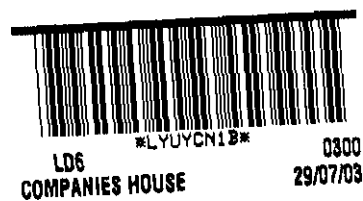


Registered number  
2909660

**London & Regional Properties Limited**

**Report and Accounts**

**30 September 2002**



**London & Regional Properties Limited**  
**Report and accounts**  
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**London & Regional Properties Limited**  
**Company Information**

**Directors**

Mr I M Livingstone  
Mr C King

**Secretary**

Mr R N Luck

**Registered Office**

St Alphage House  
2 Fore Street  
London  
EC2Y 5DH

**Auditors**

Hacker Young  
168 Church Road  
Hove  
East Sussex  
BN3 2DL

**Registered number**

2909660

## **London & Regional Properties Limited**

### **Directors' Report**

The directors present their report and accounts for the year ended 30 September 2002.

#### **Principal activities and review of the business**

The company acts as a provider of a wide range of property management and development services. The directors consider the financial position at 30 September 2002 to be satisfactory.

#### **Results and dividends**

The results for the year are set out in the profit & loss account on page 5. The directors do not recommend the payment of a dividend.

#### **Directors**

The directors who served during the year were:

Mr I M Livingstone

Mr C King (appointed 15 November 2001)

The directors had no interests in the issued share capital of the company at any time during the year ended 30 September 2002.

#### **Fixed Assets**

The movement in fixed assets during the year is set out in notes 7 and 8 to the accounts.

#### **Auditors**

The company passed an Elective Resolution during the year, pursuant to Section 386 of the Companies Act 1985, electing to dispense with the obligation to re-appoint auditors annually. The resolution remains in force.

This report was approved by the board on 23 July 2003.

Mr R N Luck



Secretary

## **London & Regional Properties Limited**

### **Statement of Directors' Responsibilities**

Company law requires the directors to prepare accounts 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 accounts, 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 accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 accounts 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.

## **London & Regional Properties Limited**

### **Independent auditors' report to the shareholder of London & Regional Properties Ltd**

We have audited the accounts of London & Regional Properties Ltd for the year ended 30 September 2002 which comprise pages 5 to 13. These accounts have been prepared under the historical cost convention as modified to include the revaluation of 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 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**

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 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 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Hacker Young

Chartered Accountants and Registered Auditors

168 Church Road  
Hove  
East Sussex  
BN3 2DL

23 July 2003

**London & Regional Properties Limited**  
**Profit and Loss Account**  
**for the year ended 30 September 2002**

	Notes	2002 £	2001 £
Turnover		3,583,752	2,698,876
Net operating expenses	2	(9,825,519)	(7,152,781)
<b>Operating loss</b>	3	<u>(6,241,767)</u>	<u>(4,453,905)</u>
Share of profit/(loss) in joint venture		251,944	172,458
Share of taxation		(75,810)	(4,782)
		176,134	167,676
Exceptional items			
Waivers less provisions against inter-company balances		5,589,042	-
<b>Loss before interest</b>		<u>(476,591)</u>	<u>(4,286,229)</u>
Interest receivable		1,162,532	740,914
Interest payable	5	(245,074)	(159,957)
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>440,867</u>	<u>(3,705,272)</u>
Tax on profit/(loss) on ordinary activities	6	-	-
<b>Profit/(loss) for the financial year</b>		<u>440,867</u>	<u>(3,705,272)</u>
<b>Retained profit/(loss) for the financial year</b>	13	<u>440,867</u>	<u>(3,705,272)</u>

**London & Regional Properties Limited**  
**Statement of total recognised gains and losses**  
**for the year ended 30 September 2002**

	<b>Notes</b>	<b>2002 £</b>	<b>2001 £</b>
Profit/(loss) for the financial year		440,867	(3,705,272)
Movement on revaluation reserve on transfer of investment in joint venture	12	(16,315,121)	-
Total recognised gains and losses related to the year		<u>(15,874,254)</u>	<u>(3,705,272)</u>



**London & Regional Properties Limited**  
**Balance Sheet**  
**as at 30 September 2002**

	Notes	2002 £	2001 £
<b>Fixed assets</b>			
Tangible assets	7	108,373	124,843
Investments in joint venture	8		
Share of gross assets	-	155,269,375	
Share of gross liabilities	-	(138,942,995)	
			16,326,380
<b>Current assets</b>			
Debtors	9	174,565,695	142,996,179
Cash at bank and in hand		6,003,931	623,834
		180,569,626	143,620,013
<b>Creditors: amounts falling due within one year</b>	10	(184,767,888)	(148,099,578)
<b>Net current liabilities</b>		(4,198,262)	(4,479,565)
		<u>(4,089,889)</u>	<u>11,971,658</u>
<b>Capital and reserves</b>			
Called up share capital	11	8	8
Revaluation reserve	12	-	16,315,121
Profit and loss account	13	(4,089,897)	(4,343,471)
<b>Shareholders' funds:</b>			
Equity		<u>(4,089,889)</u>	<u>11,971,658</u>
	14	<u>(4,089,889)</u>	<u>11,971,658</u>

Mr I M Livingstone  
Director

Approved by the board on 23 July 2003

**London & Regional Properties Limited**  
**Cash Flow Statement**  
**for the year ended 30 September 2002**

	Notes	2002 £	2001 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating loss		(6,241,767)	(4,453,905)
Depreciation charges		57,217	60,595
Increase in debtors		(31,569,416)	(50,837,921)
Increase in creditors		39,698,654	47,652,652
<b>Net cash inflow/(outflow) from operating activities</b>		<u>1,944,688</u>	<u>(7,578,579)</u>
<b>CASH FLOW STATEMENT</b>			
<b>Net cash inflow/(outflow) from operating activities</b>		1,944,688	(7,578,579)
<b>Returns on investments and servicing of finance</b>	15	917,458	580,957
<b>Capital expenditure</b>			
Payments to acquire fixed assets	15	(40,747)	(45,445)
		<u>2,821,399</u>	<u>(7,043,067)</u>
<b>Increase/(decrease) in cash</b>		<u>2,821,399</u>	<u>(7,043,067)</u>
<b>Reconciliation of net cash flow to movement in net debt</b>			
<b>Increase/(decrease) in cash in the period</b>		2,821,399	(7,043,067)
<b>Change in net debt</b>	16	<u>2,821,399</u>	<u>(7,043,067)</u>
<b>Net funds at 1 October</b>		623,834	7,666,901
<b>Net funds at 30 September</b>		<u>3,445,233</u>	<u>623,834</u>

**London & Regional Properties Limited**  
**Notes to the Accounts**  
**for the year ended 30 September 2002**

**1 Accounting policies**

The accounts have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies which have been consistently applied are given below.

**Accounting convention**

The accounts have been prepared under the historical cost convention as modified to include the revaluation of fixed assets and in accordance with applicable accounting standards.

**Deferred taxation**

Deferred taxation is provided on the liability method on all timing differences which are expected in the foreseeable future, calculated at the rate at which it is estimated that the tax will be payable.

**Turnover**

Turnover comprises management charges receivable from group undertakings net of value added tax.

**Depreciation**

Provision is made for depreciation on all tangible assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Fixtures & Fittings	20% per annum on a straight line basis
Motor Vehicles	25% per annum on a straight line basis

**2 Net operating expenses**

	2002 £	2001 £
Property expenses	9,405,663	6,582,000
Administrative expenses	419,856	570,781
	<u>9,825,519</u>	<u>7,152,781</u>

**3 Operating loss**

	2002 £	2001 £
This is stated after charging:		
Audit fees	44,808	6,340
Depreciation of owned fixed assets	<u>57,217</u>	<u>60,595</u>

**London & Regional Properties Limited**  
**Notes to the Accounts**  
**for the year ended 30 September 2002**

**4 Staff costs**

<b>2002</b>	<b>2001</b>
<b>£</b>	<b>£</b>

Employee costs including executive directors amounted to:

Salaries	2,261,310	1,737,327
Other pension costs	33,905	64,448
Social security costs	251,440	191,438
	<u>2,546,655</u>	<u>1,993,213</u>

<b>Number</b>	<b>Number</b>
---------------	---------------

The average weekly number of employees including executive directors was:

Management and administration	<u>29</u>	<u>25</u>
	<b>£</b>	<b>£</b>

Directors' emoluments were as follows:  
Directors' remuneration

<u>419,253</u>	<u>50,000</u>
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**5 Interest payable**

<b>2002</b>	<b>2001</b>
<b>£</b>	<b>£</b>

Other interest	<u>245,074</u>	<u>159,957</u>
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**6 Taxation**

No liability to corporation tax will accrue on the results for the year due to the availability of tax losses.

**7 Tangible fixed assets**

	<b>Fixtures &amp; Equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 October 2001	340,407	231,042	571,449
Additions	<u>37,283</u>	<u>3,464</u>	<u>40,747</u>
At 30 September 2002	<u>377,690</u>	<u>234,506</u>	<u>612,196</u>
<b>Depreciation</b>			
At 1 October 2001	258,631	187,975	446,606
Charge for the year	<u>38,297</u>	<u>18,920</u>	<u>57,217</u>
At 30 September 2002	<u>296,928</u>	<u>206,895</u>	<u>503,823</u>
<b>Net book value</b>			
At 30 September 2002	<u>80,762</u>	<u>27,611</u>	<u>108,373</u>
At 30 September 2001	<u>81,776</u>	<u>43,067</u>	<u>124,843</u>

**London & Regional Properties Limited**  
**Notes to the Accounts**  
**for the year ended 30 September 2002**

**8 Investments**

<b>Investment in joint venture</b>	<b>2002</b>	<b>2001</b>
<b>Cost</b>	<b>£</b>	<b>£</b>
At 1 October 2001	16,326,380	16,158,704
Addition	-	-
Disposals	(16,502,514)	-
Share of retained profit	176,134	167,676
Share of surplus on revaluation	-	-
At 30 September 2002	<u>-</u>	<u>16,326,380</u>

