

Registered number : 04219776



SOUTHERN PACIFIC BRIDGING LIMITED

**Financial Statements
30 June 2003**

SOUTHERN PACIFIC BRIDGING LIMITED

Financial statements for the year ended 30 June 2003

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SOUTHERN PACIFIC BRIDGING LIMITED

Company information

Directors

S Cohen
N C Epstein
B S Hersch
A H Kay
A S Margolis
J H Margolis

Secretary

A H Kay

Registered office

2nd Floor Stanmore House, 15-19 Church Road
Stanmore
Middlesex
HA7 4AR

Registered number

04219776

Auditors

Chantrey Vellacott DFK
Gresham House
53 Clarendon Road
Watford
Herts
WD17 1LR

Bankers

Barclays Bank Plc
54 Lombard Street
London
EC3V 9EX

Solicitors

Matthew Arnold Baldwin
21 Station Road
Watford, Herts
WD17 1HT

Drummonds
Windsor House
Pepper Street
Chester
CH1 1DF

Chantrey Vellacott DFK

SOUTHERN PACIFIC BRIDGING LIMITED

Directors' report for the year ended 30 June 2003

The directors present their report and the financial statements of the company for the year ended 30 June 2003.

Review of the business

The principal activity is granting of short term loans secured by legal charges over land and buildings.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year ended 30 June 2003 are shown in the profit and loss account on page 5. The loss for the year after taxation was £217 .

The directors do not recommend payment of an ordinary dividend.

Post balance sheet events

There have been no events since the balance sheet date that require disclosure in these financial statements.

Directors

The directors who served during the year were:

S Cohen
N C Epstein
B S Hersch
A H Kay
A S Margolis
J H Margolis

Directors' interests in shares

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 June 2003	1 July 2002
S Cohen	-	-
N C Epstein	-	-
B S Hersch	-	-
A H Kay	-	-
A S Margolis	-	-
J H Margolis	-	-

Mr N C Epstein and Mr J H Margolis each hold 14,500 £1 ordinary shares in the parent company Cheval Property Finance plc.

Except for the above the directors do not have any interest in the shares of the group companies.

SOUTHERN PACIFIC BRIDGING LIMITED

Directors' report for the year ended 30 June 2003 (continued)

Creditor payment policy

It is the company's policy to settle its invoices within 30 days of receipt. At 30 June 2003 there were no trade creditors as defined by the Companies Act and therefore no calculation of the creditor payment period is necessary.

Auditors

Chantrey Vellacott DFK were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution to reappoint Chantrey Vellacott DFK will be proposed at the forthcoming Annual General Meeting.

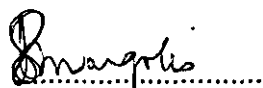
Directors' responsibilities

Company law requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of its financial year and of the profit or loss of the company for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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 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 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.

Signed on behalf of the Board



J H MARGOLIS

Director

Approved by the Board on 6.1.04

Chantrey Vellacott DFK

SOUTHERN PACIFIC BRIDGING LIMITED

Independent auditors' report to the shareholders of Southern Pacific Bridging Limited

We have audited the financial statements of Southern Pacific Bridging Limited for the year ended 30 June 2003 which are set out on pages 5 to 9. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 the directors' report and 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 of the Accountancy Foundation. 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 company's affairs as at 30 June 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CHANTREY VELLACOTT DFK

Chartered Accountants
Registered Auditors

WATFORD

6.1.2004

Chantrey Vellacott DFK

SOUTHERN PACIFIC BRIDGING LIMITED

Profit and loss account for the year ended 30 June 2003

	Notes	Year ended 30 June 2003 £	Period ended 30 June 2002 £
Turnover	2	2,252	-
Cost of sales		1,141	-
Gross profit		1,111	-
Administrative expenses		1,328	182
Loss on ordinary activities before taxation	3	(217)	(182)
Tax on loss on ordinary activities	5	-	-
Loss for the year	9	(217)	(182)

The company commenced trading in the prior financial period. None of the company's activities was acquired or discontinued during the current financial period.

