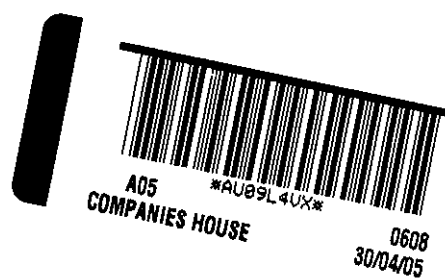


STERLING PROPERTY CO. LIMITED

Report and Financial Statements

Year ended 30 June 2004



STERLING PROPERTY CO. LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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STERLING PROPERTY CO. LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H.N. Moser
S.E. Kramrisch
G.D. Beckett
M.R. Goldberg

SECRETARY

G.D. Beckett

REGISTERED OFFICE

Bracken House
Charles Street
Manchester
M1 7BD

PRINCIPAL BANKERS

Bank of Scotland Corporate Banking
9th Floor
No. 1 Marsden Street
Manchester
M2 1HW

AUDITORS

Deloitte & Touche LLP
Manchester

STERLING PROPERTY CO. LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2004.

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS

The company's principal activity is property management and property investment.

The directors consider the results for the year to be satisfactory and look forward to the future with confidence.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2004 are set out on pages 5 to 12. The profit for the year after tax was £28,065 (2003 - £24,047).

The directors do not recommend the payment of a dividend (2003 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company are set out on page 1. All directors served throughout the year.

Mr. H.N. Moser is a director of Jerrold Holdings plc, the ultimate parent company, and his interests in the share capital of that company are disclosed in its financial statements. None of the other directors have interests in the share capital of the company, or any other interests required to be disclosed under Schedule 7 of the Companies Act 1985. No director has, or had any material interest in any contract or agreement entered into by the company during the year.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

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



G.D. Beckett
Secretary

27 April 2005

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;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- 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 establishing and maintaining the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STERLING PROPERTY CO. LIMITED

We have audited the financial statements of Sterling Property Co. Limited for the year ended 30 June 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 18. 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.

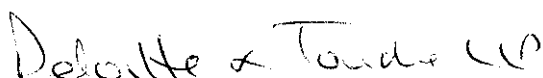
Basis of audit opinion

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 30 June 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

Manchester

28 April 2005

STERLING PROPERTY CO. LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2004

	Note	2004 £	2003 £
TURNOVER	2	44,576	30,220
Administrative expenses		(13,646)	(14,116)
OPERATING PROFIT		30,930	16,104
Interest (payable)/receivable (net)	4	(516)	9,777
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	30,414	25,881
Tax on profit on ordinary activities	6	(2,349)	(1,834)
RETAINED PROFIT FOR THE FINANCIAL YEAR	13	28,065	24,047

All activity has arisen from continuing operations.

The company has no recognised gains or losses in either year other than the profit for that year then ended and consequently no statement of total recognised gains and losses has been presented.

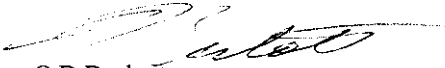
STERLING PROPERTY CO. LIMITED

BALANCE SHEET 30 June 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Investment properties	7	33,000	-
Tangible assets	8	268	1,102
		<u>33,268</u>	<u>1,102</u>
CURRENT ASSETS			
Debtors			
- due within one year	9	432,111	392,834
- due after one year	9	195	66
Cash at bank and in hand		96,751	255,795
		<u>529,057</u>	<u>648,695</u>
CREDITORS: Amounts falling due within one year	10	(500,624)	(616,161)
NET CURRENT ASSETS		<u>28,433</u>	<u>32,534</u>
NET ASSETS		<u>61,701</u>	<u>33,636</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	61,601	33,536
EQUITY SHAREHOLDER'S FUNDS	14	<u>61,701</u>	<u>33,636</u>

These financial statements were approved by the Board of Directors on 27 April 2005.

Signed on behalf of the Board of Directors


G D Beckett

Director


M R Goldberg

Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 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. They have been applied consistently throughout the current year and the prior year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are as follows:

Computer equipment	33% straight line on cost
Motor vehicles	25% reducing balance

Investment properties

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value based on previous valuations conducted by external chartered surveyors. Changes in the market value of investment properties are accounted for by way of a movement in revaluation reserve and are included in the statement of total recognised gains and losses unless a deficit (or its reversal) on an individual investment property is expected by the directors to be permanent, in which case the change in market value is charged (credited) to the profit and loss account. On disposal, the cumulative revaluation surpluses or deficits are transferred from the revaluation reserve to the profit and loss account reserve.

In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the financial year would have been decreased by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of the cost/value as between land and buildings.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover consists of arrangement fees recognised on an accruals basis which is derived wholly within the UK.

2. TURNOVER

Turnover is wholly-derived from within the UK and relates to the principal activity of the company.

3. STAFF COSTS

The company had no employees and paid no directors' emoluments during either year.

