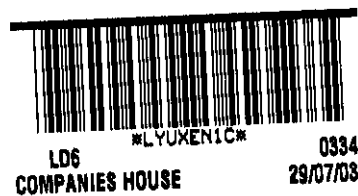


Registered number
2958517

London & Regional (Sheffield) Limited

Report and Accounts

30 September 2002



London & Regional (Sheffield) Limited
Report and accounts
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London & Regional (Sheffield) 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

2958517

London & Regional (Sheffield) 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 commercial property investment company. The director considers the financial position at 30 September 2002 to be satisfactory.

Results and dividends

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

Directorss

The directors who served during the year was:

Mr I M Livingstone

Mr C King (Appointed 30 September 2002)

Mr D D Burke (resigned 30 September 2002)

The directors had no interest in the ordinary shares of the company at any time during the year.

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 (Sheffield) 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 (Sheffield) Limited

Independent auditors' report to the shareholders of London & Regional (Sheffield) Limited

We have audited the accounts of London & Regional (Sheffield) Limited for the year ended 30 September 2002 which comprise pages 5 to 10. 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 body, 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.

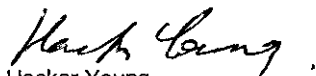
Basis of audit opinion

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 loss 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 (Sheffield) Limited
Profit and Loss Account
for the year ended 30 September 2002

	Notes	Year to 30 September 2002 £	Year to 30 September 2001 £
Turnover	2	768,538	84,082
Administrative expenses		(172,447)	(143,503)
Other operating income		-	13,282
Operating profit/(loss)	3	<u>596,091</u>	<u>(46,139)</u>
Interest receivable		4,927	-
Interest payable	4	(628,134)	(42,962)
Loss on ordinary activities before taxation		<u>(27,116)</u>	<u>(89,101)</u>
Loss for the financial year		<u>(27,116)</u>	<u>(89,101)</u>
Retained loss for the financial year	11	<u>(27,116)</u>	<u>(89,101)</u>

London & Regional (Sheffield) Limited
Statement of total recognised gains and losses
for the year ended 30 September 2002

	Notes	2002 £	2001 £
Loss for the financial year		(27,116)	(89,101)
Realised surplus on revaluation of properties	10	292,008	1,196,073
Total recognised gains and losses related to the year		<u>264,892</u>	<u>1,106,972</u>

London & Regional (Sheffield) Limited
Balance Sheet
as at 30 September 2002

	Notes	2002 £	2001 £
Fixed assets			
Investment property	5	10,325,000	9,000,000
Current assets			
Debtors	6	1,331,575	202,818
Cash at bank and in hand		123,687	-
		<u>1,455,262</u>	<u>202,818</u>
Creditors: amounts falling due within one year	7	(954,000)	(8,086,958)
Net current assets/(liabilities)		<u>501,262</u>	<u>(7,884,140)</u>
Total assets less current liabilities		<u>10,826,262</u>	<u>1,115,860</u>
Creditors: amounts falling due after more than one year	8	(9,445,510)	-
		<u>1,380,752</u>	<u>1,115,860</u>
Capital and reserves			
Called up share capital	9	2	2
Revaluation reserve	10	1,488,081	1,196,073
Profit and loss account	11	(107,331)	(80,215)
Shareholders' funds:			
Equity		<u>1,380,752</u>	<u>1,115,860</u>
	12	<u>1,380,752</u>	<u>1,115,860</u>

These financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.



Mr I M Livingstone
Director

Approved by the board on 23 July 2003

London & Regional (Sheffield) 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.

Depreciation

Compliance with Statement of Standard Accounting Practice 19 (SSAP 19) "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation for the departure is given below.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually and the surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties. The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with SSAP 19 and the director considers that to depreciate would not give a true and fair view.

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.

Cash flow statement

The company has taken advantage of the exemption permitted by Financial Reporting Standard 1, whereby a cash flow statement need not be prepared by a small company as defined in the Companies Act 1985.

Turnover

Turnover comprises rental income net of value added tax.

2 Turnover

The total turnover for the company for the year has been derived from it's principal activity, wholly undertaken in the UK.

3 Operating loss

This is stated after charging:

Auditors' remuneration

2002	2001
£	£
1,550	1,550

London & Regional (Sheffield) Limited
Notes to the Accounts
for the year ended 30 September 2002

4 Interest payable	2002	2001
	£	£
On borrowings repayable within five years	<u>628,134</u>	<u>42,962</u>

5 Investment Property

	Leasehold Land & Buildings
Valuation	£
At 1 October 2001	9,000,000
Additions	1,032,992
Surplus on revaluation	<u>292,008</u>
At 30 September 2002	<u>10,325,000</u>
At cost	<u>8,836,919</u>

The investment property was valued by the director on an open market value basis at 30 September 2002.

6 Debtors	2002	2001
	£	£
Trade debtors	37,177	118,602
Amounts owed by related undertakings	978,526	-
Other debtors	-	84,216
Prepayments and accrued income	<u>315,872</u>	<u>-</u>
	<u>1,331,575</u>	<u>202,818</u>

7 Creditors: amounts falling due within one year	2002	2001
	£	£
Bank loans and overdrafts	89,319	7,147,350
Trade creditors	18,051	-
Amounts owed to related undertakings	438,875	918,126
Other taxes and social security costs	36,825	-
Other creditors	-	17,327
Accruals and deferred income	<u>370,930</u>	<u>4,155</u>
	<u>954,000</u>	<u>8,086,958</u>

8 Creditors: amounts falling due after one year	2002	2001
	£	£
Bank loan	<u>9,445,510</u>	<u>-</u>

The bank loan is secured by a fixed charge over the investment properties and is repayable in July 2007.

London & Regional (Sheffield) Limited
Notes to the Accounts
for the year ended 30 September 2002

9 Share capital			2002	2001
			£	£
Authorised:				
1,000 Ordinary shares of £1 each			1,000	1,000
			<u>1,000</u>	<u>1,000</u>
	2002	2001	2002	2000
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	2	2	2	2
			<u>2</u>	<u>2</u>
10 Revaluation reserve			2002	2001
			£	£
At 1 October 2001			1,196,073	
Arising on revaluation during the year			292,008	1,196,073
			<u>1,488,081</u>	<u>1,196,073</u>
At 30 September 2002				
11 Profit and loss account			2002	2001
			£	£
At 1 October 2001			(80,215)	8,886
Retained loss			(27,116)	(89,101)
			<u>(107,331)</u>	<u>(80,215)</u>
At 30 September 2002				
12 Reconciliation of movement in shareholders' funds			2002	2001
			£	£
At 1 October 2001			1,115,860	8,888
Loss for the financial year			(27,116)	(89,101)
Other recognised gains and losses			292,008	1,196,073
			<u>1,380,752</u>	<u>1,115,860</u>
At 30 September 2002				

13 Parent undertaking

The company is a wholly owned subsidiary of London and Regional Investment Holdings Ltd, a company incorporated and registered in the United Kingdom. The ultimate parent undertaking is Nutmeg Limited, a company incorporated in Guernsey, Channel Islands.