The company has no recognised gains and losses other than those included in the losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the losses shown above and their historical cost equivalents.

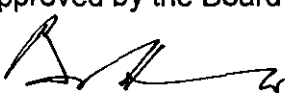
The notes on pages 7 to 9 form part of these financial statements.

SOUTHERN PACIFIC BRIDGING LIMITED

Balance sheet at 30 June 2003

	Notes	2003 £	2002 £
Current assets			
Debtors	6	189,660	-
		<u>189,660</u>	<u>-</u>
Creditors: amounts falling due within one year	7	(189,959)	(82)
Total assets less current liabilities		<u>(299)</u>	<u>(82)</u>
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account	9	(399)	(182)
Shareholders' funds	10	<u>(299)</u>	<u>(82)</u>

Approved by the Board on *6 January 2004* and signed on its behalf.



B S HERSCH - Director

The notes on pages 7 to 9 form part of these financial statements.

SOUTHERN PACIFIC BRIDGING LIMITED

Notes to the financial statements for the year ended 30 June 2003

1 Accounting policies

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

At 30 June 2003 the company's liabilities exceeded its assets by £299. The parent company has given an undertaking that it will provide any additional finance necessary to enable the company to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

b) Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 Turnover

Turnover represents interest received and receivable from loans advanced.

Cost of sales represents interest paid and payable on funders loans together with direct costs.

3 Loss on ordinary activities before taxation

Year	Period
2003	2002
£	£

This is stated after charging:

Auditors' remuneration:

In respect of audit services

1,410

-

4 Employee information

There were no employees during the year apart from the directors.

SOUTHERN PACIFIC BRIDGING LIMITED

Notes to the financial statements for the year ended 30 June 2003 (continued)

5	Taxation	Year 2003 £	Period 2002 £
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(217)	(182)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 - 30.00 %)	(65)	(55)
	Effects of:		
	Tax losses utilised	65	55
		65	55
	Current tax charge	-	-

On the basis of these financial statements no provision has been made for corporation tax or the potential availability of group losses.

6	Debtors	2003 £	2002 £
	Amounts owed by group undertakings	660	-
	Other debtors	189,000	-
		189,660	-

7	Creditors: amounts falling due within one year	2003 £	2002 £
	Bank overdraft	-	82
	Amounts owed to parent company	178,127	-
	Other creditors	783	-
	Accruals and deferred income	11,049	-
		189,959	82

The loan from the parent company is repayable on demand, subject to an agreed deed of priority with Barclays Bank.

Barclays Bank plc hold a fixed and floating charge over the assets of the company registered 29 March 2003.

SOUTHERN PACIFIC BRIDGING LIMITED

Notes to the financial statements for the year ended 30 June 2003 (continued)

8	Called up share capital	2003	2002
		£	£
	Authorised		
	Equity shares:		
	100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		
	Equity shares:		
	100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
9	Reserves		Profit and loss account
			£
	At 1 July 2002		(182)
	Loss for the year		<u>(217)</u>
	At 30 June 2003		<u>(399)</u>
10	Reconciliation of movement on shareholders' funds	2003	2002
		£	£
	Loss for the financial year	(217)	(182)
	Proceeds from issue of shares	<u>-</u>	<u>100</u>
	Net depletion in shareholders' funds	(217)	(82)
	Opening shareholders' funds	<u>(82)</u>	<u>-</u>
	Closing shareholders' funds	<u>(299)</u>	<u>(82)</u>

Shareholders' funds are fully attributable to equity interests.

11 Control

The company's parent company is Cheval Property Finance plc, (company no: 3131133) which is registered in England and Wales. The ultimate controlling parent company is Cheval Group Holdings Limited which is incorporated in the British Virgin Islands.

The ultimate controlling party is Mr Mark Sieff.

12 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties.