

Argent Estates Limited

Directors' report and consolidated financial statements

Registered number 1573790

31 December 2004



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 2004.

Objectives and principal activities

The group aims to conceive and deliver large scale property developments which will improve the built environment. Whether the project is a stand alone property or a masterplanned mixed use scheme, the objective is to produce places and spaces that inspire and stimulate their occupants irrespective of whether they are being used for work, leisure or residence.

The group undertakes its projects generally on a speculative basis and primarily by way of the Argent Projects Partnership ("APP"), a partnership between the company, its founders, Michael and Peter Freeman, and Pelagia Developments, a company controlled by six of the executive directors. Projects include Brindleyplace, Birmingham, Forbury Square, Reading, Piccadilly Gardens and Piccadilly Place, Manchester, King's Cross Central, London N1, Ffos-y-Fran, Wales (via The Ffos-y-Fran Limited Partnership) and Colnbrook (via The Colnbrook Limited Partnership). As explained below, APP's involvement at Brindleyplace and Forbury Square was concluded during the year.

Business review

The group generated a pre-tax profit of £8,629,000 (2003: loss of £1,148,000).

Argent Projects Partnership ("APP") and Argent Estates Limited ("AEL")

AEL is the largest partner in APP, which achieved the following:-

Brindleyplace, Birmingham

APP completed the 277,000 sq ft combined Seven, Eight & Ten Brindleyplace properties and handed them over to The Royal Bank of Scotland plc in mid January 2004. With the completion of these buildings, APP's involvement in the development of Brindleyplace is at an end, although it remains involved in the serviced apartment operation within the residential areas on the top five floors of Eight Brindleyplace.

Forbury Square, Reading

Having achieved no further lettings, both One Forbury Square and Davidson House were sold in June 2004, concluding APP's involvement.

One Piccadilly Gardens, Manchester

All of the office space has recently been let, four floors (91,440 square feet) to Bank of New York, with a floor (26,680 square feet) to Allianz Cornhill and another floor being shared by King Sturge and the Housing Corporation. Just less than 4,000 square feet of the retail space on the ground floor which remains available is now under offer.

Piccadilly Place, Manchester

This project, to be undertaken via the Piccadilly Place Limited Partnership which has recently been formed, could comprise up to 310,000 square feet of speculative office accommodation, up to 120 apartments, a 600 space underground carpark, and a 60,000 square feet office for the Greater Manchester Passenger Transport Executive, a piazza and a 284 bed City Inn hotel as well as a bridge connecting the development directly to Piccadilly Station. A start on site was made in early 2005.

Directors' report *(continued)*

Business review *(continued)*

King's Cross Central

The planning applications were submitted in late May 2004; since then, the consultation period has elapsed but discussions with the Camden and Islington planning departments have continued. A decision is unlikely until late 2005.

APP purchased St George PLC's stake in the project in November 2004, which means that APP's ultimate interest in the joint venture with the landowners, London & Continental Railways and Exel, will be at least 50%.

Ffos-y-Fran, Wales

In February 2005 the application, which had been called in by the Welsh Assembly and referred to a Public Inquiry, was granted and the requisite Section 106 Agreement was signed by Merthyr Tydfil County Borough Council on 11 April 2005.

In addition to dealing with a challenge under section 288 of the Town and Planning Act which has recently been received, Miller Argent (South Wales) Limited, the general partner of the Ffos-y-Fran Limited Partnership, is currently in negotiations with a potential purchaser of the coal and preparing to commence its extraction and land reclamation programme.

Colnbrook

In February 2004, Railtrack Developments, which had been acquired by Hammerson PLC, sold its entire 20% interest in the Partnership and APP's interest in this Limited Partnership was reduced to 44%. Alternative uses for the land continue to be sought and the name of the Partnership has been changed to The Colnbrook Limited Partnership.

In December 2004, The Colnbrook Limited Partnership purchased an additional adjacent 163 acres from two landowners under options obtained during the Public Inquiry in 2000.

