

**Centremanor (E.S.) Limited**

**Directors' report and financial  
statements**

**Registered number 3380963**

**31 December 2003**



## **Directors' report and financial statements**

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## Directors' report

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

### Principal activity

The principal activity of the company is the obtaining and provision of finance. There has been no significant change in the nature of the company's business activity, nor is any envisaged in the immediate future.

### Financial statements and dividend

The result for the year ended 31 December 2003 is set out in the attached financial statements.

The directors do not recommend the payment of a dividend (2002: *£nil*).

### Directors and directors' interests

The directors who held office during the year are:

Mr BSE Freshwater  
Mr D Davis

The Articles of Association of the Company do not require the directors to retire by rotation.

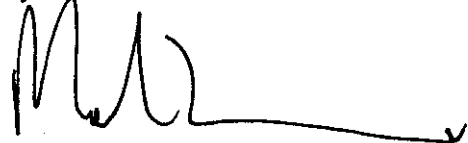
The directors do not have service contracts nor do they receive any emoluments from the company.

The whole of the issued capital of the company is owned by Centremanor Limited. The interests of Mr BSE Freshwater and Mr D Davis in the share capital of Centremanor Limited are set out in the directors' report of that company.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Cohen, Arnold & Co and KPMG LLP as joint auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



MRM Jenner  
Secretary

Freshwater House  
158/162 Shaftesbury Avenue  
London WC2H 8HR

30 June 2004

## **Statement of directors' responsibilities**

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 and of the profit or loss 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;
- 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 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.

## **Report of the joint independent auditors Cohen, Arnold & Co and KPMG LLP, to the members of Centremanor (E.S.) Limited**

We have audited the financial statements on pages 4 to 10.

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**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 director's remuneration and transactions with the company is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with 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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Cohen, Arnold & Co**  
*Chartered Accountants*  
*Registered Auditors*  
*London*

30 June 2004



**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*  
*London*

30 June 2004

**Profit and loss account**  
*for the year ended 31 December 2003*

	<i>Note</i>	2003 £	2002 £
Financing charges receivable	2	2,550,000	2,550,000
Administrative expenses		(1,015)	(500)
Interest payable	3	(2,550,000)	(2,550,000)
		<hr/>	<hr/>
<b>Loss on ordinary activities before and after taxation</b>	4	<b>(1,015)</b>	<b>(500)</b>
		<hr/>	<hr/>

There were no recognised gains or losses in the current or previous year other than those disclosed above.

All the company's activities are continuing.

There is no difference between the results as stated and the results on a historic cost basis in either the current or previous year.

**Balance sheet**  
*at 31 December 2003*

	<i>Note</i>	<b>2003</b> £	<b>2002</b> £
<b>Current assets</b>			
Debtors			
Amounts falling due within one year	5	2	2,531,449
Amounts falling due after more than one year	6	30,000,000	30,000,000
		<hr/>	<hr/>
		30,000,002	32,531,449
<b>Creditors: amounts falling due within one year</b>	7	(445,068)	(2,975,500)
		<hr/>	<hr/>
<b>Net current assets</b>		29,554,934	29,555,949
<b>Creditors: amounts falling due after more than one year</b>	8	(30,000,000)	(30,000,000)
		<hr/>	<hr/>
<b>Net liabilities</b>		(445,066)	(444,051)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	9	2	2
Profit and loss account	10	(445,068)	(444,053)
		<hr/>	<hr/>
<b>Equity shareholders' deficit</b>	11	(445,066)	(444,051)
		<hr/>	<hr/>

These financial statements were approved by the board of the directors on 30 June 2004 and were signed on its behalf by:

  
**BSE Freshwater**  
Director

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

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

The financial statements have been prepared on the going concern basis, notwithstanding the company's net liabilities, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Centremanor Limited, the company's immediate parent undertaking. Centremanor Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available.

