Brighton Marina Commercial Limited

Directors' report and financial statements

Registered number 3329361

For the year ended 31 December 2005

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company is property investment.

Business review

The company sold the property at Brighton Marina in 2004, but will continue to be involved in the letting of part of this property until 2007.

Results and dividends

The results for the company are set out in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend *(2004: £Nil)*

Directors and directors' interests

The directors who held office during the year were as follows:

JC Cutts
AJ Stainforth
PT O'Callaghan
CV Navato

JC Cutts, AJ Stainforth and PT O'Callaghan are also directors of Parkridge Holdings Limited, the ultimate parent undertaking, and their interests in the shares of group undertakings are shown in the financial statements of that company.

The directors who held office at the end of the year had no interest in the share capital of the company.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board and signed on its behalf by

AJ Stainforth
Director

The Gatehouse
16 Arlington Street
London
SW1A 1RD

31 March 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

KPMG

KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Brighton Marina Commercial Limited

We have audited the financial statements of Brighton Marina Commercial Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Brighton Marina Commercial Limited *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

31 March 2006

Profit and loss account

for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	*1*	**32,117**	57,838,786
Cost of sales		**(262,615)**	(40,139,342)
Gross (loss)/profit		**(230,498)**	17,699,444
Administrative expenses		**(125,994)**	(1,874,032)
Operating (loss)/profit		**(356,492)**	15,825,412
Interest receivable and similar income	*2*	**1,066,678**	651,035
Interest payable and similar charges	*3*	**(657,331)**	(2,077,814)
Amounts written off investments		**-**	(1,507,498)
Profit on ordinary activities before taxation	*4*	**52,855**	12,891,135
Tax on profit on ordinary activities	*6*	**(58,771)**	(3,814,620)
(Loss)/profit on ordinary activities after taxation and for the financial year	*11*	**(5,916)**	9,076,515

The company had no recognised gains or losses, other than the loss for the current year and the profit for the preceding year, all of which was derived from operations which were discontinued during the current year.

Movements in reserves are set out in note 11 to the financial statements.

Balance sheet
at 31 December 2005

	Note	**2005**		2004	
		£	**£**	£	£
Fixed assets					
Investments	*7*		**2**		3
Current assets					
Debtors	*8*	**11,166,342**		27,750,014	
Creditors: Amounts falling due within one year	*9*	**(5,207,030)**		(21,784,787)	
Net current assets			**5,959,312**		5,965,227
Net assets			**5,959,314**		5,965,230
Capital and reserves					
Called up share capital	*10*		**2**		2
Profit and loss account	*11*		**5,959,312**		5,965,228
Equity shareholders' funds	*12*		**5,959,314**		5,965,230

These financial statements were approved by the board of directors on 31 March 2006 and were signed on its behalf by:

AJ Stainforth
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, with the exception that the company has adopted FRS 17: "*Retirement benefits*", FRS 21: "*Events after the balance sheet date*", FRS 25: "*Financial instruments disclosure and presentation*" (paragraph 15 to 50) and FRS 28: "*Corresponding amounts*" in these financial statements. There is no impact on either the current year's results or on the comparatives.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Exemption from the preparation of consolidated financial statements

Brighton Marina Commercial Limited is a wholly owned subsidiary of Parkridge Holdings Limited, which is established under the law of a member state of the European Community and as such is exempt (under Section 228 of the Companies Act 1985) from the obligation to prepare and deliver group financial statements to the Registrar of Companies. These financial statements, therefore, present information about Brighton Marina Commercial Limited as an individual undertaking and not about its group.

Investments policy

Investments in undertakings are shown at the lower rate of cost or net asset value.

Cash flow statements

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that more than 90% of the company's voting rights are controlled by a parent undertaking whose consolidated financial statements are publicly available.

Related parties

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose transactions and balances with other group undertakings on the grounds that 90% or more of its voting rights are controlled within the group headed by Parkridge Holdings Limited.

Turnover

Turnover represents rental and service charge income receivable from certain units at Brighton Marina, and proceeds from the disposal of property.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Interest receivable and similar income

	2005	2004
	£	£
Bank interest receivable	**4,604**	28,011
Interest receivable from group undertakings	**1,062,074**	623,024
	1,066,678	651,035

Notes *(continued)*

3 Interest payable and similar charges

	2005	2004
	£	£
Bank interest payable	**93,972**	1,365,103
Interest payable to group undertakings	**563,359**	712,711
	657,331	2,077,814

4 Profit on ordinary activities before taxation

	2005	2004
	£	£
Profit on ordinary activities before taxation is stated		
after charging		
Auditors' remuneration		
Audit services	**4,000**	7,250
Fees paid to the auditor and its associates in respect of other services	**2,000**	-

5 Staff numbers and costs

The company had no employees other than the directors *(2004: Nil)* who received no remuneration during the year *2004: £Nil)*.