Argent Estates Limited - Birmingham

The company continues to act as Property Advisor at Brindleyplace for The Brindleyplace Limited Partnership, which includes responsibility for both strategy and the day-to-day operations.

During the year, the company purchased two properties, Chamberlain House and Paradise Forum, both within Paradise Circus, Birmingham, with a view to the redevelopment of the entire Circus in the medium term.

Dividends

No dividends are proposed and none have been paid during the year (2003: £nil).

Policy and practice on payment of creditors

The group operates a policy of prompt payment to its creditors. Major suppliers, including contractors agree terms prior to commencement of their work. In the normal course of business, creditors are paid by the end of the month following submission of invoices; however, the group does not adhere to any formal code. At the end of the year, trade creditors were equivalent to 2 days' purchases (2003 – nil), based on the average daily amount invoiced by suppliers during the year.

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year were as follows:

P F Hazell	<i>(non-executive – appointed 7 December 2004)</i>
R N Madelin	
A J Giddings	
D J G Partridge	
A J S Prower	
S Tillman	
G J Taylor	
R M Evans	<i>(appointed 7 December 2004)</i>
A Gibbs	<i>(appointed 7 December 2004)</i>
M I Freeman	<i>(non-executive)</i>
P G Freeman	<i>(non-executive)</i>

None of the directors held any shares in the company at either 31 December 2004 or 2003. All of the directors, other than those appointed during the year, participate in APP (see notes 9 and 16).

A Directors' and Officers' liability insurance policy is maintained, which covers all directors and officers within the group.

Political and charitable contributions

The group made no political contributions during the year. Donations to UK charities amounted to £8,681 (2003: £18,014).

Auditors

KPMG Audit Plc have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the board



Director

5 Albany Courtyard
Piccadilly
London
W1J 0HF

6 July 2005

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 group and of the profit or loss 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 of the group and to 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 group and to prevent and detect fraud and other irregularities.



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London EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Argent Estates Limited

We have audited the financial statements on pages 6 to 18.

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 4, 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2004 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

6 July 2005

Consolidated profit and loss account for the year ended 31 December 2004

	Note	2004			2003		
		Group	Interest in APP joint venture	Total	Group	Interest in APP joint venture	Total
		£000	£000	£000	£000	£000	£000
Turnover							
Cost of sales		10,946 (10,210)	78,177 (71,542)	89,123 (81,752)	60 57	19 324	79 381
Gross profit							
Administrative expenses		736 (3,037)	6,635 (278)	7,371 (3,315)	117 (3,817)	343 105	460 (3,712)
Rents and other operating income		484	(210)	274	-	424	424
Operating (loss)/profit							
(Loss)/profit on sale of fixed assets	2	(1,817)	6,147	4,330	(3,700)	872	(2,828)
Income from other fixed asset investments		(1) 500	239 -	238 500	16 -	-	16 -
(Loss)/profit before interest							
Net interest receivable/(payable)	5	(1,318) 4,847	6,386 (1,286)	5,068 3,561	(3,684) 2,535	872 (871)	(2,812) 1,664
Profit/(loss) on ordinary activities before taxation							
Tax on profit/(loss) on ordinary activities	6	3,529 (875)	5,100 (1,815)	8,629 (2,690)	(1,149) 841	1 164	(1,148) 1,005
Profit/(loss) for the financial year	15	2,654	3,285	5,939	(308)	165	(143)

The group has no recognised gains or losses other than the loss for the year.

There is no difference between the results as stated and the results on a historical cost basis.

All amounts derive from continuing operations and all turnover arose in the UK.

Consolidated balance sheet
at 31 December 2004

	Note	2004 £000	2003 £000
Fixed assets			
Tangible fixed assets	7	671	465
Investments	8	-	3
Investment in joint venture	9		
Loans		1,721	-
Share of gross assets		65,967	92,611
Share of gross liabilities		(46,838)	(64,763)
		20,850	27,848
		21,521	28,316
Current assets			
Stocks	10	15,958	9,498
Debtors	11	60,457	58,764
Cash at bank and in hand		118,690	91,958
		195,105	160,220
Creditors: amounts falling due within one year	12	(191,795)	(169,644)
Net current assets/(liabilities)		3,310	(9,424)
Net assets		24,831	18,892
Capital and reserves			
Called up share capital	14	50	50
Profit and loss account	15	24,781	18,842
Equity shareholders' funds		24,831	18,892

These financial statements were approved by the board of directors on
 by



Director

July 2005 and were signed on its behalf

Company balance sheet
at 31 December 2004

	<i>Note</i>	2004 £000	2003 £000
Fixed assets			
Tangible fixed assets	7	671	465
Investments	8	20,597	31,305
		<hr/>	<hr/>
		21,268	31,770
		<hr/>	<hr/>
Current assets			
Stocks	10	15,958	9,498
Debtors	11	79,124	64,885
Cash at bank and in hand		118,690	91,958
		<hr/>	<hr/>
		213,772	166,341
Creditors: amounts falling due within one year	12	(203,674)	(168,612)
		<hr/>	<hr/>
Net current assets/(liabilities)		10,098	(2,271)
		<hr/>	<hr/>
Total assets less current liabilities		31,366	29,499
		<hr/>	<hr/>
Provisions for liabilities and charges	13	(5,921)	(9,175)
		<hr/>	<hr/>
Net assets		25,445	20,324
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	50	50
Profit and loss account	15	25,395	20,274
		<hr/>	<hr/>
Equity shareholders' funds		25,445	20,324
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 6 July 2005 and were signed on its behalf by



Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2004

	2004 £000	2003 £000
Profit/(loss) for the financial year	5,939	(143)
Opening shareholders' funds	18,892	19,035
	<hr/>	<hr/>
Closing shareholders' funds	24,831	18,892
	<hr/>	<hr/>

Notes

(Forming part of the financial statements)

1 Principal accounting policies

Basis of consolidation and preparation of financial information

The financial statements have been prepared under the historical cost convention, and in accordance with accounting standards applicable in the United Kingdom and the requirements of the Companies Act 1985. The principal accounting policies, which have been applied consistently, are set out below.

The financial statements include the financial statements of the company and its subsidiary undertakings and the appropriate share of the results of its joint ventures.

Under FRS1 Cash Flow Statements (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. The company, as permitted by Section 230 of the Companies Act 1985, does not present its own profit and loss account.

The company has taken advantage of the exemption in FRS8 Related Party Disclosures in order to dispense with the requirement to disclose transactions with other members of the BriTel Property Acquisitions Limited group.

Interest in joint ventures

The group's share of the assets and liabilities of its joint ventures are included within the group's consolidated balance sheet and its share of the results of its joint ventures is included within the consolidated profit and loss account. The group's share of the results of both APP and ADC are not the same as its share of their assets and liabilities, because of the profit sharing arrangements within each joint venture.

Within APP costs of developments in progress include costs of acquisition and development to date, attributable fees, expenses and finance costs. The interest rate applied is the actual rate payable on the borrowings raised specifically for the development.

Stocks

Property stocks, which represent properties and developments held for resale other than those held by the group's joint ventures, are included under current assets in the balance sheet at the lower of cost and net realisable value. Full provision is made in the profit and loss account for anticipated losses.

Cost of property includes costs of acquisition and development to date, including directly attributable fees, expenses and finance charges. For this purpose, the interest rate applied to funds provided for property development is arrived at by reference, where appropriate, to the actual rate payable on borrowings raised specifically for a development.

Purchases and sales are recognised on completion of contracts.

Fixed asset investments

Fixed asset investments are stated at cost less any provisions for permanent impairment in value.

Depreciation and amortisation

Depreciation is provided so as to write off the cost of tangible fixed assets less the residual value by equal instalments over their estimated useful lives as follows:

Long leasehold	-	not depreciated
Short leasehold improvements	-	over period of the lease
Fixtures, fittings and office equipment	-	between four and eight years
Motor vehicles	-	four years

Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised to the extent that they are considered recoverable.

Turnover

Turnover represents sales of properties in the UK, net of VAT. Sales of properties are recognised on completion of contracts.

Notes (Continued)

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting) the following:

	2004	2003
	£000	£000
Depreciation of tangible fixed assets	150	192
Auditors' remuneration - audit	33	32
- other services	106	84
Other operating income - rents	(274)	(424)
	<hr/>	<hr/>

The auditors' remuneration does not include audit fees payable by APP and ADC, which amounted to £17,000 (2003: £24,000).

Of the consolidated profit for the financial year, a profit of £5,121,000 (2003: £826,000) has been dealt with in the financial statements of the company.

3 Staff numbers and costs

The average number of persons employed by the group (including executive directors but excluding non executive directors) during the year, analysed by category, was as follows:

	Number of employees	
	2004	2003
Property development and management	19	19
Administration	12	10
	<hr/>	<hr/>
	31	29
	<hr/>	<hr/>

The aggregate payroll costs were as follows:

	2004	2003
	£000	£000
Wages and salaries	2,358	2,286
Executive Incentive Scheme Bonus	-	600
Social security costs	266	252
	<hr/>	<hr/>
	2,624	3,138
	<hr/>	<hr/>

4 Directors' remuneration

	2004	2003
	£000	£000
Salaries	1,658	1,305
Pension contributions	70	46
Executive incentive scheme bonus	-	600
	<hr/>	<hr/>
	1,728	1,951
	<hr/>	<hr/>
Highest paid director	260	426
	<hr/>	<hr/>

The highest paid Director received £nil (2003 - £nil) in pension contributions.

Six Directors (2003 - Four) benefit from company contributions paid into the Group personal pension scheme.

Notes (Continued)

5 Net interest receivable

	2004 £000	2003 £000
Interest receivable and similar income	5,078	2,539
Interest payable and similar charges	(231)	(4)
	<hr/>	<hr/>
Share of net interest payable by joint ventures	4,847 (1,286)	2,535 (871)
	<hr/>	<hr/>
	3,561	1,664
	<hr/>	<hr/>

6 Tax on profit/(loss) on ordinary activities

a) Analysis of charge/(credit) for the year

	2004 £000	2003 £000
Current tax		
UK corporation tax at 30% (2003: 30%) on profits in the year	1,548	832
Adjustments in respect of previous periods	302	-
	<hr/>	<hr/>
Share of APP joint venture's taxation	1,850 56	832 -
	<hr/>	<hr/>
	1,906	832
Deferred tax		
Deferred tax charge/(credit)	110	(1,837)
Share of APP's joint venture's deferred taxation	674	-
	<hr/>	<hr/>
	784	(1,837)
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities	2,690	(1,005)
	<hr/>	<hr/>

b) Factors affecting the tax charge/(credit) for the year

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before tax	8,629	(1,148)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2003: 30%)	2,589	(344)
Effects of:		
Disallowable expenses	20	256
Profits not subject to tax	(215)	(115)
Capital allowances for year in excess of depreciation	-	(18)
Timing differences re availability of losses	(790)	1,405
Utilisation of tax losses	-	(352)
Adjustment to tax charge of prior years	302	-
	<hr/>	<hr/>
Current tax charge	1,906	832
	<hr/>	<hr/>

Notes (Continued)

7 Tangible fixed assets

	Long leasehold land and buildings £000	Short leasehold land and buildings £000	Fixtures, fittings and office equipment £000	Motor vehicles £000	Total £000
Group and company					
Cost					
At 31 December 2003	-	833	612	318	1,763
Additions at cost	238	-	71	57	366
Disposals	-	-	(6)	(44)	(50)
At 31 December 2004	238	833	677	331	2,079
Depreciation:					
At 31 December 2003	-	680	493	125	1,298
Charge for the year	-	22	50	78	150
Disposals	-	-	(5)	(35)	(40)
At 31 December 2004	-	702	538	168	1,408
Net book value:					
At 31 December 2004	238	131	139	163	671
At 31 December 2003	-	153	119	193	465

8 Fixed asset investments

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Investment in Argent Projects Partnership	-	-	20,597	31,302
Other investments	-	3	-	3
	-	3	20,597	31,305

The group's principal subsidiary undertaking at 31 December 2004 is listed below:

	Proportion of issued share capital	Nature of trade
Argent (King's Cross) Limited ("AKCL")*	100%	Property development

All subsidiary undertakings are registered in England and Wales.

