

**SODESM PROPERTY LIMITED**

**Report and Financial Statements**

**31 December 2003**



# **SODESM PROPERTY LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Adrian J Pink  
Anthony J Thompson

#### **SECRETARY**

Temple Secretarial Limited

#### **REGISTERED OFFICE**

16 Old Bailey  
London  
EC4M 7EG

#### **BANKERS**

C Hoare & Co  
37 Fleet Street  
London  
EC4P 4DQ

#### **SOLICITORS**

Withers & Co  
16 Old Bailey  
London  
EC4M 7EG

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Cambridge

# **SODESM PROPERTY LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

## **ACTIVITIES**

The company's principal activity is property investment in the United Kingdom.

## **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The company has made a profit before tax of £253,900 (2002 - loss £109,987) as a result of a profit of £265,225 on disposal of fixed assets. The directors expect profits to return to a normal level in the year ahead.

## **DIVIDENDS**

The directors do not recommend the payment of a dividend (2002 - nil).

## **DIRECTORS AND THEIR INTERESTS**

The directors who served throughout the year were as follows:

Adrian J Pink  
Anthony J Thompson

Neither director held any beneficial interest in the shares of the company or other group companies at 1 January or 31 December 2003 or at any time during the year.

## **AUDITORS**

Deloitte & Touche LLP 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.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial year 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;
- 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. 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.

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



Director

8th October 2004

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SODESM PROPERTY LIMITED**

We have audited the financial statements of Sodesm Property Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under 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 auditors' 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 financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.


### **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.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and  
Registered Auditors

Cambridge

25 October 2004

# SODESM PROPERTY LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	2	301,788	347,465
Administrative expenses		(273,660)	(352,232)
<b>OPERATING PROFIT (LOSS)</b>	4	<u>28,128</u>	<u>(4,767)</u>
Profit on disposal of fixed asset		265,225	-
Interest receivable and similar income		726	16
Interest payable and similar charges	5	(40,179)	(105,236)
		<u>225,772</u>	<u>(105,220)</u>
<b>PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		253,900	(109,987)
Tax on profit (loss) on ordinary activities	6	(34,988)	5,231
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>		218,912	(104,756)
<b>Accumulated losses brought forward</b>		<u>(1,753,757)</u>	<u>(1,649,001)</u>
<b>Accumulated losses carried forward</b>		<u><u>(1,534,845)</u></u>	<u><u>(1,753,757)</u></u>

All activities derive from continuing operations.

There are no recognised gains and losses for the current financial year and the preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

# SODESM PROPERTY LIMITED

## BALANCE SHEET 31 December 2003

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Tangible assets	7	3,070,097	4,115,873
Investments	8	797,743	799,874
		<u>3,867,840</u>	<u>4,915,747</u>
<b>CURRENT ASSETS</b>			
Debtors	9		
Due within one year		47,560	162,099
Due in more than one year		2,397,426	2,035,194
Cash at bank and in hand		9,535	85,361
		<u>2,454,521</u>	<u>2,282,654</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>307,207</u>	<u>1,423,813</u>
<b>NET CURRENT ASSETS</b>		<u>2,147,314</u>	<u>858,841</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,015,154	5,774,588
<b>CREDITORS: amounts falling due after more than one year</b>	11	(7,549,434)	(7,522,214)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	6	<u>(563)</u>	<u>(6,129)</u>
		<u>(1,534,843)</u>	<u>(1,753,755)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	2	2
Profit and loss account		(1,534,845)	(1,753,757)
<b>TOTAL EQUITY SHAREHOLDERS' DEFICIT</b>		<u>(1,534,843)</u>	<u>(1,753,755)</u>

These financial statements were approved by the Board of Directors on

8<sup>th</sup> October 2004

Signed on behalf of the Board of Directors



Director

# SODESM PROPERTY LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2003

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Going concern

The company's ultimate parent company has undertaken to provide the company with necessary financial support and accordingly the directors have prepared the financial statements on a going concern basis.

#### Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Long leasehold property	2% per annum
Fixtures, fittings and equipment	25% per annum

#### Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

#### Deferred taxation

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Leases

Rentals are charged to profit and loss in equal annual amounts over the lease term.

### 2. TURNOVER

Turnover comprises revenue from provision of property and services relating to Sodesm International Limited. The turnover, all of which arises in the United Kingdom, is attributable to the company's principal activity.

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Neither of the directors received any emoluments in this year or the preceding financial year.

