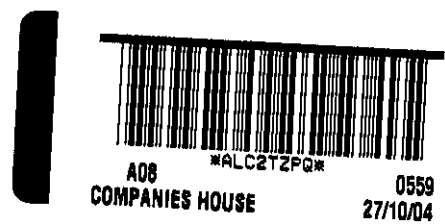


**Deritend Investments (Crumpsall) Limited**

**Directors' report and financial  
statements**

**Registered number 604712**

**31 December 2003**



## **Directors' report and financial statements**

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## **Directors' report**

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

### **Principal activity**

The principal activity of the company is property trading. There has been no significant change in the nature of the company's business activity during the year under review nor is any envisaged in the immediate future.

### **Financial statements and dividends**

The result for the year ended 31 December 2003 is set out in the attached financial statements.

The directors do not recommend the payment of a dividend (2002: *£nil*).

### **Property**

A professional valuation of property held for trading was carried out at 31 December 2001 by the company's valuers, Cardales, on the basis of open market value. This resulted in a surplus over book value of £162,956 which at that time was not incorporated into the financial statements. The directors are satisfied that at 31 December 2003 property held for trading is still held at a value considerably in excess of its book value.

### **Directors and directors' interests**

The directors who held office during the year, and who are still in office, are:

Mr BSE Freshwater  
Mr D Davis

The Articles of Association of the company do not require the directors to retire by rotation.

The directors do not have service contracts nor do they receive any emoluments from the company.

Day-to-day management of the company's property is carried out by Highdorn Co. Limited. Mr BSE Freshwater is a director of Highdorn Co. Limited and has a non-beneficial interest in its share capital.

The whole of the issued share capital of the company is owned by E. Alec Colman Investments Limited.

Mr BSE Freshwater and Mr D Davis are also directors of the intermediate parent undertaking, Metropolitan Properties Company Limited and Mr BSE Freshwater's interest therein is set out in the directors' report of that company.


Apart from the aforementioned, at 31 December 2003, neither of the directors had any interest in the share capital of the company, the company's parent undertaking or any subsidiary of the company's parent undertaking.

## **Directors' report** *(continued)*

### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Cohen, Arnold & Co and KPMG LLP as joint auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'MRM Jenner', followed by a long horizontal line extending to the right.

**MRM Jenner**  
*Secretary*

Freshwater House  
158/162 Shaftesbury Avenue  
London WC2H 8HR

30 June 2004

## **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 the profit or loss of the company 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;
- 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 ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which 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 joint independent auditors, Cohen, Arnold & Co and KPMG LLP, to the members of Deritend Investments (Crumpsall) Limited**

We have audited the financial statements on pages 5 to 10.

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**

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 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.

### **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 the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Cohen, Arnold & Co**  
*Chartered Accountants*  
*Registered Auditors*  
*London*

30 June 2004



**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*  
*London*

30 June 2004

**Profit and loss account**  
*for the year ended 31 December 2003*

	<i>Note</i>	<b>2003</b> <b>£</b>	<b>2002</b> <b>£</b>
Rent and charges receivable		<b>5,090</b>	5,207
Property outgoings		<b>(9,304)</b>	(7,866)
		<hr/>	<hr/>
		<b>(4,214)</b>	(2,659)
Administrative expenses		<b>(1,300)</b>	(1,200)
		<hr/>	<hr/>
<b>Operating loss</b>		<b>(5,514)</b>	(3,859)
Interest payable	2	<b>(34,000)</b>	(39,000)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	3	<b>(39,514)</b>	(42,859)
Tax on loss on ordinary activities	4	<b>12,000</b>	13,000
		<hr/>	<hr/>
<b>Retained loss for the financial year</b>	8	<b>(27,514)</b>	(29,859)
		<hr/>	<hr/>

There are no recognised gains or losses in the current or previous year other than those disclosed above.

All of the company's activities are continuing.

There is no difference between the results as stated and the results on a historic cost basis in either the current or previous year.

**Balance sheet**  
*at 31 December 2003*

	<i>Note</i>	<b>2003</b> £	<b>2002</b> £
<b>Current assets</b>			
Stocks - property held for trading		<b>12,044</b>	12,044
Debtors	<i>5</i>	<b>26,762</b>	27,725
		<hr/>	<hr/>
		<b>38,806</b>	39,769
<b>Creditors: amounts falling due within one year</b>	<i>6</i>	<b>(752,001)</b>	(725,450)
		<hr/>	<hr/>
<b>Net liabilities</b>		<b>(713,195)</b>	(685,681)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	<i>7</i>	<b>100</b>	100
Profit and loss account	<i>8</i>	<b>(713,295)</b>	(685,781)
		<hr/>	<hr/>
<b>Equity shareholders' deficit</b>	<i>9</i>	<b>(713,195)</b>	(685,681)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 30 June 2004 and were signed on its behalf by:

  
**BSE Freshwater**  
*Director*



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The financial statements have been prepared on the going concern basis, notwithstanding the company's net liabilities, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided by Metropolitan Properties Company Limited, the company's intermediate parent undertaking. Metropolitan Properties Company Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company.

