

SODESM PROPERTY LIMITED

Report and Financial Statements

31 December 2004



SODESM PROPERTY LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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SODESM PROPERTY LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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 2004.

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 £52,253 (2003 - £253,900). The directors expect the profits for 2005 to be similar to those in 2004.

DIVIDENDS

The directors do not recommend the payment of a dividend (2003 - 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 2004 or 31 December 2004 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



Adrian J Pink

Director

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 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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 2004 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

31 October 2005

SODESM PROPERTY LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 December 2004**

	Note	2004 £	2003 £
Turnover	2	300,842	301,788
Administrative expenses		(249,345)	(273,660)
OPERATING PROFIT	4	<u>51,497</u>	<u>28,128</u>
Profit on disposal of fixed asset		-	265,225
Interest receivable and similar income		764	726
Interest payable and similar charges	5	(8)	(40,179)
		<u>756</u>	<u>225,772</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		52,253	253,900
Tax on profit on ordinary activities	6	(30,832)	(34,988)
PROFIT FOR THE FINANCIAL YEAR		<u>21,421</u>	<u>218,912</u>
Accumulated losses brought forward		<u>(1,534,845)</u>	<u>(1,753,757)</u>
Accumulated losses carried forward		<u><u>(1,513,424)</u></u>	<u><u>(1,534,845)</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 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	7	2,999,025	3,070,097
Investments	8	797,743	797,743
		<u>3,796,768</u>	<u>3,867,840</u>
CURRENT ASSETS			
Debtors	9		
Due within one year		21,137	47,560
Due in more than one year		2,804,295	2,397,426
Cash at bank and in hand		20,222	9,535
		<u>2,845,654</u>	<u>2,454,521</u>
CREDITORS: amounts falling due within one year	10	606,410	307,207
NET CURRENT ASSETS		<u>2,239,244</u>	<u>2,147,314</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,036,012	6,015,154
CREDITORS: amounts falling due after more than one year	11	(7,549,434)	(7,549,434)
PROVISIONS FOR LIABILITIES AND CHARGES	6	-	(563)
		<u>(1,513,422)</u>	<u>(1,534,843)</u>
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Profit and loss account		(1,513,424)	(1,534,845)
TOTAL EQUITY SHAREHOLDERS' DEFICIT		<u>(1,513,422)</u>	<u>(1,534,843)</u>

These financial statements were approved by the Board of Directors on
 Signed on behalf of the Board of Directors

28 / 10 / 05 .



Director

SODESM PROPERTY LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom 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. Turnover is recognised when the economic risk and rewards are transferred to Sodesm International Limited.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

	2004	2003
	£	£
Staff costs during the year (including directors)		
Wages and salaries	25,402	32,967
Social security costs	13,759	3,774
	<u>39,161</u>	<u>36,741</u>
	No	No
Number of persons employed:		
Administration	<u>2</u>	<u>3</u>

SODESM PROPERTY LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2004**

4. OPERATING PROFIT

	2004 £	2003 £
Operating profit is after charging (crediting):		
Depreciation		
Owned assets	71,072	81,778
Rent received	(300,842)	(301,788)
Auditors' remuneration	6,463	8,808
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Other interest	8	-
Bank loans and overdrafts	-	40,179
	<u> </u>	<u> </u>
	8	40,179
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
Current taxation		
United Kingdom corporation tax as 30% (2003 - 30%)	36,887	-
Group relief payable	-	40,554
Adjustment in respect of previous periods	(5,492)	-
	<u> </u>	<u> </u>
Total current tax	31,395	40,554
Deferred taxation		
Origination and reversal of timing differences	(563)	(5,566)
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	<u>30,832</u>	<u>34,988</u>

SODESM PROPERTY LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2004**

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2003 - 30%). The actual tax charge for the current and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2004 £	2003 £
Profit on ordinary activities before tax	52,253	253,900
Tax on profit on ordinary activities at standard rate	15,676	76,170
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	30	24,533
Capital allowances in deficit (excess) of depreciation	21,181	(187)
Utilisation of tax losses	-	(9,000)
Adjustments to tax charge in respect of previous periods	(5,492)	-
Profit on disposal of ineligible assets	-	(79,568)
Chargeable gain	-	28,606
Total actual amount of current tax	31,395	40,554
Deferred taxation		£
As at 1 January 2004		563
Credited for the year		(563)
As at 31 December 2004		-

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

	Provided		Unprovided	
	2004 £	2003 £	2004 £	2003 £
Capital allowances in excess of depreciation	-	563	-	-

