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CADOGAN DEVELOPMENTS LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 2002



CADOGAN DEVELOPMENTS LIMITED**31 DECEMBER 2002**

Directors:	S A Corbyn
	R J Grant
Secretary:	J L Treves
Registered office:	18 Cadogan Gardens London SW3 2RP
Registered number:	784866

CADOGAN DEVELOPMENTS LIMITED

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY

The principal activity of the company continues to be that of property development.

RESULTS AND DIVIDENDS

The accounts show a profit for the year attributable to shareholders of £414,624. The directors recommend the payment of a dividend of £415,000.

DIRECTORS

The current directors are listed on page 1 and held office throughout the year under review.

Neither of the directors has any beneficial interest in the shares of the company or the holding company.

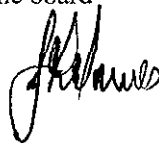
THE DIRECTORS' RESPONSIBILITIES IN RELATION TO THE COMPANY'S ACCOUNTS

The directors are required by the Companies Act 1985 to prepare accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the result for the year. The directors consider that, in preparing the accounts which accompany this report, the company has used appropriate accounting policies, and that all accounting standards which they believe to be applicable have been followed. They further consider that these accounting policies have been consistently applied and are supported by reasonable and prudent judgements and estimates.

The accounts have been prepared on a going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. The directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the company's assets and to prevent and detect fraud and other irregularities.

By order of the board



J L Treves
Secretary

24 April 2003

**REPORT OF THE AUDITORS
TO THE MEMBERS OF CADOGAN DEVELOPMENTS LIMITED**

We have audited the company's accounts for the year ended 31 December 2002 which comprise the profit and loss account, balance sheet, statement of total recognised gains and losses and the related notes 1 to 7. These accounts have been prepared on the basis of 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 auditors' 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 accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 audit opinion

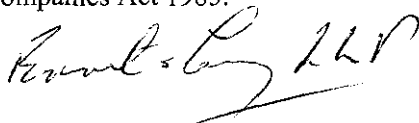
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered auditor
London



24 April 2003

CADOGAN DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
RENTS RECEIVABLE		760,600	764,152
Property expenses		163,215	202,881
Net rents receivable		597,385	561,271
Other property income		691	1,146
Administrative expenses		(2,655)	(1,762)
OPERATING PROFIT	3	595,421	560,655
Interest receivable		567	243
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		595,988	560,898
Tax on profit on ordinary activities	4	181,364	166,648
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		414,624	394,250
Proposed dividend		415,000	390,000
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(376)	4,250
Balance brought forward		81,972	77,722
Balance at 31 December 2002		£81,596	£81,972

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains and losses other than the profit attributable to shareholders of the company of £414,624 in the year ended 31 December 2002 and £394,250 in the year ended 31 December 2001.

HISTORICAL COST PROFITS AND LOSSES

The profit for the year has been calculated on the historical cost basis.

Notes 1 to 7 form an integral part of these accounts

CADOGAN DEVELOPMENTS LIMITED

BALANCE SHEET 31 DECEMBER 2002

	Note	2002 £	2001 £
CURRENT ASSETS			
Leasehold properties		1,217,888	1,217,888
Trade debtors		67,347	85,119
Prepayments and accrued income		24,786	13,095
Other debtors		34,431	861
		<u>1,344,452</u>	<u>1,316,963</u>
CREDITORS - amounts falling due within one year			
Other creditors		8,894	70,531
Amount owed to parent undertaking		658,976	607,570
Taxation		179,886	166,790
Dividend payable		415,000	390,000
		<u>1,262,756</u>	<u>1,234,891</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>£81,696</u></u>	<u><u>£82,072</u></u>
CAPITAL AND RESERVES			
Called up share capital	5	100	100
Profit and loss account		81,596	81,972
SHAREHOLDERS' FUNDS	6	<u><u>£81,696</u></u>	<u><u>£82,072</u></u>

S A Corbyn - Director

R. J. Grant
R J Grant - Director

24 April 2003

Notes 1 to 7 form an integral part of these accounts

CADOGAN DEVELOPMENTS LIMITED

NOTES ON THE ACCOUNTS 31 DECEMBER 2002

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared in accordance with all applicable accounting standards and under the historical cost convention.

(b) Leasehold properties

Leasehold properties are included at the lower of cost and net realisable value.

(c) Rents receivable

Rents receivable are stated net of VAT and comprise rents due in respect of the accounting period. Increases in rents arising from rent reviews are recognised when the review has been completed and agreed with the tenant.

(d) Related parties

As the company is at least 90% owned directly or indirectly by the ultimate parent undertaking, it has made use of the exemption in Financial Reporting Standard 8, "Related Party Transactions", not to disclose transactions with other group companies.

2 EMOLUMENTS OF DIRECTORS

The directors received no remuneration during the year (2001 - nil).

3 OPERATING PROFIT is stated after charging:

	2002	2001
Auditors' remuneration		
As auditors	<u>£1,818</u>	<u>£1,715</u>

4 TAXATION

(a) Analysis of charge in the year

	2002 £	2001 £
Current tax:		
UK corporation tax on profits of the year	179,886	168,263
Adjustments in respect of previous years	1,478	(1,615)
Total tax on profits on ordinary activities	<u>£181,364</u>	<u>£166,648</u>

CADOGAN DEVELOPMENTS LIMITED

NOTES ON THE ACCOUNTS 31 DECEMBER 2002

4 TAXATION (continued)

(b) Factors affecting tax charge for the year

The effective tax rate for the current year is the same as the current standard rate of corporation tax (30%; 2001 – 30%).

(c) Factors that may affect future tax charges

The company does not expect its future effective tax rate to differ materially from the standard UK tax rate.

5 CALLED UP SHARE CAPITAL

	2002	2001
Ordinary shares of £1 each		
Authorised	£250,000	£250,000
	<hr/>	<hr/>
Allotted and fully paid	£100	£100
	<hr/>	<hr/>

6 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit attributable to members	414,624	394,250
Dividend	(415,000)	(390,000)
	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	(376)	4,250
Opening shareholders' funds	82,072	77,822
	<hr/>	<hr/>
Closing shareholders' funds	£81,696	£82,072
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CADOGAN DEVELOPMENTS LIMITED

NOTES ON THE ACCOUNTS 31 DECEMBER 2002

7 ULTIMATE HOLDING COMPANY

The holding company for all operational purposes is Cadogan Group Limited and the ultimate holding company is Cadogan Settled Estates Limited.

The ultimate ownership of Cadogan Settled Estates Limited is vested in The Eighth Earl Cadogan's 6 December 1961 Settlement.

Group accounts are prepared by Cadogan Settled Estates Limited and Cadogan Group Limited and can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.