

**Waterloo Investments Ltd**

**Company No. 2592027**

**Financial Statements**

**For the year ended**

**28 February 2005**



# **Waterloo Investments Ltd**

## **Company Information**

### **Directors**

J.R.G. Hunter  
K.B. Nilsson  
M.K. Santilale

### **Secretary**

K.B. Nilsson

### **Registered Office**

The Inner Court  
48 Old Church Street  
London  
SW3 5BY

### **Bankers**

Bank of Scotland  
38 Threadneedle Street  
London  
EC2P 2HL

### **Auditors**

Kingston Smith  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# Waterloo Investments Ltd

## Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 28 February 2005.

### Principal activities and review of the business

The principal activity of the company throughout the year was property development and management services.

### Results and dividends

The results for the year are set out on page 4.

### Directors

The following directors have held office since 1 March 2004:

J.R.G. Hunter  
K.B. Nilsson  
M.K. Santilale

### Directors' interests

The directors who served the company during the year together with their interests (including family interests) in the shares of the company at the beginning (or subsequent date of appointment) and end of the year, were as follows:

	Ordinary shares of £ 1 each	
	28 February 2005	1 March 2004
J.R.G. Hunter	-	-
K.B. Nilsson	-	-
M.K. Santilale	-	-

None of the directors held any interest in the shares of the company during the period. The interests of the directors in the shares of the parent company are disclosed in that company's financial statements.

### Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed they be re-appointed auditors to the company for the ensuing year.

On behalf of the Board



K.B. Nilsson  
Director

The Inner Court  
48 Old Church Street  
London  
SW3 5BY

Date: 31 October 2005

# Waterloo Investments Ltd

## Directors' Responsibilities & Report of the Auditors

### 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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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.

### Independent Auditors' Report to the Shareholders of Waterloo Investments Ltd

We have audited the financial statements of Waterloo Investments Ltd, which comprise the profit and loss account, balance sheet and related notes, for the year ended 28 February 2005. These financial statements have been prepared under the historical cost convention 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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 the directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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 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.

In forming our opinion we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the preparation of these financial statements on a going concern basis. In view of the significance of this issue we consider that these disclosures should be brought to your attention, but our opinion is not qualified in this respect.

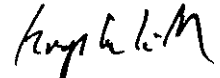
**Waterloo Investments Ltd**  
**Directors' Responsibilities & Report of the Auditors (Continued)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

Date: 31 October 2005



**Kingston Smith**  
Chartered Accountants  
and Registered Auditors

**Waterloo Investments Ltd**  
**Profit and Loss Account**  
**For the year ended 28 February 2005**

	Notes	2005 £	2004 £
<b>Turnover</b>	<b>2</b>	450,600	602,365
Administrative expenses		(811,223)	(1,402,495)
<b>Operating loss</b>	<b>3</b>	(360,623)	(800,130)
Other interest receivable and similar income		24	-
Interest payable and similar charges	<b>5</b>	(12,678)	(19,065)
<b>Loss on ordinary activities before taxation</b>		(373,277)	(819,195)
Taxation	<b>6</b>	-	-
<b>Loss on ordinary activities after taxation</b>	<b>11</b>	(373,277)	(819,195)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

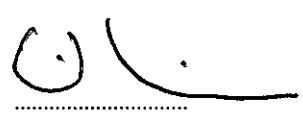
There are no recognised gains and losses other than those passing through the profit and loss account.

**Waterloo Investments Ltd**  
**Balance Sheet**  
**As at 28 February 2005**

	Notes	2005 £	£	2004 £	£
<b>Fixed Assets</b>					
Tangible assets	7		19,316		32,629
<b>Current Assets</b>					
Debtors	8	645,419		214,071	
Cash at bank and in hand		185		166	
		<u>645,604</u>		<u>214,237</u>	
<b>Creditors: Amounts falling due within one year</b>	9	<u>(2,781,933)</u>		<u>(1,990,602)</u>	
<b>Net Current Liabilities</b>			<u>(2,136,329)</u>		<u>(1,776,365)</u>
<b>Net Liabilities</b>			<u>(2,117,013)</u>		<u>(1,743,736)</u>
<b>Capital and Reserves</b>					
Called up share capital	10		100		100
Profit and loss account	11		<u>(2,117,113)</u>		<u>(1,743,836)</u>
<b>Shareholders' Funds - Equity Interests</b>			<u>(2,117,013)</u>		<u>(1,743,736)</u>

Approved by the Board on 31 October 2005

  
J.R.G. Hunter  
Director

  
K.B. Nilsson  
Director

# Waterloo Investments Ltd

## Notes to the Financial Statements

### For the year ended 28 February 2005

#### 1 Accounting Policies

##### a) Accounting basis and standards

The financial statements have been prepared under the historical cost convention.

