



PANTHER (DOVER) LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2003**



PANTHER (DOVER) LIMITED

Company Information

| | |
|---|---|
| Directors | A. S. Perloff P. A. Rowson |
| Secretary | P. A. Rowson |
| Company Number | 890705 |
| Registered Office | Panther House 38 Mount Pleasant London WC1X 0AP |
| Auditors | Nexia Audit Limited Chartered Accountants Registered Auditors Prospect House 2 Athenaeum Road Whetstone London N20 9YU |
| Accountants and tax advisors | Smith and Williamson Limited Chartered Accountants Prospect House 2 Athenaeum Road Whetstone London N20 9YU |

PANTHER (DOVER) LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

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

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 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.

Results and dividends

The profit for the year after taxation, amounted to £159,698 (2002 - loss £4,850) .

The directors recommend that a dividend of £ Nil (£NIL per share) (2002 - £ Nil (£Nil per share)) on ordinary shares be paid, and that the profit of £159,698 be carried to reserves.

Principal activities, review of business and future developments

The principal activity of the company is to be that of property investment and dealing.

The directors are satisfied with the result for the year and expect the trading position of the company to be improved during the coming year.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were :

| | Ordinary shares of £1 each | |
|---------------|----------------------------|------|
| | 2003 | 2002 |
| A. S. Perloff | - | - |
| P. A. Rowson | - | - |

No director had any interest in the shares of the company during the year but their interests in the parent undertaking, Panther Securities PLC, are disclosed in that company's financial statements.

Company's policy for payment of creditors

The company agrees terms and conditions for transactions with suppliers and payment is made on these terms, subject to the supplier meeting the agreed terms and conditions.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

Auditors

The auditors, Nexia Audit Limited, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 27th April 2004.

P. A. Rowson

P. A. Rowson
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PANTHER (DOVER) LIMITED

We have audited the accounts of Panther (Dover) Limited for the year ended 31 December 2003 on the pages 4 to 11. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets 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 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 law and United Kingdom 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 the 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 the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nexia Audit Limited

Nexia Audit Limited
Chartered Accountants
Registered Auditors

Date: 27 April 2004

Prospect House
2 Athenaeum Road
Whetstone
London N20 9YU

PANTHER (DOVER) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2003

| | Note | 2003 £ | 2002 £ |
|---|------|------------------|------------------|
| TURNOVER | 1,2 | 232,455 | - |
| Cost of sales | | (9,968) | (1,963) |
| GROSS PROFIT / (LOSS) | | 222,487 | (1,963) |
| Administrative expenses | | 2,977 | (4,098) |
| Other operating income | | 1,364 | 997 |
| OPERATING PROFIT / (LOSS) | 2 | 226,828 | (5,064) |
| Interest receivable | 3 | 1,312 | 214 |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 228,140 | (4,850) |
| TAXATION | 4 | (68,442) | - |
| RETAINED PROFIT / (LOSS) FOR THE YEAR | | 159,698 | (4,850) |
| LOSS BROUGHT FORWARD | | (118,036) | (113,186) |
| RETAINED PROFIT/(LOSS) CARRIED FORWARD | | 41,662 | (118,036) |

All amounts relate to acquired operations.

The notes on pages 7 to 11 form part of these financial statements.

PANTHER (DOVER) LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2003

| | 2003 £ | 2002 £ |
|---|----------------|----------------|
| Profit / (loss) for the financial year after taxation | 159,698 | (4,850) |
| Unrealised surplus on revaluation of properties | 445,000 | - |
| Total gains and losses relating to the year | 604,698 | (4,850) |

PANTHER (DOVER) LIMITED

BALANCE SHEET
As at 31 December 2003

| | Note | £ | 2003 £ | £ | 2002 £ |
|---|------|-------------|--------------------|---------------|--------------------|
| FIXED ASSETS | | | | | |
| Tangible fixed assets | 5 | | 2,660,000 | | 2,215,000 |
| CURRENT ASSETS | | | | | |
| Debtors | 6 | 57,111 | | 19,015 | |
| Cash at bank and in hand | | 46,587 | | 33,528 | |
| | | | <u>103,698</u> | <u>52,543</u> | |
| CREDITORS: amounts falling due within one year | 7 | (2,276,936) | | (2,385,479) | |
| NET CURRENT LIABILITIES | | | <u>(2,173,238)</u> | | <u>(2,332,936)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>486,762</u> | | <u>(117,936)</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 9 | | 100 | | 100 |
| Revaluation reserve | 10 | | 445,000 | | - |
| Profit and loss account | | | 41,662 | | (118,036) |
| SHAREHOLDERS' FUNDS - All Equity | 11 | | <u>486,762</u> | | <u>(117,936)</u> |

The financial statements were approved by the board on 27th April 2004

P. A. Rowson *P. A. Rowson* Director

The notes on pages 7 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of Investment Property and include the results of the company's operations which are described in the Directors' Report and all of which are acquired and continuing.

1.2 Turnover

Turnover comprises rental income from property.

