partnership

### Notes to the Financial Statements For the year to 31 March 2003

#### 1 Accounting Policies

##### *Accounting Convention*

The accounts have been prepared on the historical cost basis in accordance with the partnership agreement as modified by the revaluation of properties as described below.

##### *Turnover*

Turnover represents property rental income, accrued to 31 March 2003.

##### *Interest*

No interest is payable in respect of any credit balance on the Partners' loan accounts. Bank interest receivable and payable is accrued to 31 March 2003.

##### *Investments*

Completed investment properties are valued on an open market basis at the balance sheet date. The aggregate surplus or temporary deficit below cost arising from such valuations is transferred to the revaluation reserve. Deficits that are expected to be permanent are charged to the profit and loss account.

Investment properties under development and land are included in the balance sheet at the lower of cost or net realisable value.

A property ceases to be treated as being under development when substantially all activities that are necessary to get the property ready for use are complete.

##### *Purchases and Sales*

Purchases are recognised on unconditional exchange. Sales are recognised upon legal completion.

##### *Partnership set up costs*

Partnership set up costs are charged to the profit and loss account.

#### 2 Net property costs

	2003 £	2002 £
Service charge expenses	75,130	58,593
Service charge recoveries	(44,756)	(27,522)
	<u>30,374</u>	<u>31,071</u>

#### 3 Profit on ordinary activities for the year

This is stated after charging the following administrative expenses:

	2003 £	2002 £
Establishment/administration and filing fee for beneficial owners	-	-
Auditors' remuneration for audit services	13,000	9,500
Operator's fee	30,000	30,000

There were no employees during the year (2002 - nil).

**The Tower Hill Retail Limited Partnership**

**Notes to the Financial Statements  
For the year to 31 March 2003**

**4 Investment Property**

	2003 £	2002 £
<b>As at start of year</b>		
Cost	38,828,771	38,651,759
Revaluation	<u>796,229</u>	<u>397,012</u>
	<u>39,625,000</u>	<u>39,048,771</u>
<b>During the year</b>		
Additions/Acquisitions	87,375	177,012
Revaluation (deficit)/surplus	3,931,233	399,217
Transfer from Development Property	<u>10,646,392</u>	<u>576,229</u>
	<u>14,665,000</u>	<u>576,229</u>
<b>As at end of year</b>		
Cost	49,562,538	38,828,771
Revaluation	<u>4,727,462</u>	<u>796,229</u>
	<u>54,290,000</u>	<u>39,625,000</u>

Completed investment properties were valued as at 31 March 2003 by Knight Frank, Chartered Surveyors on the basis of open market value.

The valuation has been prepared in accordance with the appraisal and valuation manual published by the Royal Institute of Chartered Surveyors.

**5 Development Property**

	2003 £	2002 £
<b>As at 1 April 2002 &amp; 2001</b>		
Cost	8,810,317	82,749
Revaluation	<u>(270,317)</u>	<u>-</u>
	<u>8,540,000</u>	<u>82,749</u>
<b>During the year/period</b>		
Additions/Acquisitions	1,836,075	8,727,568
Revaluation deficit	270,317	(270,317)
Transfer to Investment property	<u>(10,646,392)</u>	<u>8,457,251</u>
	<u>(8,540,000)</u>	<u>8,457,251</u>
<b>As at 31 March 2003 &amp; 2002</b>		
Cost	-	8,810,317
Revaluation	<u>-</u>	<u>(270,317)</u>
	<u>-</u>	<u>8,540,000</u>

**6 Debtors**

	2003 £	2002 £
Tenant's variations debtor		160,355
Unpaid share capital	1	1
IT recoverable		124
Rent receivable	555,324	594,567
Service charge float	20,000	20,000
Service charge debtor	18,464	35,567
Service charge prepayment on empty units	-	
	<u>593,789</u>	<u>810,614</u>

# The Tower Hill Retail Limited Partnership

## Notes to the Financial Statements For the year to 31 March 2003

### 7 Creditors: amounts falling due within one year

	2003 £	2002 £
Operator's fee	-	7,500
Property management fee	-	95
Rents received in advance	2,443	484,713
Service charge creditor	51,965	42,205
Audit creditor	11,500	9,500
Sundry creditors	64,612	440,269
	<u>130,520</u>	<u>984,283</u>
Capital accruals	552,277	-
Distribution payable	1,235,221	584,860
	<u>1,918,018</u>	<u>1,569,142</u>

### 8 Partners' Accounts

	General Partner		Limited Partners		Total
	SAC (GP) Ltd £	Hermes Property Unit Trust £	Homebase £	Britel £	£
<b>Capital Accounts</b>					
Balance at 1 April 2002	1	2,440	2,441		4,882
Contributions during the year	-	-	-	-	-
Change in ownership	-	-	(2,441)	2,441	-
Balance at 31 March 2003	<u>1</u>	<u>2,440</u>	<u>-</u>	<u>2,441</u>	<u>4,882</u>
<b>Loan Accounts</b>					
Balance at 1 April 2002	-	23,618,382	23,618,382		47,236,764
Advanced during the year	-	542,430	542,430		1,084,859
Change in ownership			(24,160,812)	24,160,812	-
Balance at 31 March 2003	<u>-</u>	<u>24,160,812</u>	<u>-</u>	<u>24,160,812</u>	<u>48,321,623</u>
<b>Income Accounts</b>					
Balance at 1 April 2002	-	714	713	-	1,427
Profit for the year	-	2,072,806	249,188	923,618	3,245,612
Distribution paid		(1,455,909)	(249,901)	(306,008)	(2,011,818)
Distribution payable	-	(617,611)		(617,610)	(1,235,221)
Balance at 31 March 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revaluation Reserve</b>					
Balance at 1 April 2002	-	262,956	262,956		525,912
Revaluation surplus for the year		2,100,776	1,290,397	810,379	4,201,551
Change in ownership			(1,553,353)	1,553,353	-
Balance at 31 March 2003	<u>-</u>	<u>2,363,732</u>	<u>-</u>	<u>2,363,732</u>	<u>4,727,463</u>

The loans are interest free. They are repayable at the latest on the termination of the partnership or at such later dates following completion of disposal of any properties in such proportions as to retain the loan share. If a loan is repaid it is not then available for subsequent drawdowns unless it is repayment of a drawdown for a partnership expense not subsequently requiring satisfaction.

**The Tower Hill Retail Limited Partnership**

**Notes to the Financial Statements  
For the year to 31 March 2003**

**9 Reconciliation of operating profit to operating cash flows**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Operating profit	3,226,508	2,284,481
Decrease/(Increase) in debtors and VAT recoverable	214,879	(305,231)
(Decrease)/Increase in creditors (excluding capital accruals and distributions)	(853,763)	486,947
Net cash inflow from operating activities	<u>2,587,624</u>	<u>2,466,197</u>