The company and group currently meet their day to day working capital requirements partly through monies loaned from the Northacre PLC Directors Retirement and Death Benefit Scheme and partly from the group's bankers. The directors expect the facilities currently agreed to remain in place for the foreseeable future and to be renewed on equally favourable terms in due course. In particular, agreement has been reached for one of the loans due to the Northacre PLC Directors Retirement and Death Benefit Scheme of £1m to be extended.

The directors have prepared detailed cash flow projections for the period ended 31 August 2006 making reasonable assumptions about the levels and timings of income and expenditure, and in particular the timing of receipt of certain fees due from major developments. These projections show that the group can operate within the available facilities. On this basis, the directors consider it appropriate to prepare financial statements on a going concern basis.

##### b) Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

##### c) Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33 1/3% straight line
Fixtures & fittings	25% straight line

##### d) Turnover

Turnover represents the value of goods and services provided net of value added tax. Shares in development profits and bonus fees are recognised when the amounts involved have been finally determined.

##### e) Deferred taxation

In accordance with FRS 19, deferred tax is recognised as a liability or asset if transactions or events that give the company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date.

##### f) Leasing and hire purchase commitments

Assets held under finance lease and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### g) Pension scheme arrangements

The company makes contributions to private pension schemes. The pension cost charge represents contributions payable to the schemes.



**Waterloo Investments Ltd**  
**Notes to the Financial Statements**  
**For the year ended 28 February 2005 (Continued)**

**2 Turnover**

	2005	2004
	£	£
<b>Class of business</b>		
Management fees	450,600	252,365
Development profit shares	-	350,000
	<u>450,600</u>	<u>602,365</u>

**3 Operating Loss**

	2005	2004
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets:		
Owned assets	18,016	31,908
Operating lease rentals		
- Plant and machinery	2,469	480
- Other assets	69,755	69,263
Auditors' remuneration	4,000	5,000
	<u>84,240</u>	<u>106,651</u>

**4 Employee Information**

The directors did not receive any remuneration from the company during the year.

The average number of employees (including directors) during the year was:

	2005	2004
	Number	Number
Office and management	<u>11</u>	<u>16</u>

The total remuneration was:

	£	£
Wages and salaries	532,065	998,278
Social security costs	64,994	112,854
Other pension costs	43,426	56,554
	<u>640,485</u>	<u>1,167,686</u>

**5 Interest Payable and Similar Charges**

	2005	2004
	£	£
On bank loans and overdrafts	15,636	14,210
Hire purchase interest	-	1,855
On overdue tax	(2,958)	3,000
	<u>12,678</u>	<u>19,065</u>

**Waterloo Investments Ltd**  
**Notes to the Financial Statements**  
**For the year ended 28 February 2005 (Continued)**

6 <b>Taxation</b>	2005 £	2004 £
<b>Current tax charge/(credit)</b>	-	-
<b>Factors affecting the tax charge for the year</b>		
Loss on ordinary activities before taxation	(373,277)	(819,195)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2004: 30%)	(111,983)	(245,759)
Effects of:		
Non deductible expenses	3,952	7,609
Depreciation	5,405	9,572
Capital allowances	(4,974)	(18,988)
Tax losses utilised	107,600	247,566
	111,983	245,759
<b>Current tax charge/(credit)</b>	-	-

7 <b>Tangible Assets</b>	<b>Computer equipment £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 March 2004	114,987	185,707	300,694
Additions	5,339	-	5,339
Disposals	(1,145)	-	(1,145)
At 28 February 2005	119,181	185,707	304,888
<b>Depreciation</b>			
At 1 March 2004	86,677	181,388	268,065
On disposals	(509)	-	(509)
Charge for the year	15,766	2,250	18,016
At 28 February 2005	101,934	183,638	285,572
<b>Net book value</b>			
At 28 February 2005	17,247	2,069	19,316
At 29 February 2004	28,310	4,319	32,629

The net book value of the company's fixed assets includes £Nil (2003 - £19,735) in respect of assets held under finance leases and hire purchase contracts.