6 Taxation

Analysis of charge in year

	2005	2004
	£	£
UK corporation tax		
Current tax on income for the year	**-**	4,037,372
Adjustments in respect of prior years	**58,771**	-
	58,771	4,037,372
Deferred tax		
Origination of timing differences	**-**	(217,957)
Adjustment in respect of previous years	**-**	(4,795)
Tax on profit on ordinary activities	**58,771**	3,814,620

Notes *(continued)*

6 Taxation *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2004: higher)* than the standard rate of corporation tax in the UK of 30% *(2004: 30%)*. The differences are explained below.

	2005	2004
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	**52,855**	12,891,135
Current tax at 30%	**15,857**	3,867,341
Effects of:		
Expenses not deductible for tax purposes	**66,288**	797,250
Capital allowance in excess of depreciation	-	45,989
Tax losses surrendered	-	(56,519)
Group relief	**(82,145)**	(124,774)
Non-taxable capital gain	-	(491,915)
Adjustments in respect of prior years	**58,771**	-
Total current tax charge (see above)	**58,771**	4,037,372

7 Fixed assets investments

	Interests in group undertakings
	£
Cost and net book value	
At beginning of year	3
Amounts written off	(1)
At end of year	**2**

The undertakings in which the company's interest at the end of the year is more than 20% is as follows:

Name	**Country of incorporation**	**Principal activity**	**Description of shares held**	**Proportion held %**
Drayfield Limited	England	Property management	Ordinary shares	100

Notes *(continued)*

8 Debtors

	2005	2004
	£	£
Trade debtors	**66,563**	117,767
Amounts owed by group undertakings	**11,066,603**	27,426,716
Other debtors	**33,176**	205,531
	11,166,342	27,750,014

9 Creditors: amounts falling due within one year

	2005	2004
	£	£
Bank overdrafts	**4,578,919**	1,908,837
Trade creditors	**144,502**	123,298
Amounts due to group undertakings	**-**	16,454,622
Corporation tax	**58,771**	2,187,372
Other tax and social security	**-**	1,224
Other creditors	**2,078**	2,078
Accruals and deferred income	**422,760**	1,107,356
	5,207,030	21,784,787

10 Called up share capital

	2005	2004
	£	£
Authorised:		
Ordinary 'A' shares of £1 each	**500**	500
Ordinary 'B' shares of £1 each	**500**	500
	1,000	1,000
Allotted, called up and fully paid:		
Ordinary 'A' shares of £1 each	**1**	1
Ordinary 'B' shares of £1 each	**1**	1
	2	2

Both classes of share rank pari passu in all respects.

Notes *(continued)*

11 Reserves

	Profit and loss account £
At beginning of year	5,965,228
Loss for the financial year	(5,916)
At end of year	**5,959,312**

12 Reconciliation of movements in shareholders' funds/deficit

	2005 £	2004 £
(Loss)/profit for the financial year	**(5,916)**	9,076,515
Opening shareholders' funds/(deficit)	**5,965,230**	(3,111,285)
Closing shareholders' funds	**5,959,314**	5,965,230

13 Contingent liabilities

The company is party to a group guarantee for a £10,000,000 overdraft facility. The company has a contingent liability of £143,904 *(2004: £Nil)*, representing the net bank position of other group companies within the set-off arrangement.

The facility is secured by a debenture over certain assets of Parkridge Homes Limited, first legal charge over the freehold property held by Parkridge Holdings Limited, debenture over certain assets of Dickens Heath Development Company Limited and first legal charge over land held by Dickens Heath Development Company Limited. The overdraft is repayable on demand and interest is charged at 1.5% over the Royal Bank of Scotland's base rate.

14 Ultimate parent company

The company's immediate parent undertaking is Parkridge Gate Developments Limited.

The ultimate parent undertaking is Parkridge Holdings Limited, a company registered in England and Wales. The consolidated financial statements of Parkridge Holdings can be obtained from:

Companies House
Crown Way
Maindy
Cardiff
CF14 3UZ