

Redcastle Property Mortgage Limited
Annual report for the year ended
21 August 2004

Registered Number 3974980



Redcastle Property Mortgage Limited

Annual report for the year ended 21 August 2004

Contents

Directors and advisers	1
Directors' report.....	2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 9

Redcastle Property Mortgage Limited

Directors and advisers

Directors

DN Brown

AA Goldman

IP Jackman

Secretary

B Hicks

Independent auditors

PricewaterhouseCoopers LLP

Benson House

33 Wellington Street

Leeds

LS1 4JP

Registered office

Colegrave House

70 Berners Street

London

W1T 3NL

Registered number

3974980

Redcastle Property Mortgage Limited

Directors' report for the year ended 21 August 2004

The directors present their report and the audited financial statements of the Company for the year ended 21 August 2004.

Principal activity and results

The Company acts as an intermediary between its parent undertaking and one of the group's bankers. The Company has raised bank loans mortgaged on certain of the group's property interests and loaned these funds to its parent undertaking at commercial rates of interest.

The Company's results for the year are set out on page 4. The directors do not recommend the payment of a dividend for the year (2003: £nil).

Directors and their interests

The directors of the Company during the year were:

DN Brown
AA Goldman
IP Jackman

At the year end, none of the directors had an interest in the share capital of the Company or any other group undertaking.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 21 August 2004 and that applicable accounting standards have been followed.

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 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.

Independent auditors

The Company has passed an elective resolution to dispense with the annual appointment of auditors. PricewaterhouseCoopers LLP will therefore continue as auditors in accordance with and subject to Section 386 of the Companies Act 1985.

By order of the Board



DN Brown
Director
28 January 2005

Redcastle Property Mortgage Limited

Independent auditors' report to the members of Redcastle Property Mortgage Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 transactions 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 at 21 August 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
28 January 2005

Redcastle Property Mortgage Limited

Profit and loss account for the year ended 21 August 2004

	Note	2004 £'000	2003 £'000
Other operating income and operating profit	2	177	174
Net interest payable	3	(177)	(174)
Result for the year		-	-

All of the results above relate to continuing activities.

The only recognised gains and losses for the year are those dealt with in the profit and loss account above.

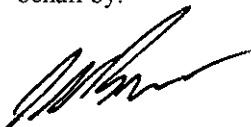
There is no difference between the results shown in the profit and loss account and the results on an unmodified historical cost basis.

Redcastle Property Mortgage Limited

Balance Sheet as at 21 August 2004

	Note	2004 £'000	2003 £'000
Current assets			
Debtors - due within one year	5	2,000	2,001
Debtors - due after one year	5	74,201	75,907
		76,201	77,908
Creditors - amounts falling due within one year	6	(2,400)	(2,281)
Net current assets		73,801	75,627
Creditors - amounts falling due after more than one year	7	(73,801)	(75,627)
Net assets		-	-
Capital and reserves			
Share capital	8	-	-
Profit and loss account		-	-
Equity shareholders' funds		-	-

The financial statements on pages 4 to 9 were approved by the Board on 28 January 2005 and were signed on its behalf by:



DN Brown
Director

Redcastle Property Mortgage Limited

Notes to the financial statements for the year ended 21 August 2004

1 Accounting policies

Accounting convention

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

Cash flow statement

The Company has taken advantage of the exemption allowed by Financial Reporting Standard 1 (revised) from preparing a cash flow statement, as one is included in the consolidated financial statements of its parent undertaking, Taveta Investments Limited.

Deferred taxation

Deferred taxation is provided on all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are 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 tax differences can be deducted. Deferred tax assets and liabilities are not discounted.

Finance costs

The costs associated with obtaining the Company's bank loan were initially deferred and are being charged to the profit and loss account over the life of the loan at a constant rate to the loan's carrying amount.

2 Operating profit

Other operating income comprises a recharge to the Company's parent undertaking, Taveta Investments Limited.

Auditors' remuneration has been borne by Arcadia Group Limited. None of the directors received any emoluments in respect of his services to the Company (2003: £nil). During the year the Company had no employees.

3 Net interest payable and similar charges

	2004 £'000	2003 £'000
Interest receivable on loans to group undertakings	3,979	1,629
Interest payable on bank loans	(3,979)	(1,629)
Amortisation of bank loan issue costs	(177)	(174)
Total interest payable and similar charges	(4,156)	(1,803)
Net interest payable and similar charges	(177)	(174)

Redcastle Property Mortgage Limited

Notes to the financial statements for the year ended 21 August 2004 (continued)

4 Taxation

	2004 £'000	2003 £'000
a. Analysis of the tax charge for the year		
Based on the result for the year:		
UK corporation tax at 30% (2003: 30%)		
Current year	3	-
Group relief surrendered without charge	(3)	-
Total current taxation (note 4b)	-	-

A reconciliation between the corporation tax charge for the year and the standard rate of corporation tax in the United Kingdom (30%) is provided below:

	2004 £'000	2003 £'000
b. Factors affecting the tax charge for the year		
Result before taxation	=	=
Result before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 30% (2003: 30%)	-	-
Effects of:		
Expenses not deductible for tax purposes	3	-
Group relief surrendered without charge	(3)	-
Current tax charge for the year (note 4a)	-	-

c. Factors that may affect future tax charges

The Company expects to incur non-deductible expenditure and for group companies to surrender group relief without charge in future at a similar rate to the current year.

5 Debtors

	2004 £'000	2003 £'000
Amounts falling due within one year		
Loan to parent undertaking (see below)	2,000	2,000
Other taxation and social security	-	1
	2,000	2,001

	2004 £'000	2003 £'000
Amounts falling due after one year		
Loan to parent undertaking (see below)	74,201	75,907

The above loans to the Company's parent undertaking are unsecured and attract interest based on Libor. Their repayment profile mirrors that of the Company's bank loan (notes 6 and 7).

Redcastle Property Mortgage Limited

Notes to the financial statements for the year ended 21 August 2004 (continued)

6 Creditors – Amounts falling due within one year

	2004 £'000	2003 £'000
Bank loan	1,824	1,824
Amounts due to group undertakings	18	1
Accruals	558	456
	2,400	2,281

7 Creditors – Amounts falling due after more than one year

	2004 £'000	2003 £'000
Bank loan repayable by instalments:		
Between one and two years	1,824	1,824
Between two and five years	5,472	5,473
After five years	66,505	68,330
	73,801	75,627

The Company's bank loan is secured by way of a legal mortgage over certain of the Group's long leasehold and freehold interests and by way of cross-guarantees from certain fellow subsidiary undertakings.

The bank loan attracts interest at the rate of Libor plus 1.07% and is initially repayable by quarterly instalments of £500,000 before culminating in a final payment of £60,000,000 (before unamortised issue costs) during 2013.

The bank loan is stated net of unamortised issue costs of £1,407,000 (2003: £1,581,000).

8 Called up share capital

	2004 £	2003 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted and fully paid		
2 Ordinary shares of £1 each	2	2

Redcastle Property Mortgage Limited

Notes to the financial statements for the year ended 21 August 2004 (continued)

9 Parent undertaking, controlling party and related party disclosures

The Company's ultimate parent company is Taveta Investments Limited ('Taveta'), a company incorporated in England. Taveta is also the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Taveta's consolidated financial statements can be obtained by writing to the Secretary at Marylebone House, 129 – 137 Marylebone Road, London, NW1 5QD.

The Company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Taveta group or investees of Taveta.

The Company's ultimate controlling party is CS Green and her immediate family.