

**BARLOWS EASTBOURNE
LIMITED**

Report and Financial Statements

31 December 2004



BARLOWS EASTBOURNE LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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BARLOWS EASTBOURNE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is that of a holding company for its subsidiary which is engaged in property investment.

RESULTS AND DIVIDENDS

The results for the year are shown in the Profit and Loss account on page 4. The directors do not recommend a dividend (2003 - £763,815).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

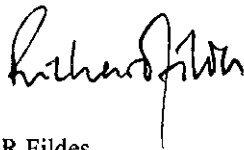
A Bird
R Fildes

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

AUDITORS

Deloitte & Touche LLP were appointed as the company's auditors subsequent to the period end. A resolution to confirm the appointment of Deloitte & Touche LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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



R Fildes
Director

28th October 2005

BARLOWS EASTBOURNE LIMITED

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;
- 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. They are also responsible for 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 BARLOWS EASTBOURNE LIMITED

We have audited the financial statements of Barlows Eastbourne Limited for the year ended 31 December 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 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Manchester

31 October 2005

BARLOWS EASTBOURNE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2004

	Note	2004 £	2003 £
Operating expenses		-	(42,059)
OPERATING LOSS	4	-	(42,059)
Dividend received		-	238,483
Interest receivable and similar income	2	2,149	-
Interest payable and similar charges	3	(186,423)	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(184,274)	196,424
Dividend paid		-	(763,815)
LOSS RETAINED FOR THE FINANCIAL YEAR		(184,274)	(567,391)
RETAINED PROFIT AT BEGINNING OF YEAR		-	567,391
ACCUMULATED LOSS AT END OF YEAR		(184,274)	-

The company has no recognised gains or losses other than the results for the financial year. Accordingly, no separate statement of total recognised gains and losses is presented.

There are no material differences between the results disclosed in the profit and loss account and the results on a historical cost basis.

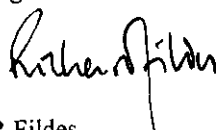
BARLOWS EASTBOURNE LIMITED

BALANCE SHEET 31 December 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Investment in subsidiary	7	<u>1</u>	<u>1</u>
CURRENT ASSETS			
Debtors	8	3,713,002	3,747,308
CREDITORS: amounts falling due within one year	9	<u>(769,318)</u>	<u>(624,885)</u>
NET CURRENT ASSETS		<u>2,943,684</u>	<u>3,122,423</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,943,685	3,122,424
CREDITORS: amounts falling due after more than one year	10	<u>(3,127,859)</u>	<u>(3,122,324)</u>
NET (LIABILITIES)/ASSETS		<u>(184,174)</u>	<u>100</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account		<u>(184,274)</u>	<u>-</u>
EQUITY SHAREHOLDERS' (DEFICIT)/ FUNDS	12	<u>(184,174)</u>	<u>100</u>

These financial statements were approved by the Board of Directors on 28th October 2005.

Signed on behalf of the Board of Directors



R Fildes
Director

BARLOWS EASTBOURNE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES

Accounting convention

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with accounting standards applicable in the United Kingdom.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided in full on timing differences that 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 income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Consolidated accounts

The company has not prepared consolidated accounts as the company and its subsidiary comprise a small group within the meaning of the Companies Act 1985. The financial statements present information about the company as an individual entity and not about its group.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment.

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Interest on tax overpayment	2,149	-

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Bank loan interest	179,771	-
Other charges	6,652	-
	186,423	-

4. OPERATING LOSS

The directors received no emoluments for the current year or prior year. The company had no employees during the current year or prior year.

Auditors' remuneration is borne by the parent company (2003 – audit services £2,500, non audit services - £2,056).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no corporation tax charge for the year (2003 - £nil).

BARLOWS EASTBOURNE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

The standard rate of tax for the year, based on the UK standard rate of corporation tax charge is 30% (2003 - 30%). The actual corporation tax charge is lower than that resulting from applying the standard rate. The reasons are set out in the following reconciliation.

	2004 £	2003 £
(Loss)/profit on ordinary activities before tax	(184,274)	196,424
Tax at 30%	(55,282)	58,927
Dividends received	-	(71,545)
Group relief surrendered free of charge	55,282	12,618
Current tax charge for year	-	-

6. INVESTMENT IN SUBSIDIARY

	2004 £	2003 £
Barlows Eastbourne Ventures Limited	1	1

The company holds 100% of the ordinary share capital of Barlows Eastbourne Ventures Limited, a company incorporated in the UK. Its principal activity is to hold investment properties.

7. DEBTORS

	2004 £	2003 £
Amounts owed by subsidiary undertakings	3,712,753	3,652,308
Tax recoverable	-	95,000
Other debtors	249	-
	3,713,002	3,747,308

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Amounts owed to parent company	754,814	620,885
Accruals and deferred income	2,000	4,000
Other creditors including tax and social security	12,504	-
	769,318	624,885

Amounts owed to parent company are unsecured and have no fixed repayment date.

BARLOWS EASTBOURNE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

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

	2004 £	2003 £
Bank loans (net of finance costs)	3,127,859	3,122,324

Finance costs incurred:

The loan bears interest at 1% above LIBOR and is repayable within 2-5 years. Finance costs accrued on the loan amount to £22,141 (2003 - £27,676). A security is placed over the leasehold property held by the subsidiary Barlows Eastbourne Ventures Limited being Unit 5 Admiral Retail Park, Eastbourne.

10. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised, allotted, called up and fully paid		
50 'A' Ordinary shares of £1 each	50	50
50 'B' Ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>

'A' and 'B' shares rank pari passu in all respects.

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Opening equity shareholders' funds	100	567,491
(Loss)/profit for the financial year	(184,274)	196,424
Dividend paid	-	(763,815)
Closing equity shareholders' (deficit)/funds	<u>(184,174)</u>	<u>100</u>

12. CAPITAL COMMITMENTS

At the end of the year, the company had no capital commitments (2003 - £nil).

13. CASH FLOW STATEMENT

As permitted by Financial Reporting Standard No 1 (Revised 1996), the company has not produced a cash flow statement as it qualifies as a small company as defined by the Companies Act 1985.

14. IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

The immediate controlling party was formerly Westbury Properties Limited, a company incorporated in Guernsey. The ultimate controlling party was formerly The Westbury Property Fund Limited, a company incorporated in Guernsey. However, on 23 December 2003 the Company's share capital was acquired by Barlows Eastbourne Holdings Limited, which itself is 50% owned by Barlows Holdings Limited and 50% owned by Ethel Austin Investment Properties Limited.