	2003 £	2002 £
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	32,967	31,744
Social security costs	3,774	3,201
	<u>36,741</u>	<u>34,945</u>
	<b>No</b>	<b>No</b>
<b>Number of persons employed:</b>		
Administration	<u>3</u>	<u>3</u>

# SODESM PROPERTY LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2003

### 4. OPERATING PROFIT (LOSS)

	2003 £	2002 £
<b>Operating profit (loss) is after charging:</b>		
Depreciation		
Owned assets	81,778	94,541
Auditors' remuneration	8,808	8,700
	<u>          </u>	<u>          </u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank loans and overdrafts	40,179	105,236
	<u>          </u>	<u>          </u>

### 6. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

	2003 £	2002 £
<b>Current taxation</b>		
Group relief payable (receivable)	40,554	(11,184)
	<u>          </u>	<u>          </u>
<b>Total current tax</b>	40,554	(11,184)
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(5,566)	5,953
	<u>          </u>	<u>          </u>
<b>Tax on profit (loss) on ordinary activities</b>	<u>34,988</u>	<u>(5,231)</u>



# SODESM PROPERTY LIMITED

## NOTES TO THE ACCOUNTS

### Year ended 31 December 2003

#### 6. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2002 - 30%). The actual tax charge (credit) for the current and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2003 £	2002 £
Profit (loss) on ordinary activities before tax	253,900	(109,987)
Tax on profit (loss) on ordinary activities at standard rate	76,170	(32,996)
Factors affecting charge (credit) for the year:		
Expenses not deductible for tax purposes	24,533	27,765
Capital allowances in excess of depreciation	(187)	926
Utilisation of tax losses	(9,000)	(6,879)
Profit on disposal of ineligible assets	(79,568)	-
Chargeable gain	28,606	-
Total actual amount of current tax	40,554	(11,184)
Deferred taxation		£
As at 1 January 2003		6,129
Credited for the year		(5,566)
As at 31 December 2003		563

The amounts of deferred tax provided in the financial statements and potential amounts not provided are as follows:

	Provided		Unprovided	
	2003 £	2002 £	2003 £	2002 £
Capital allowances in excess of depreciation	563	6,129	-	-
Capital losses	-	-	-	(9,000)
	563	6,129	-	(9,000)

# SODESM PROPERTY LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2003

### 7. TANGIBLE FIXED ASSETS

	Long leasehold property £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 January 2003	4,591,382	794,324	5,385,706
Disposals in year	(1,042,160)	-	(1,042,160)
At 31 December 2003	<u>3,549,222</u>	<u>794,324</u>	<u>4,343,546</u>
<b>Accumulated depreciation</b>			
At 1 January 2003	475,969	793,864	1,269,833
Charge in year	81,406	372	81,778
Disposals in year	(78,162)	-	(78,162)
At 31 December 2003	<u>479,213</u>	<u>794,236</u>	<u>1,273,449</u>
<b>Net book value</b>			
At 31 December 2003	<u>3,070,009</u>	<u>88</u>	<u>3,070,097</u>
At 31 December 2002	<u>4,115,413</u>	<u>460</u>	<u>4,115,873</u>

### 8. INVESTMENTS HELD AS FIXED ASSETS

	Antiques £
<b>Cost</b>	
At 1 January 2003	877,731
Disposals in year	(2,131)
At 31 December 2003	<u>875,600</u>
<b>Provision for impairment in value</b>	
At 1 January 2003 and 31 December 2003	<u>77,857</u>
<b>Net book value</b>	
At 31 December 2003	<u>797,743</u>
At 31 December 2002	<u>799,874</u>

### 9. DEBTORS

	2003 £	2002 £
Due within one year:		
Share capital unpaid	2	2
Other debtors	42,006	51,585
Corporation tax recoverable	-	77,529
Prepayments and accrued income	5,552	32,983
	<u>47,560</u>	<u>162,099</u>
Due in more than one year:		
Amounts owed by fellow subsidiaries	<u>2,397,426</u>	<u>2,035,194</u>

# **SODESM PROPERTY LIMITED**

## **NOTES TO THE ACCOUNTS** **Year ended 31 December 2003**

### **10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Amounts owed to parent	239,565	239,565
Bank overdraft	-	1,140,954
Corporation tax payable	40,554	-
Accruals and deferred income	27,088	43,294
	<u>307,207</u>	<u>1,423,813</u>

### **11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	<u>7,549,434</u>	<u>7,522,214</u>
This amount falls due after more than five years.		

### **12. CALLED UP SHARE CAPITAL**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and not paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### **13. ULTIMATE PARENT COMPANY**

In the opinion of the directors, the immediate and ultimate parent company and ultimate controlling party is Power Corporation of Canada, a company incorporated in Canada.

Group accounts are available from 751 Victoria Square, Montreal H2Y 2J3, Canada.

### **14. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption available under section 3 (c) of FRS 8 (Related Party Transactions) not to disclose details of transactions with fellow group companies.

Mr P G Desmarais is a director of the parent company, Power Corporation of Canada. During the year the company charged Mr P G Desmarais £26,012 (2002 - £63,118) for the use of a flat and related expenses. At 31 December 2003 the amount due from Mr P G Desmarais was £42,006 (2002 - £51,585).