This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### ***Property held for trading***

Property held for trading is stated at the lower of cost and estimated net realisable value. Acquisitions and disposals are considered to have taken place at the date of legal completion.

#### ***Taxation***

##### ***Current***

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

#### ***Cash flow statement***

The company is exempt from the requirement to prepare a cash flow statement (in accordance with Financial Reporting Standard No. 1 (revised 1996)) on the grounds that it is a wholly owned subsidiary undertaking of an immediate company registered in England and Wales which prepares consolidated accounts that includes a consolidated cash flow statement.

#### ***Related party transactions***

The company has taken advantage of the exemption in FRS 8 Related Party Disclosures in order to dispense with the requirement to disclose transactions with other Metropolitan Properties Company Limited group companies.

**Notes (continued)**

**2 Interest payable**

	2003 £	2002 £
Group finance charges payable	34,000	39,000

**3 Loss on ordinary activities before taxation**

	2003 £	2002 £
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*Loss on ordinary activities before taxation is stated after charging:*

Auditors' remuneration for audit services	1,300	1,200
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The directors of the company did not receive any emoluments from the company during the year or in the previous year.

Apart from the directors, there were no other employees of the company during the year or in the previous year.

**4 Tax on loss on ordinary activities**

	2003 £	2002 £
--	-----------	-----------

*a) Analysis of credit for the year*

Consideration receivable for group relief:  
 Current year

12,000	13,000
--------	--------

*b) Factors affecting the tax credit for the year*

Loss on ordinary activities before taxation

39,514	42,859
--------	--------

Loss on ordinary activities at the standard rate of 30% (2002: 30%)

Sundry differences

11,854	12,858
146	142

Current tax credit (see above)

12,000	13,000
--------	--------

## Notes (continued)

### 5 Debtors

	2003 £	2002 £
Consideration receivable for group relief (note 4)	25,000	26,000
Other debtors and prepayments	1,762	1,725
	<u>26,762</u>	<u>27,725</u>

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

	2003 £	2002 £
Tenants' deposits	800	800
Amount due to immediate parent undertaking	712,087	681,873
Amount due to fellow subsidiary undertaking	36,893	41,516
Other creditors and accruals	2,221	1,261
	<u>752,001</u>	<u>725,450</u>

### 7 Called up share capital

	2003 £	2002 £
<i>Authorised, allotted, called up and fully paid</i> 100 ordinary shares of £1 each	100	100

### 8 Profit and loss account

	£
At 31 December 2002	(685,781)
Loss for the financial year	(27,514)
	<u>(713,295)</u>
At 31 December 2003	

**Notes (continued)**

**9 Reconciliation of movements in shareholders' deficit**

	2003 £	2002 £
Retained loss for the financial year	(27,514)	(29,859)
Opening shareholders' deficit	(685,681)	(655,822)
	<hr/>	<hr/>
Closing shareholders' deficit	(713,195)	(685,681)
	<hr/>	<hr/>

**10 Directors' interests in contracts**

Day-to-day management of the company's property is carried out by Highdorn Co. Limited, one of the Freshwater Group of Companies, with which this company is closely associated. Mr BSE Freshwater is a director of Highdorn Co. Limited and has a non-beneficial interest in the share capital of that company.

During the year £706 (2002: £270), including VAT, was payable to Highdorn Co. Limited for the full range of management and administrative services which were charged for at normal commercial rates.

**11 Charges on assets**

The company has charged its trading property with a book value at 31 December 2003 of £12,044 (2002: £12,044) as part security for bank loan and overdraft facilities granted to Metropolitan Properties Company Limited, an intermediate parent undertaking, which at 31 December 2003 amounted to £3,176,197 (2002: £3,176,549).

**12 Ultimate parent undertaking**

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up is Centremanor Limited, a company registered in England and Wales.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up is Metropolitan Properties Company Limited, a company registered in England and Wales.

Copies of these financial statements can be obtained from the following address: Freshwater House, 158/162 Shaftesbury Avenue, London WC2H 8HR.

The ultimate parent undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts.

**Property revenue account**  
*for the year ended 31 December 2003*

	2003	2002
	£	£
<b>Rents and charges receivable</b>	<b>5,090</b>	<b>5,207</b>
<b>Property outgoings</b>		
Ground rent and service charges payable	5,940	5,468
General and water rates	1,072	932
Porterage and cleaning	-	91
Repairs	1,332	202
Management commission	127	129
Letting commission	833	141
Legal and professional	-	903
	<u>(9,304)</u>	<u>(7,866)</u>
<b>Net property deficit</b>	<b><u>(4,214)</u></b>	<b><u>(2,659)</u></b>

This schedule is provided for information purposes only and does not form part of the audited financial statements.