The directors are satisfied they are worth at least as much as the value at which they are included in the financial statements.

*The group holds all of the voting shares and all of the non-voting shares in AKCL, which changed its name from Argent St George Limited on 22 November 2004.

Notes *(continued)*

9 Investment in joint venture

The group, together with Pelagia Developments ("Pelagia") and Peter and Michael Freeman ("the Freemans") who are non-executive directors of the company, principally trades via a partnership, known as the Argent Projects Partnership ("APP"). Pelagia and the Freemans contribute 5% of the equity to APP (see note 16), with the balance being contributed by the company.

APP's assets include the economic interest in the voting, income and preference shares in Argent Development Consortium Limited ("ADC"), development projects known as Piccadilly Gardens and Piccadilly Place, Manchester, and other projects at King's Cross in London, Weybridge and Colnbrook, both in South West London and Ffos-y-Fran, South Wales.

The profit shares within APP are subject to ratchet arrangements, whereby Pelagia and the Freemans receive a greater share of the profits generated once a predetermined internal rate of return has been achieved.

Notes (continued)

9 Investment in joint venture (continued)

A summary of the financial statements at 31 December 2004 for APP is set out below:

Balance sheet as at 31 December 2004	2004	2003
	£000	£000
Tangible fixed assets	518	447
Investments - The Colnbrook & Ffos-y-Fran Limited Partnerships	1,489	4,878
Investment in joint venture – ADC		
Share of gross assets	4,418	5,508
Share of gross liabilities	(4,019)	(3,993)
Work in progress	60,426	86,532
Debtors	3,569	1,840
Cash at bank	-	179
Bank overdraft	(2)	-
Due to group companies	(49,197)	(69,467)
Taxation	(3,382)	-
Other creditors	(183)	(3,582)
Partnership net assets	13,637	22,342
Partners' capital and current accounts		
Argent	12,955	21,224
Freemans and Pelagia Developments	682	1,117
Partnership equity	13,637	22,341
Minority interest	-	1
Total equity	13,637	22,342
	2004	2003
	£000	£000
Profit and loss account for the year ended 31 December 2004		
Turnover		
APP turnover	106,873	24
Cost of sales		
APP cost of sales	99,549	675
Share of ADC cost of sales	(84)	(270)
	99,465	405
Development profit	7,408	429
Rental income	(287)	530
Administrative expenses	(144)	(86)
Profit before interest	6,977	873
Profit on disposal of fixed asset investment	327	-
Net interest payable	(1,758)	(1,089)
Profit/(loss) before taxation	5,546	(216)
Tax charge/(credit) - ADC only	(997)	47
Profit/(loss) after taxation	4,549	(169)

Notes (continued)

9 Investment in joint venture (continued)

In respect of construction work underway, expenditure contracted in AEL (and rechargeable to APP), but not provided for in the financial statements of APP totalled £nil at 31 December 2004 (2003: £nil).

APP's principal place of business is 5 Albany Courtyard, Piccadilly, London W1J 0HF.

10 Stocks

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Work-in-progress	15,958	9,498	15,958	9,498

11 Debtors

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Trade debtors	736	456	736	456
Amounts owed by group undertakings	53,476	53,476	53,476	53,937
Amounts owed by Argent Projects Partnership	117	66	19,166	5,726
Deferred tax asset	1,992	1,866	1,609	1,866
VAT recoverable	2,411	598	2,411	598
Other debtors, prepayments and accrued income	1,725	2,302	1,726	2,302
	60,457	58,764	79,124	64,885

The deferred tax asset comprises:

	Group			
	Tax losses	Capital allowances	Short term timing differences	Total
	£000	£000	£000	£000
At beginning of year	450	11	1,405	1,866
Charged to profit and loss account	-	-	(110)	(110)
Reallocation from corporation tax	-	-	236	236
At end of year	450	11	1,531	1,992

	Company			
	Tax losses	Capital allowances	Short term timing differences	Total
	£000	£000	£000	£000
At beginning of year	450	11	1,405	1,866
Charged to profit and loss account	-	-	(294)	(294)
Reallocation from corporation tax	-	-	37	37
At end of year	450	11	1,148	1,609

Notes (continued)

12 Creditors: amounts falling due within one year

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Bank loan	-	9,220	-	9,220
Trade creditors	361	-	361	-
Amounts owed to parent and group undertakings	174,736	153,295	178,057	153,295
Amounts owed to Argent Projects Partnership	-	-	6,283	1,325
Other creditors including taxation and social security	16,427	6,985	18,702	4,628
Accruals and deferred income	271	144	271	144
	<u>191,795</u>	<u>169,644</u>	<u>203,674</u>	<u>168,612</u>

13 Provisions for liabilities and charges

	Company	
	2004 £000	2003 £000
Other provisions	<u>5,921</u>	<u>9,175</u>

14 Called up share capital

The share capital outstanding at the year end was:

	2004 Number	2004 £000	2003 Number	2003 £000
Ordinary shares of £1 each:				
Authorised and issued	<u>50,000</u>	<u>50</u>	<u>50,000</u>	<u>50</u>
Allotted, called up and fully paid	<u>50,000</u>	<u>50</u>	<u>50,000</u>	<u>50</u>

15 Profit and loss account

	Group £000	Company £000
At 31 December 2003	18,842	20,274
Profit for the year	<u>5,939</u>	<u>5,121</u>
At 31 December 2004	<u>24,781</u>	<u>25,395</u>

Notes (continued)

16 Transactions with related parties

During the year the company charged project management fees of £429,573 (2003: £1,201,657) to Argent Projects Partnership. Project management fees unpaid at 31 December 2004 amounted to £nil (2003: £nil).

Michael and Peter Freeman, who are non-executive directors of the company, have direct interests in the Argent Projects Partnership ("APP"). The six executive directors hold their interest in APP via Pelagia Developments, a company incorporated in England (number 4208008), which is controlled by them.

During 2001 unsecured interest free loans (which were repayable on one month's notice from the trustees) were offered by the trustees of the Argent Estates Employee Benefit Trust ("EBT"), and accepted by the then executive directors, all of which was forgiven during the year ended 31 December 2004.

The following table shows the loans advanced by the EBT to the executive directors' during the year.

	At 31 December 2004 £000	At 31 December 2003 £000	Maximum during the year £000
R N Madelin	-	105.4	147.9
A J Giddings	-	60.4	84.5
D J G Partridge	-	90.4	126.7
A J S Prower	-	60.4	84.5
S Tillman	-	60.4	84.5
G J Taylor	-	60.4	84.5
	-	437.4	612.6

17 Commitments

The company has entered into a lease in respect of the top five floors of Eight Brindleyplace which will be run on behalf of APP as a serviced apartment operation until at least early 2009. No rent will be payable under the lease until the fifth anniversary (February 2009) at which time the rent will be reviewed to the open market rent for such an operation. The market rent will then be used to calculate an overage premium for the apartments, 50% of which will be payable to Argent Development Consortium Limited, as the original developer of Eight Brindleyplace.

18 Ultimate holding company

The company is a subsidiary undertaking of the BT Pension Scheme.

The largest company in which the results of the company are consolidated is that headed by BriTel Property Acquisitions Limited incorporated in England. The smallest group in which they are consolidated is that headed by Argent Group PLC incorporated in England.

The consolidated financial statements of BriTel Property Acquisitions Limited may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ. The consolidated financial statements of Argent Group PLC may be obtained from 5 Albany Courtyard, Piccadilly, London, W1J 0HF.