

**REGISTRAR OF
COMPANIES**

Longbell Limited

Report and Financial Statements

Year Ended

31 March 2001



BDO Stoy Hayward
Chartered Accountants

Longbell Limited

Annual report and financial statements for the year ended 31 March 2001

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Directors

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Directors

R Gubbay
T Kremer

Secretary and registered office

T Kremer, 7 Praed Street, London, W2 1NJ.

Company number

3268638

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

Longbell Limited

Report of the directors for the year ended 31 March 2001

The directors present their report together with the audited financial statements for the year ended 31 March 2001.

Results

The financial statements reflect the company's beneficial interest in a trust.

The profit and loss account is set out on page 5.

Principal activities

The principal activity of the company is that of property investment. This investment is held via a trust in which the company has a beneficial interest. The trust has legal title to a freehold property.

Directors

The directors during the year and their beneficial interests in the share capital of the company were as follows:

	At 31 March 2001	At 31 March 2000
R Gubbay	-	-
T Kremer	-	-

The interests of the directors in the share capital of the parent company, Prime Commercial Properties Limited, are shown in the financial statements of that company.

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 the profit or loss of the company for that year. 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; and
- 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.

Longbell Limited

Report of the directors for the year ended 31 March 2001 (Continued)

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act relating to small companies.

By order of the Board

T Kremer



Secretary

Date 24 June 2001.

Longbell Limited

Report of the independent auditors

To the shareholders of Longbell Limited

We have audited the financial statements of Longbell Limited on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 group'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.

Longbell Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

26 June 2001

Longbell Limited**Profit and loss account for the year ended 31 March 2001**

	Note	2001 £	2000 £
Rental income	2	1,079,642	1,038,346
Property expenses		377,568	466,301
		<hr/>	<hr/>
		702,074	572,045
Administrative expenses		10,725	34,577
		<hr/>	<hr/>
Operating profit	4	691,349	537,468
Interest receivable		22,104	26,303
Interest payable and similar charges		502,404	440,055
		<hr/>	<hr/>
Profit on ordinary activities before taxation		211,049	123,716
Taxation on profit from ordinary activities	5	49,868	27,277
		<hr/>	<hr/>
Profit on ordinary activities after taxation		161,181	96,439
Dividends		62,000	124,000
		<hr/>	<hr/>
Retained profit/(loss) for the year	12	99,181	(27,561)
		<hr/>	<hr/>

All amounts relate to continuing activities.

The notes on pages 8 to 13 form part of these financial statements.

Longbell Limited**Statement of total recognised gains and losses and reconciliation of movements in shareholders' funds for the year ended 31 March 2001**

	2001 £	2000 £
Statement of total recognised gains and losses		
Retained profit/(loss) for the year	99,181	(27,561)
Unrealised surplus on revaluation of property	-	267,386
	<hr/>	<hr/>
Total recognised gains and losses for the year	99,181	239,825
	<hr/>	<hr/>
Reconciliation of movements in shareholders' funds		
Profit for the year	161,181	96,439
Dividends	(62,000)	(124,000)
	<hr/>	<hr/>
	99,181	(27,561)
Other recognised gains relating to the year	-	267,386
	<hr/>	<hr/>
Net addition to shareholders' funds	99,181	239,825
Opening shareholders' funds	2,042,306	1,802,481
	<hr/>	<hr/>
Closing shareholders' funds	2,141,487	2,042,306
	<hr/>	<hr/>

The notes on pages 8 to 13 form part of these financial statements.

Longbell Limited

Balance sheet at 31 March 2001

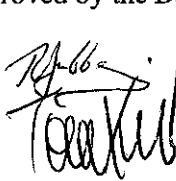
	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	6		8,203,908		8,137,500
Current assets					
Debtors	7	173,516		116,568	
Cash at bank and in hand		444,800		603,685	
		<u>618,316</u>		<u>720,253</u>	
Creditors: amounts falling due within one year	8	899,237		878,947	
		<u></u>		<u></u>	
Net current liabilities			(280,921)		(158,694)
			<u></u>		<u></u>
Total assets less current liabilities			7,922,987		7,978,806
			<u></u>		<u></u>
Creditors: amounts falling due after more than one year	9		5,781,500		(5,936,500)
			<u></u>		<u></u>
Net assets			2,141,487		2,042,306
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	11		100		100
Revaluation reserve	12		1,894,006		1,894,006
Profit and loss account	12		247,381		148,200
			<u></u>		<u></u>
Shareholders' funds			2,141,487		2,042,306
			<u></u>		<u></u>

All shareholders' funds are equity.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 26 June 2001.