SODESM PROPERTY LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

7. TANGIBLE FIXED ASSETS

	Long leasehold property £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2004 and 31 December 2004	3,549,222	794,324	4,343,546
Accumulated depreciation			
At 1 January 2004	479,213	794,236	1,273,449
Charge in year	70,984	88	71,072
At 31 December 2004	550,197	794,324	1,344,521
Net book value			
At 31 December 2004	2,999,025	-	2,999,025
At 31 December 2003	3,070,009	88	3,070,097

8. INVESTMENTS HELD AS FIXED ASSETS

	Antiques £
Cost	
At 1 January 2004 and 31 December 2004	875,600
Provision for impairment in value	
At 1 January 2004 and 31 December 2004	77,857
Net book value	
At 31 December 2004	797,743
At 31 December 2003	797,743

9. DEBTORS

	2004 £	2003 £
Due within one year:		
Share capital unpaid	2	2
Other debtors	15,994	42,006
Prepayments and accrued income	5,141	5,552
	21,137	47,560
Due in more than one year:		
Amounts owed by fellow subsidiaries	2,804,295	2,397,426

Amounts due from fellow subsidiaries have no set repayment terms and are not interest bearing.

ŠODESM PROPERTY LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2004**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Amounts owed to parent undertaking	539,493	239,565
Corporation tax payable	36,887	40,554
Other taxes and social security	1,769	-
Accruals and deferred income	28,261	27,088
	<u>606,410</u>	<u>307,207</u>

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

	2004	2003
	£	£
Amounts owed to parent undertaking	<u>7,549,434</u>	<u>7,549,434</u>

This amount falls due after more than five years.

Amounts due to the parent undertaking are unsecured and non interest bearing.

12. CALLED UP SHARE CAPITAL

	2004	2003
	£	£
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>

SODESM PROPERTY LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	2004 £	2003 £
Profit attributable to the company	21,421	218,912
Opening shareholders' funds	(1,534,843)	(1,753,755)
Closing shareholders' funds	<u>(1,513,422)</u>	<u>(1,534,843)</u>

14. 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.

15. 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. Mr P G Desmarais has used the property in previous years for his own personal use. Mr P G Desmarais has not used the property during 2004 though Sodesm Property Limited charged Mr P G Desmarais £26,012 in respect of his occupation of the property during 2003. At 31 December 2004 the amount due from Mr P G Desmarais was £15,994 (2003 - £42,006).

Anthony K Thompson, a director of the company, is a partner in Withers LLP, a firm of lawyers. During the year, Withers LLP charged Sodesm Property Limited £43,875 (2003 - £46,312) for management services. At 31 December 2004, the amount due to Withers LLP was £12,431 (2003 - £6,350)

SODESM PROPERTY LIMITED

ADDITIONAL INFORMATION

The additional information which comprise the trading profit and loss account and related notes 1 to 5 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

SODESM PROPERTY LIMITED

TRADING PROFIT AND LOSS ACCOUNT **Year ended 31 December 2004**

	Note	2004 £	2003 £
INCOME		<u>300,842</u>	<u>301,788</u>
LESS OVERHEAD EXPENSES			
Office	1	39,887	36,741
Establishment	2	141,788	(106,194)
General	3	67,670	77,888
Financial	4	<u>8</u>	<u>40,179</u>
		<u>249,353</u>	<u>48,614</u>
NET TRADING PROFIT FOR THE YEAR		51,489	253,174
ADD OTHER INCOME			
Interest receivable and similar income	5	<u>764</u>	<u>726</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>52,253</u>	<u>253,900</u>

SODESM PROPERTY LIMITED

NOTES TO THE TRADING PROFIT AND LOSS ACCOUNT **Year ended 31 December 2004**

	2004 £	2003 £
1. OFFICE EXPENSES		
Staff costs:		
Wages and salaries	25,402	32,967
Employer's national insurance	14,485	3,774
	<u>39,887</u>	<u>36,741</u>
2. ESTABLISHMENT EXPENSES		
Repairs and servicing	50,776	61,300
Rates and insurance	18,027	15,953
Depreciation on premises	70,984	81,406
Depreciation on furniture and fittings	88	372
Light and heat	778	-
Telephone	1,135	-
Profit on disposal of fixed assets	-	(265,225)
	<u>141,788</u>	<u>(106,194)</u>
3. GENERAL EXPENSES		
Management charges	43,875	46,312
Audit and accountancy - PWC	7,050	14,418
Audit, taxation and consultancy - Deloitte	16,314	14,784
Bank charges	309	371
Sundry expenses	122	2,003
	<u>67,670</u>	<u>77,888</u>
4. FINANCIAL EXPENSES		
Interest payable		
Bank overdraft	-	40,179
Other interest	8	-
	<u>8</u>	<u>40,179</u>
5. INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest	<u>764</u>	<u>726</u>