4. INTEREST (PAYABLE)/RECEIVABLE (NET)

	2004 £	2003 £
Bank interest receivable	-	9,777
Other interest payable on intragroup loans	(516)	-
	<u>(516)</u>	<u>9,777</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £	2003 £
Profit on ordinary activities before taxation is stated after charging:		
Profit/(loss) on fixed asset disposals	438	-
Depreciation on owned tangible fixed assets	672	600
Auditors' remuneration		
- audit	-	515
- non-audit	-	-
	<u>-</u>	<u>-</u>

In the current year the audit fee was borne by another group undertaking.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2004 £	2003 £
Current tax		
UK corporation tax	2,478	2,714
Adjustment in respect of prior years		
- UK corporation tax	-	(860)
Total current tax	2,478	1,854
Deferred tax		
Origination and reversal of timing differences (see note 11)	(129)	(20)
Total tax on profit on ordinary activities	2,349	1,834

The differences between the total current tax shown above and the amount calculated by applying the small companies rate of UK corporation tax to the profit before tax is as follows:

	2004 £	2003 £
Profit on ordinary activities before tax	30,414	25,881
Tax on profit on ordinary activities at UK corporation tax rate of 19% (2003 – 19%)	5,779	4,917
Effects of:		
Expenses not deductible for tax purposes	23	397
Capital allowances in excess of depreciation	129	22
Group relief surrendered free of charge	(3,453)	(2,622)
Adjustments to tax charge in respect of previous periods	-	(860)
Current tax charge for year	2,478	1,854

There is no unprovided deferred tax at the year end (2003 - £Nil).

7. INVESTMENT PROPERTIES

	2004 £
Valuation	
At 1 July 2003	-
Additions	33,000
At 30 June 2004	33,000

The property was purchased during the year at open market value. In the opinion of the directors the valuation continues to reflect open market value of the property at 30 June 2004.

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

8. TANGIBLE FIXED ASSETS

	Motor vehicles £	Computer equipment £	Total £
Cost			
At 1 July 2003	2,466	1,661	4,127
Additions	-	276	276
Disposals	(2,466)	-	(2,466)
At 30 June 2004	-	1,937	1,937
Depreciation			
At 1 July 2003	1,591	1,434	3,025
Charge for the year	437	235	672
Disposals	(2,028)	-	(2,028)
At 30 June 2004	-	1,669	1,669
Net book value			
At 30 June 2004	-	268	268
At 30 June 2003	875	227	1,102

9. DEBTORS

	2004 £	2003 £
Amounts falling due within one year:		
Amounts owed by group undertakings	429,819	392,074
Amounts owed by related undertakings	1,532	-
Other debtors	760	760
	432,111	392,834
Amounts falling due after more than one year:		
Deferred taxation (see note 11)	195	66
	432,306	392,900

The amount owed to related party comprises of a balance with the Blemain Finance Pension Fund. The balance and transactions in the year relate to overpaid rental payments paid by the company to the pension fund.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	169,652	99,630
Corporation tax	2,478	2,714
Amounts owed to group undertakings	328,494	511,324
Accruals and deferred income	-	2,493
	500,624	616,161

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

11. DEFERRED TAXATION

	£
Balance at 1 July 2003	66
Credit to profit and loss account	129
	<hr/>
Balance at 30 June 2004	195
	<hr/>

The amounts provided in the financial statements comprising full provision as follows:

	2004 £	2003 £
Depreciation in advance of capital allowances	195	66
	<hr/>	<hr/>

The directors believe that future profitability will be sufficient to ensure recoverability of the deferred taxation asset.

12. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised, allotted, called-up and fully paid 100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

13. PROFIT AND LOSS ACCOUNT

	2003 £
At 1 July 2003	33,536
Retained profit for the financial year	28,065
	<hr/>
At 30 June 2004	61,601
	<hr/>

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2004 £	2003 £
Profit for the financial year	28,065	24,047
Opening equity shareholder's funds	33,636	9,589
	<hr/>	<hr/>
Closing equity shareholder's funds	61,701	33,636
	<hr/>	<hr/>

15. CONTINGENT LIABILITY

The company's assets are subject to a fixed and floating charge in respect of £206 million of bank borrowings of the group (2003 - £141 million).

16. CASH FLOW STATEMENT

As permitted by FRS 1 (Revised 1996) "cash flow statements", the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Jerrold Holdings plc which has produced consolidated financial statements that are publicly available.

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

17. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Jerrold Holdings plc, the company has taken advantage of the exemption in FRS 8, "Related party disclosures" not to disclose transactions with other members of the group headed by Jerrold Holdings plc.

18. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Jerrold Holdings plc, a company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group of which Sterling Property Co. Limited is a member, and for which group financial statements are drawn up, is that headed by Jerrold Holdings plc, whose principal place of business is at Bracken House, Charles Street, Manchester, M1 7BD.