R Gubbay)
) Directors
 T Kremer)



The notes on pages 8 to 13 form part of these financial statements.

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2001

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings. The following principal accounting policies have been applied:

Rental income

Rental income excludes VAT and comprises rent receivable. Service charges are credited against the relevant expenditure.

Investment properties

Investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the revaluation reserve, unless a deficit (or its reversal) is expected to be permanent, in which case, it is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of leasehold investment properties where the unexpired term of the lease is more than 20 years. Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation or amortisation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation.

Depreciation or amortisation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 Rental income

Rental income is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

3 Directors

No remuneration was paid to any of the directors (2000 - £Nil).

4 Operating profit

	2001 £	2000 £
This has been arrived at after charging:		
Auditors' remuneration	3,058	3,222
Operating lease rentals	323,985	377,755
	<u> </u>	<u> </u>

5 Taxation on ordinary activities

	2001 £	2000 £
UK corporation tax	48,439	8,571
Underprovision in prior years	1,429	18,706
	<u> </u>	<u> </u>
	49,868	27,277
	<u> </u>	<u> </u>

6 Tangible assets

	Long leasehold investment property £
<i>Cost or valuation</i>	
At 1 March 2000	8,137,500
Additions	66,408
	<u> </u>
At 31 March 2001	8,203,908
	<u> </u>

The investment property was valued by the directors on an open market value basis.

Historical cost of the long leasehold property was £6,309,903 (1998 - £6,243,495).

Longbell Limited**Notes forming part of the financial statements for the year ended 31 March 2001 (Continued)****7 Debtors**

	2001 £	2000 £
Amounts recoverable from tenants	152,104	77,876
Other debtors	21,412	36,546
Prepayments and accrued income	-	2,146
	<u>173,516</u>	<u>116,568</u>

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loan (see note 10)	155,000	155,000
Amounts received in advance from tenants	270,360	310,688
Amounts owed to group undertaking	52,593	508
Other creditors	63,916	74,223
Accruals and deferred income	306,790	328,528
Corporation tax	50,578	10,000
	<u>899,237</u>	<u>878,947</u>

9 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Bank loan (note 10)	<u>5,781,500</u>	<u>5,936,500</u>

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

10 Loans

	2001 £	2000 £
Not wholly repayable within five years	5,936,500	6,091,500
Less: Included in creditors – amounts falling due within one year	(155,000)	(155,000)
	<u>5,781,500</u>	<u>5,936,500</u>
These loans are repayable as follows:		
By instalments:		
In one year	155,000	155,000
Between one and two years	155,000	155,000
Between two and five years	116,250	271,250
	<u>426,250</u>	<u>581,250</u>
Not by instalments – final balance due 31 December 2003	5,510,250	5,510,250
	<u>5,936,500</u>	<u>6,091,500</u>

The loan is secured by a first legal charge on the long leasehold property, fixed and floating charges over the undertaking's assets and fixed security on the current account.

The rate of interest is fixed at 7.752% on borrowings of £4,409,750 and at 6.66% on the remainder.

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (Continued)

11 Share capital

	Authorised		Allotted, called up and fully paid	
	2001 £	2000 £	2001 £	2000 £
100 ordinary shares of £1 each	100	100	100	100

12 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2000	1,894,006	148,200
Profit for year	-	116,104
At 31 March 2001	1,894,006	264,304

13 Deferred tax

	2001 Unprovided £	2001 Provided £	2000 Unprovided £	2000 Provided £
Revaluation surplus	330,000	-	337,000	-

14 Commitments under operating leases

The lease on the long leasehold investment property expires on 16 November 2191. The annual rent payable is a minimum amount of £100,000 together with an additional amount based on 44% of net rents calculated in accordance with the lease.

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

15 Related party transactions

The company is controlled by Prime Commercial Properties Limited.

The company has used the exemption available under Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of Prime Commercial Properties Limited.

16 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the directors believe the company is a 'small entity' as defined under Section 247 of the Companies Act 1985.

17 Ultimate parent company

The parent company is Prime Commercial Properties Limited, a company registered in England.

Copies of the financial statements of Prime Commercial Properties are available from Companies House.

18 Post balance sheet events

On the 18 May 2001 the trust, in which the company has a beneficial interest, acquired the freehold interest in the leasehold investment property for a total consideration of £2.5m, the company's interest being £0.775m.