This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### ***Taxation***

##### ***Current***

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

##### ***Deferred***

Deferred Tax is provided in accordance with Financial Reporting Standard No. 19 (FRS 19). Under FRS 19 full provision is made in respect of all timing differences that have originated but not reversed by the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in future, except that: deferred tax assets are recognised to the extent that they are considered recoverable.

Deferred tax is measured on a non-discounted basis at the tax rates which apply at the balance sheet date.

#### ***Cash flow statement***

The company is exempt from the requirement to prepare a cash flow statement (in accordance with Financial Reporting Standard No. 1 (revised 1996)) on the grounds that it is a wholly owned subsidiary undertaking of an immediate holding company registered in England and Wales which prepares consolidated financial statements that include a consolidated cash flow statement.

#### ***Related party transactions***

The company has taken advantage of the exemption in FRS 8 Related Party Disclosures in order to dispense with the requirement to disclose transactions with other Centremanor Limited group companies.



**Notes (continued)**

**2 Financing charges receivable**

	2003 £	2002 £
Group finance charges receivable	2,550,000	2,550,000

**3 Interest payable**

	2003 £	2002 £
Loans terminating after more than five years	2,550,000	2,550,000

**4 Loss on ordinary activities before and after taxation**

	2003 £	2002 £
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*Loss on ordinary activities before and after taxation is stated after charging:*

Auditors' remuneration for audit services	1,000	500
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The directors of the company did not receive any emoluments from the company during the year or during the previous year.

Apart from the directors, there were no other employees during the year or during the previous year.

**5 Debtors: amounts falling due within one year**

	2003 £	2002 £
Amounts due from immediate parent undertaking	-	2,531,447
Other debtors and prepayments	2	2
	2	2,531,449

**Notes (continued)**

**6 Debtors: amounts falling due after more than one year**

	2003 £	2002 £
Amount due from fellow subsidiary undertaking	30,000,000	30,000,000

The advance, which bears interest at variable rates, was made to Metropolitan Properties Company Limited and is repayable on demand or upon the repayment of the mortgage advance in 2022.

**7 Creditors: amounts falling due within one year**

	2003 £	2002 £
Amount due to immediate parent undertaking	19,068	-
Amount due to fellow subsidiary undertaking	-	2,550,000
Interest payable	425,000	425,000
Other creditors and accruals	1,000	500
	<u>445,068</u>	<u>2,975,500</u>

**8 Creditors: amounts falling due after more than one year**

	2003 £	2002 £
Mortgage advance	30,000,000	30,000,000
The above amount is further analysed as follows:		
	<b>Interest</b>	<b>£</b>
Mortgage advance repayable in 2022	8.5%	<u>30,000,000</u>

The mortgage advance is secured by first legal charges over freehold and leasehold investment and trading properties owned by certain fellow subsidiary undertakings, together with floating charges over the assets and undertakings of the company and of the aforementioned fellow subsidiary undertakings and unlimited guarantees given by the company's immediate parent undertaking and two of its subsidiary undertakings.

## Notes (continued)

### 9 Called up share capital

	2003 £	2002 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>

### 10 Profit and loss account

	£
At 31 December 2002	(444,053)
Loss for the financial year	(1,015)
	<u>          </u>
At 31 December 2003	(445,068)
	<u>          </u>

### 11 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Retained loss for the financial year	(1,015)	(500)
	<u>          </u>	<u>          </u>
Net increase in shareholders' deficit	(1,015)	(500)
Opening shareholders' deficit	(444,051)	(443,551)
	<u>          </u>	<u>          </u>
Closing shareholders' deficit	(445,066)	(444,051)
	<u>          </u>	<u>          </u>

### 12 Contingent liabilities

The company has given a floating charge over all its assets and undertaking as part security for mortgage loan facilities granted to it, which at 31 December 2003 amounted to £30,000,000 (2002: £30,000,000).

**Notes** *(continued)*

**13 Ultimate parent undertaking**

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up is Centremanor Limited, a company registered in England and Wales.

Copies of these financial statements can be obtained from the following address: Freshwater House, 158/162 Shaftesbury Avenue, London WC2H 8HR.

The ultimate parent undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts.