

# **Square Mile Real Estate Services Limited**

Financial statements

For the year ended 31 December 2005

Grant Thornton 



**Company No. 3997848**

## Company information

<b>Company registration number</b>	3997848
<b>Registered office</b>	Phoenix House 11 Wellesley Croydon Surrey CR0 2NW
<b>Directors</b>	M Pearson
<b>Secretary</b>	J M S Bellis
<b>Bankers</b>	Bank of Scotland Plc The Mound Edinburgh EH1 1YZ
<b>Solicitors</b>	Juliet Bellis & Co Phoenix House 11 Wellesley Road Croydon Surrey CR0 2NW
<b>Auditors</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors Churchill House Chalvey Road East Slough Berkshire SL1 2LS

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## Report of the directors

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

### Principal activities and business review

The principal activity of the company is property management and advice.

During the year the company lost the contract with its only customer and will, as a result, become dormant for the coming year.

### Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend (2004: £nil).

### Directors

The directors who served the company during the year were as follows:

N G Bellis (retired 1 July 2006)  
L C Cummings (retired 1 July 2006)  
M Pearson  
T J Williams (retired 31 January 2006)

The company is a wholly owned subsidiary and the interests of the group directors, N G Bellis, L C Cummings and M Pearson are disclosed in the financial statements of the parent company.

The remaining director held no shares in the ultimate parent company at 31 December 2005 or 1 January 2005.

No director had, during or at the year end of the period, any material interest in a contract which was significant in relation to the company's business.

### Financial risk management objectives and policies

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to price, credit, liquidity and cash flow risk. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

## Report of the directors (continued)

### Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Practices).

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 at the end of the year and of the profit or loss for the year then ended. 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 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

  
J M S Bellis  
Secretary  
1 August 2006

# Report of the independent auditor to the members of Square Mile Real Estate Services Limited

We have audited the financial statements of Square Mile Real Estate Services Limited for the year ended 31 December 2005 which comprise the accounting policies, profit and loss account, balance sheet and 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 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' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities within the report of the directors.

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 report of the directors 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 report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **Basis of 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 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.

# Report of the independent auditor to the members of Square Mile Real Estate Services Limited (continued)

## **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting practices, 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.



GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
LONDON THAMES VALLEY OFFICE  
SLOUGH

14 August 2006

## Accounting policies

### **Basis of accounting**

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

The accounting policies adopted by the company have *remained unchanged* from the previous period and are set out below. The directors have reviewed the accounting policies and conclude that they remain appropriate.

### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) 'Cash Flow Statement' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

### **Turnover**

Turnover which is stated net of value added tax represents the sales value of work done in the period, including estimates of amounts still to be invoiced.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### **Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.



## Profit and loss account

	Note	Year to 31 Dec 05 £	Period from 1 Jul 04 to 31 Dec 04 £
Turnover	1	1,200,832	567,360
Cost of sales		(1,204,150)	(567,360)
Gross loss		(3,318)	—
<b>Operating loss</b>	2	(3,318)	—
Interest receivable	4	—	22
<b>(Loss)/profit on ordinary activities before taxation</b>	1	(3,318)	22
Tax on (loss)/profit on ordinary activities	5	—	—
<b>Retained (loss)/profit for the financial year</b>	12	(3,318)	22

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

## Balance Sheet

	Note	2005 £	2004 £
<b>Current assets</b>			
Debtors	6	61,781	54,381
Cash at bank		18,886	50,945
		<u>80,667</u>	<u>105,326</u>
<b>Creditors: amounts falling due within one year</b>	7	117,747	139,088
<b>Net current liabilities</b>		<u>(37,080)</u>	<u>(33,762)</u>
<b>Net liabilities</b>		<u>(37,080)</u>	<u>(33,762)</u>
<b>Capital and reserves</b>			
Called-up share capital	11	1	1
Profit and loss account	12	(37,081)	(33,763)
<b>Deficiency</b>	13	<u>(37,080)</u>	<u>(33,762)</u>

These financial statements were approved by the directors on 1/1/06 and are signed on their behalf by:



M Pearson  
Director

## Notes to the financial statements

### 1 Turnover and (loss)/profit on ordinary activities before taxation

The turnover and (loss)/profit on ordinary activities before taxation are attributable to the company's principal activity wholly undertaken in the United Kingdom.

### 2 Other operating charges

Audit fees are borne by the ultimate parent undertaking, Erinaceous Group plc, and no recharge is made for such costs. Total group audit fees amounted to £270,000 (2004: £250,000).

### 3 Employees and directors

No salaries or wages have been paid to employees, including the directors, during the year.

### 4 Interest receivable

	Year to 31 Dec 05 £	Period from 1 Jul 04 to 31 Dec 04 £
Bank interest receivable	—	22

### 5 Taxation on ordinary activities

Analysis of charge in the period

There is no tax payable for the year (2004: £nil).

Factors affecting current tax charge

	Year to 31 Dec 05 £	Period from 1 Jul 04 to 31 Dec 04 £
(Loss)/profit on ordinary activities before taxation	(3,318)	22
(Loss)/profit on ordinary activities at 30% (2004: 30%)	(995)	7
Group relief surrendered	995	-
Other short term timing differences	-	(7)
Total current tax	-	-

## Notes to the financial statements

### 6 Debtors

	2005 £	2004 £
Trade debtors	18,157	411
Prepayments and accrued income	41,007	-
Amounts owed by group undertakings	-	52,386
Other debtors	2,617	1,584
	<u>61,781</u>	<u>54,381</u>

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

	2005 £	2004 £
Trade creditors	-	33,249
Amounts owed to group undertakings	68,843	-
Accruals and deferred income	48,904	105,839
	<u>117,747</u>	<u>139,088</u>

### 8 Capital commitments

The company had no capital commitments at 31 December 2005 or 31 December 2004.

### 9 Contingent liabilities

The company has offered a composite guarantee to the group's bankers that incorporates a right to set-off of liquid balances. The aggregate group liability at 31 December 2005 amounted to £79,119,000 (2004: £43,479,000).

### 10 Related party transactions

Being a 100% effectively owned subsidiary, the company has taken advantage of the exemption, as conferred by Financial Reporting Standard 8 'Related Party Disclosures', not to disclose transactions with other members of the group headed by Erinaceous Group Plc.

## Notes to the financial statements

### 11 Share capital

Authorised share capital:

	2005	2004
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

### 12 Profit and loss account

	Year to 31 Dec 05	Period from 1 Jul 04 to 31 Dec 04
	£	£
Balance brought forward	(33,763)	(33,785)
Retained (loss)/profit for the financial year	<u>(3,318)</u>	<u>22</u>
Balance carried forward	<u>(37,081)</u>	<u>(33,763)</u>

### 13 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
(Loss)/profit for the financial year	(3,318)	22
Opening shareholders' funds	<u>(33,762)</u>	<u>(33,784)</u>
Closing shareholders' funds	<u>(37,080)</u>	<u>(33,762)</u>

### 14 Ultimate parent company

The company's immediate parent undertaking is ISG Occupancy Limited, a company incorporated in Great Britain and registered in England and Wales.

The directors consider that the ultimate parent undertaking and ultimate controlling related party is Erinaceous Group Plc, incorporated in England and Wales, by virtue of its 100% shareholding.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Erinaceous Group Plc which is registered in England and Wales.