

**PILLAR OFFICES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

31st March 2002

Registered number: 2725156



**PILLAR OFFICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS 31ST MARCH 2002**

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## PILLAR OFFICES LIMITED

### DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31st March 2002.

#### 1. PRINCIPAL ACTIVITY

During the year the company continued to invest in commercial property through its investment in the City of London Office Unit Trust.

#### 2. 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 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 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. The directors have a 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.

#### 3. DIRECTORS

The following served as directors during the year:

H J M Price  
H R Mould  
P L Vaughan  
E Doyle - resigned 30<sup>th</sup> August 2002  
M Stirling  
P C R Wates - appointed 23<sup>rd</sup> November 2001, resigned 16<sup>th</sup> August 2002

None of the directors had any interest in the shares of the company during the year.

The interests of Mr H J M Price, Mr H R Mould and Mr P L Vaughan in the shares of the parent company, Pillar Property PLC, are shown in the report and accounts of that company.

The interests of the other directors who held office at the end of the year in the shares of the parent company, Pillar Property PLC are as follows:

	31st March 2002 29 <sup>th</sup> p ordinary	31st March 2001 29 <sup>th</sup> p ordinary
M Stirling	21,472	21,472

#### 4. AUDITORS

A resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the company.

#### 5. INSURANCE

The company has maintained liability insurance for its directors through a group wide scheme.

Lansdowne House  
Berkeley Square  
London  
W1J 6HQ



By Order of the Board  
P J Martin  
Secretary  
12th September 2002

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF  
PILLAR OFFICES LIMITED**

We have audited the financial statements on pages 3 to 6.

*Respective responsibilities of directors and auditors*

The directors are responsible for preparing the director's report. As described on page 1, this includes responsibility for preparing 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 affairs of the company as at 31st March 2002 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London

12th September 2002

**PILLAR OFFICES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31ST MARCH 2002**

		Year ended 31st March 2002	Year ended 31st March 2001
	NOTE	£	£
ADMINISTRATIVE AND OTHER EXPENSES		(31)	-
OPERATING (LOSS)	2	(31)	-
PROFIT/ (LOSS) ON DISPOSAL OF INVESTMENT PROPERTY		41,879	(6,204)
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		41,848	(6,204)
PROPOSED DIVIDEND		-	-
RETAINED PROFIT/ (LOSS) FOR THE YEAR		41,848	(6,204)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

PROFIT/ (LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION	41,848	(6,204)
UNREALISED (DEFICIT)/ SURPLUS ON REVALUATION OF INVESTMENTS	(1,616,384)	9,695,993
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(1,574,536)	9,689,789

All items in the profit and loss account derive from continuing operations.  
There were no material differences in the historical profit and loss.

**PILLAR OFFICES LIMITED**

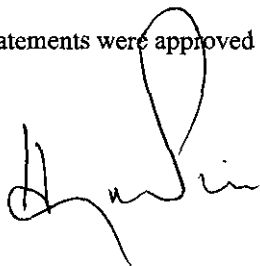
**BALANCE SHEET**

**AS AT 31ST MARCH 2002**

		NOTE	31st March 2002 £	31st March 2001 £
FIXED ASSETS	Investment partnership	5	<u>61,793,285</u>	<u>59,695,993</u>
CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)		6	<u>(54,157,557)</u>	<u>(50,485,729)</u>
NET CURRENT LIABILITIES			<u>(54,157,557)</u>	<u>(50,485,729)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,635,728</u>	<u>9,210,264</u>
NET ASSETS			<u><u>7,635,728</u></u>	<u><u>9,210,264</u></u>
CAPITAL AND RESERVES	Called up share capital	7	2	2
	Profit and loss account	9	(443,883)	(485,731)
	Revaluation reserve	9	<u>8,079,609</u>	<u>9,695,993</u>
SHAREHOLDERS' FUNDS			<u><u>7,635,728</u></u>	<u><u>9,210,264</u></u>

The financial statements were approved by the Board of Directors on 12th September 2002 and signed on its behalf by:

H.J.M.Price  
Director



# PILLAR OFFICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

Accounting Convention	The financial statements have been prepared under the historical cost accounting rules as modified by the revaluation of investment properties and in accordance with applicable accounting standards and with the Companies Act 1985 except as noted below under investment properties. The adoption of FRS 17 Retirement Benefits, FRS 18 Accounting Policies, FRS 19 Deferred Taxation and UITF 28 Operating Lease Incentives during the period has had no material impact on these results.
Investments	Investments are held at directors' valuation based on the net assets of the investment. Surpluses and deficits on revaluation are taken to the revaluation reserve except those deficits expected to be permanent, which are included in the profit and loss account for the year.
Deferred Taxation	Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.
Cash flow statement	Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and the ultimate parent company, which is incorporated in Great Britain, prepares a cash flow statement.
Related party transactions	As the company is a wholly owned subsidiary of Pillar Property PLC, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and therefore has not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Pillar Property PLC, within which this company is included, can be obtained from the address in note 10.

### 2. PROFIT AND LOSS ACCOUNT

Directors' emoluments and audit fees are both nil (2001 £nil). The company has no employees (2001 nil).

### 3. TAXATION

The corporation tax liability has been reduced to nil due to the receipt of group relief from the parent company for nil consideration.

### 4. DEFERRED TAXATION

The full potential deferred taxation liability not provided in the financial statements is as follows:

	Amount not Provided	
	2002	2001
	£	£
Arising on revaluation of investment property	-	1,454,861

### 5. INVESTMENT PARTNERSHIP

	£
At 31st March 2001 at valuation	59,695,993
Revaluation	(1,616,384)
Net equity additions	3,713,676
At 31st March 2002	<u>61,793,285</u>

The company has a 25.42% interest in The City of London Unit Trust, which operates in Jersey, Channel Islands. The above represents the company's share of the net assets of the trust. At 31st March 2002 the investment portfolio of The City of London Unit Trust was externally valued by CB Hillier Parker Limited, Chartered Surveyors at £555,500,000. The historical cost of the investment properties of the trust was £472,590,000 (2001 £50,000,000).

## PILLAR OFFICES LIMITED

# NOTES TO THE FINANCIAL STATEMENTS

<b>6. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)</b>		<b>2002</b> £	2001 £
	Amount due to parent company	54,157,557	50,443,850
	Accruals and deferred income	-	41,879
		<u>54,157,557</u>	<u>50,485,729</u>
<b>7. CALLED UP SHARE CAPITAL</b>		<b>2002</b> £	2001 £
	Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	Issued, allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
<b>8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS</b>		<b>2002</b> £	2001 £
	Retained profit/ (loss) for the year	41,848	(6,204)
	Unrealised deficit on revaluation of investments	<u>(1,616,384)</u>	9,695,993
		<u>(1,574,536)</u>	9,689,789
	Opening shareholders' funds	<u>9,210,264</u>	<u>(479,525)</u>
		<u>7,635,728</u>	<u>9,210,264</u>
<b>9. RESERVES</b>		<b>Profit and Loss Account</b> £	<b>Revaluation Reserve</b> £
	At 31st March 2001	(485,731)	9,695,993
	Retained profit for the year	41,848	-
	Unrealised deficit on revaluation of investments	-	<u>(1,616,384)</u>
		<u>(443,883)</u>	<u>8,079,609</u>
<b>10. PARENT COMPANY</b>	The parent company is Pillar Property PLC, a company incorporated and registered in England and Wales. A copy of that company's financial statements can be obtained from its registered office, Lansdowne House, Berkeley Square, London W1J 6HQ.		