**Waterloo Investments Ltd**  
**Notes to the Financial Statements**  
**For the year ended 28 February 2005 (Continued)**

8 Debtors	2005	2004
	£	£
Trade debtors	38,951	248
Amounts owed by group undertakings	530,574	138,298
Other debtors	1,375	11,898
Prepayments and accrued income	74,519	63,627
	<u>645,419</u>	<u>214,071</u>

9 Creditors: Amounts Falling Due Within One Year	2005	2004
	£	£
Bank loans and overdrafts	31,029	3,055
Net obligations under hire purchase contracts (Note 12)	-	15,805
Trade creditors	86,792	143,958
Amounts owed to parent and fellow subsidiary undertakings	2,389,374	1,403,699
Taxes and social security costs	42,382	102,217
Other creditors	76,983	154,785
Accruals and deferred income	155,373	167,083
	<u>2,781,933</u>	<u>1,990,602</u>

Obligations under hire purchase contracts are secured on related assets.

10 Called Up Share Capital	2005	2004
	£	£
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
 <b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**Waterloo Investments Ltd**  
**Notes to the Financial Statements**  
**For the year ended 28 February 2005 (Continued)**

**11 Reserves**

<b>2005</b>	<b>Share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 March 2004	100	(1,743,836)	(1,743,736)
Retained loss for the year	-	(373,277)	(373,277)
	<hr/>	<hr/>	<hr/>
Balance at 28 February 2005	100	(2,117,113)	(2,117,013)
	<hr/>	<hr/>	<hr/>
<b>2004</b>	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 March 2003	100	(924,641)	(924,541)
Retained loss for the year	-	(819,195)	(819,195)
	<hr/>	<hr/>	<hr/>
Balance at 29 February 2004	100	(1,743,836)	(1,743,736)
	<hr/>	<hr/>	<hr/>

**12 Future Financial Commitments**

**a) Finance leases**

At 28 February 2005 the company had obligations under finance leases and hire purchase contracts which are set out below:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Net amount payable: within one year	-	15,805
	<hr/>	<hr/>
Finance lease and hire purchase contracts are analysed as follows: due within one year (Note 9)	-	15,805
	<hr/>	<hr/>

**b) Pension commitments**

**Defined contribution**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	43,426	56,554
	<hr/>	<hr/>

**Waterloo Investments Ltd**  
**Notes to the Financial Statements**  
**For the year ended 28 February 2005 (Continued)**

**13 Related Party Transactions**

The company's related parties as defined by the Financial Reporting Standards, the nature of the relationship and the amount of transactions with them during the period were as follows:

<b>Related Party</b>	<b>Nature of Relationship</b>	<b>2005 £</b>	<b>2004 £</b>	<b>Nature of Transaction</b>
J.R.G. Hunter	1	-	16,000	Market value owed for motor vehicle
Northacre PLC Directors Retirement and Death Benefit Scheme	2	60,000	60,000	Short term loan payable to the scheme by the company
Northacre PLC Directors Retirement and Death Benefit Scheme	2	13,719	6,000	Interest charged on loan
Northacre PLC Directors Retirement and Death Benefit Scheme	2	3,000	3,000	Management fee receivable from the scheme

**Nature of Relationships**

1. J.R.G. Hunter and K.B. Nilsson are directors of the company.
2. J.R.G. Hunter and K.B. Nilsson are trustees and members of the Northacre PLC Directors Retirement and Death Benefit Scheme.

The company has taken advantage of the exemption from disclosure of transactions with group companies available to subsidiary undertakings under Financial Reporting Standard No. 8 para 3(c).

**Waterloo Investments Ltd**  
**Notes to the Financial Statements**  
**For the year ended 28 February 2005 (Continued)**

**14 Contingent Liabilities**

A third party has brought a claim against the company regarding payment of a profit share in respect of a completed development. Legal proceedings were commenced by the third party in 2001. The amount claimed is £744,008. The company has counterclaimed against the third party for £333,708 plus interest and costs. No provision has been made in these accounts for this liability as the Board are of the firm opinion that there is no prospect that the claim against the company will be successful.

**15 Controlling Party**

The company is a wholly owned subsidiary undertaking of Northacre PLC, a company registered in England and Wales. Copies of the group financial statements are available from The Inner Court, 48 Old Church Street, London, SW3 5BY.