The company transferred its 50% participation in Octane Properties Limited to a related undertaking on 30 September 2002. The principal activity of Octane Properties Limited is property investment. The company's share of the joint venture results are as follows:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>Turnover</b>		
Share of turnover of joint venture	<u>10,122,760</u>	<u>10,122,760</u>
<b>Share of assets</b>		
Share of fixed assets	-	150,000,000
Share of current assets	-	5,269,375
	<u>-</u>	<u>155,269,375</u>
<b>Share of liabilities</b>		
Liabilities due within one year or less	-	3,161,865
Liabilities due after more than one year	-	135,781,130
	<u>-</u>	<u>138,942,995</u>
<b>Share of net assets</b>	<u>-</u>	<u>16,326,380</u>

**9 Debtors**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Trade debtors	3,819	-
Amounts owed by related undertakings	135,290,260	119,070,648
Amounts owed by joint ventures	-	-
Development projects	22,841,481	14,480,138
Prepayments and accrued income	3,563,745	61,073
Other taxes and social security costs	40,609	-
Other debtors	12,825,781	9,384,320
	<u>174,565,695</u>	<u>142,996,179</u>

**10 Creditors: amounts falling due within one year**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	2,558,698	-
Amounts owed to former and current director	12,830,170	10,380,723
Trade creditors	679,771	4,205,576
Amounts owed to related undertakings	160,898,722	129,611,145
Other taxes and social security costs	67,602	521,566
Other creditors	7,721,175	1,493,710
Accruals and deferred income	11,750	7,940
Amounts owed to joint ventures	-	1,878,918
	<u>184,767,888</u>	<u>148,099,578</u>

**London & Regional Properties Limited**  
**Notes to the Accounts**  
**for the year ended 30 September 2002**

<b>11 Share capital</b>	<b>2002 No</b>	<b>2001 No</b>	<b>2002 £</b>	<b>2001 £</b>
Authorised:				
Ordinary shares of £1 each (2001 \$1 each)	2	10	2	6
Deferred shares of \$1 each (2001 £1 each)	10	2	6	2
			<u>8</u>	<u>8</u>
	<b>2002 No</b>	<b>2001 No</b>	<b>2002 £</b>	<b>2001 £</b>
Allotted, called up and fully paid:				
Ordinary shares of £1 each (2001 \$1 each)	2	10	2	6
Deferred shares of \$1 each (2001 £1 each)	10	2	6	2
			<u>8</u>	<u>8</u>
<b>12 Revaluation reserve</b>			<b>2002 £</b>	<b>2001 £</b>
At 1 October			16,315,121	16,315,121
Disposal in year			(16,315,121)	-
At 30 September			<u>-</u>	<u>16,315,121</u>
<b>13 Profit and loss account</b>			<b>2002 £</b>	<b>2001 £</b>
At 1 October 2001			(4,343,471)	(638,199)
Retained profit/(loss)			264,733	(3,872,948)
Share of joint venture's profit			176,134	167,676
Disposal of interest in joint venture			(187,293)	-
At 30 September 2002			<u>(4,089,897)</u>	<u>(4,343,471)</u>
<b>14 Reconciliation of movement in shareholders' funds</b>			<b>2002 £</b>	<b>2001 £</b>
At 1 October 2001			11,971,658	15,676,930
Profit/(loss) for the financial year			440,867	(3,705,272)
Arising on disposal of share of joint venture's revaluation surplus			(16,315,121)	-
Arising on disposal of share of joint venture's retained profit			(187,293)	-
At 30 September 2002			<u>(4,089,889)</u>	<u>11,971,658</u>

**London & Regional Properties Limited**  
**Notes to the Accounts**  
**for the year ended 30 September 2002**

**15 Gross cash flows**

	2002 £	2001 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,162,532	740,914
Interest paid	(245,074)	(159,957)
	<u>917,458</u>	<u>580,957</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	<u>(40,747)</u>	<u>(45,445)</u>

**16 Analysis of changes in net debt**

	At 1 Oct 2001 £	Cash flows £	Non-cash changes £	At 30 Sep 2002 £
Cash at bank and in hand	623,834	5,380,097		6,003,931
Overdrafts	-	(2,558,698)		(2,558,698)
		<u>2,821,399</u>		
<b>Total</b>	<u>623,834</u>	<u>2,821,399</u>	<u>-</u>	<u>3,445,233</u>

**17 Ultimate parent undertaking**

The company is a wholly owned subsidiary of London & Regional Group Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Nutmeg Limited, a company incorporated in Guernsey, Channel Islands.

**18 Related parties**

At 30 September 2002 the company owed I.M. Livingstone and R J. Livingstone, current and former directors of the company, £12,830,170 (2001 £10,380,595). The loan is included under creditors in note 10 to the accounts.