1.3 Tangible fixed assets and depreciation

Investment properties are accounted for in accordance with SSAP 19, as follows:

i) investment properties are revalued annually by the directors and by independent professional valuers at intervals of not more than three years. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account in the year; and

ii) no depreciation is provided in respect of leasehold investment properties with over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary to give a true and fair view, since the current value of investment properties, and the changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

1.4 Deferred Taxation

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

2. OPERATING PROFIT / (LOSS)

No director received any emoluments (2002 - £Nil).

At the year end there were no directors accruing pension benefits.

3. INTEREST RECEIVABLE

| | 2003 £ | 2002 £ |
|---------------------------|-----------|-----------|
| Other interest receivable | 1,312 | 214 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

4. TAXATION

| | 2003 £ | 2002 £ |
|---|-----------|-----------|
| Current year taxation | | |
| UK Corporation Tax at 30% (2002 - 30%) | 68,442 | - |
| Factors affecting the tax charge for period | | |
| | 2003 £ | 2002 £ |
| (Loss) / Profit on ordinary activities before tax | 228,140 | (4,850) |
| - (Loss) / Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2002: 30%) | 68,442 | (1,455) |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | - |
| Capital allowances for period in excess of depreciation | - | - |
| Under / Overprovision of corporation tax - Current year | - | - |
| Under / Overprovision of corporation tax - Prior year | - | - |
| Group relief | - | 1,455 |
| Marginal relief | - | - |
| Current tax charge for period | 68,442 | - |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

5. TANGIBLE ASSETS

| | Investment Properties £ |
|-----------------------|-------------------------------|
| Cost | |
| At 1 January 2003 | 2,215,000 |
| Revaluations | 445,000 |
| | <u>2,660,000</u> |
| At 31 December 2003 | |
| Net Book Value | |
| At 31 December 2003 | <u>2,660,000</u> |
| At 31 December 2002 | <u>2,215,000</u> |

At 31 December 2003, £2,600,000 included within the net book value of land and building relates to freehold land and buildings exclusively.

On the historical cost basis, land and buildings would have been included as follows:

| | 2003 £ | 2002 £ |
|-------------------------|------------------|------------------|
| Cost | 2,215,000 | 2,215,000 |
| Cumulative depreciation | - | - |
| | <u>2,215,000</u> | <u>2,215,000</u> |
| Net book amount | | |

The investment property was revalued to its open market value, as at 31 December 2003 by Donaldsons, Chartered Surveyors in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by R.I.C.S. The directors have incorporated this valuation into these accounts.

6. DEBTORS

| | 2003 £ | 2002 £ |
|--------------------------------|---------------|---------------|
| Due within one year | | |
| Trade debtors | 41,341 | 16,154 |
| Other debtors | 15,195 | 2,461 |
| Prepayments and accrued income | 575 | 400 |
| | <u>57,111</u> | <u>19,015</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

7. CREDITORS:**Amounts falling due within one year**

| | 2003 £ | 2002 £ |
|-------------------------------------|------------------|------------------|
| Trade creditors | 2,276 | 2,027 |
| Amounts owed to group undertakings: | | |
| - parent and fellow subsidiaries | 2,137,922 | 2,332,882 |
| Corporation tax | 68,442 | - |
| Accruals and deferred income | 68,296 | 50,570 |
| | <u>2,276,936</u> | <u>2,385,479</u> |

The inter company loans are interest free and repayable on demand; however there is no present intention to seek repayment of these loans.

There is a third party floating charge securing all amounts due from Panther Securities Plc to HSBC Plc.

8. PROVISIONS FOR LIABILITIES AND CHARGES

The potential liability for deferred taxation not provided was as follows:

| | 2003 £ | 2002 £ |
|-------------------------|-----------|-----------|
| Potential capital gains | - | 17,041 |

9. CALLED UP SHARE CAPITAL

| | 2003 £ | 2002 £ |
|---|-----------|-----------|
| Authorised | | |
| 100 ordinary shares of £1 each | 100 | 100 |
| Allotted, called up and fully paid | | |
| 100 ordinary shares of £1 each | 100 | 100 |

10. RESERVES

| | £ |
|---|----------------|
| Revaluation Reserve | |
| Surplus on revaluation of freehold property | 445,000 |
| | <u>445,000</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

11. SHAREHOLDERS' FUNDS

Reconciliation of movements on shareholders' funds

| | 2003 | 2002 |
|---|------------------|------------------|
| | £ | £ |
| Profit / (loss) for the year | 159,698 | (4,850) |
| | 159,698 | (4,850) |
| Other recognised gains and losses during year | 445,000 | - |
| | 604,698 | (4,850) |
| Opening shareholders' funds | (117,936) | (113,086) |
| Closing shareholders' funds | 486,762 | (117,936) |

12. CONTINGENT LIABILITIES

A guarantee has been given in respect of borrowings by the parent undertaking and fellow subsidiary undertakings for £42,183,000 (2002 - £41,000,000).

13. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemptions conferred under FRS 8, such that related party transactions need not be disclosed, because consolidated accounts including this company are publicly available.

14. PARENT UNDERTAKING

The company's ultimate parent undertaking is Panther Securities PLC, a company incorporated in Great Britain.