

GUNWHARF QUAYS MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2004



<b>DIRECTORS' REPORT</b> <b>FOR THE YEAR ENDED 31 MARCH 2004</b>
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The directors submit their report with the financial statements for the year to 31 March 2004.

#### RESULTS FOR THE YEAR AND DIVIDEND

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

The directors do not recommend the payment of a dividend for the year ended 31 March 2004 (2003: £Nil).

#### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company's principal activity during the year was that of Managing Agents of Gunwharf Quays, a mixed use retail and leisure destination, acting as agents for Gunwharf Quays G P Limited, (subsequently renamed Gunwharf Quays Limited on 15 April 2004) and the Gunwharf Quays Limited Partnership.

#### DIRECTORS

The directors who held office during the year were:

M N Davidson (resigned 29 October 2004)  
 W R Marshall (resigned 28 January 2004)  
 D J Owen-Ellis Clark (resigned 29 October 2004)  
 P G Cottingham (appointed 29 November 2004)  
 R J Akers (appointed 29 November 2004)  
 P Dudgeon (appointed 2 November 2004)  
 Land Securities Management Services Limited (appointed 12 August 2004)

The directors had no interests in the shares of the Company throughout the year.

The beneficial interests of the directors in the shares of Land Securities Group PLC and their holdings of options over shares in that company are set out below and on page 2:

Interest in Ordinary Shares	31 March 2004	1 April 2003
R J Akers	5,192	3,651
P G Cottingham	2,616	3,480
P Dudgeon	15,556	14,258
Interest in 'B' Shares	31 March 2004	1 April 2003
R J Akers	1,057	1,057
P G Cottingham	757	757
P Dudgeon	487	8,438

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2004 (CONTINUED)**

## Options over Ordinary Shares

Options granted under the savings related schemes are exercisable after three, five and seven years from date of grant and are not subject to any performance conditions.

**AUDITORS**

In accordance with Section 385 of the Companies Act 1985, a resolution will be put to the members at the Annual General Meeting to reappoint the auditors, PricewaterhouseCoopers LLP.



By order of the Board  
P M Dudgeon  
Secretary  
30 June 2005

Registered Office  
5 Strand  
London WC2N 5AF

Registered in England and Wales  
Company No. 4056213

**DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 MARCH 2004**

**DIRECTORS' RESPONSIBILITIES**

The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of its profit and loss for that year and which comply with the Companies Act 1985.

The directors are responsible for ensuring that applicable accounting standards have been followed and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements.

It is also the responsibility of the directors to 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 also responsible for maintaining proper accounting records so as to enable them to comply with company law. The directors have general responsibilities for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUNWHARF QUAYS MANAGEMENT LIMITED  
FOR THE YEAR ENDED 31 MARCH 2004**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

**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 into 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

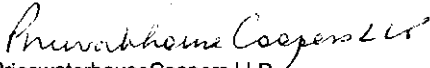
**Basis of audit opinion**

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 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
20 July 2005

**GUNWHARF QUAYS MANAGEMENT LIMITED**

**Profit and loss account for the year ended 31 March 2004**

	Notes	2004 £'000	2003 £'000
<b>Gross property income</b>	2	5,060	4,643
<b>Net rental income</b>		5,060	4,643
Property management and administration expenses	3	(5,042)	(4,643)
<b>Operating profit</b>		18	-
Taxation	4	(16)	(18)
<b>Profit / (loss) on ordinary activities after taxation</b>		2	(18)
<b>Retained profit / (accumulated loss) for the financial year</b>		2	(18)

**Statement of total recognised gains and losses for the year ended 31 March 2004**

	2004 £'000	2003 £'000
Profit / (loss) on ordinary activities after taxation	2	(18)
<b>Total gains and losses recognised since the last financial statements</b>	2	(18)

**Note of historical cost profits and losses**

	2004 £'000	2003 £'000
Historical cost profit on ordinary activities before taxation	18	-
Taxation	(16)	(18)
<b>Retained / (accumulated) historical cost profit / (loss) for the financial year</b>	2	(18)

Balance sheet at 31 March 2004

	Notes	2004 £'000	2003 £'000
<b>Current assets</b>			
Debtors	5	1,303	2,227
Cash at Bank and in hand		617	735
		<u>1,920</u>	<u>2,962</u>
<b>Creditors falling due within one year</b>	6	<u>(1,936)</u>	<u>(2,980)</u>
<b>Net current liabilities</b>		<u>(16)</u>	<u>(18)</u>
		<u>(16)</u>	<u>(18)</u>
<b>Capital and reserves</b>			
Called up share capital	7	-	-
Profit and loss account	8	(16)	(18)
<b>Shareholders' funds</b>		<u>(16)</u>	<u>(18)</u>

  
 P Dudgeon

Director

The financial statements on pages 5 to 9 were approved by the directors on 30 June 2005.

**1. Accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention modified by the revaluation of investment properties. Compliance with SSAP19 'Accounting for Investment Properties' requires a departure from the requirements of the Companies Act 1985 relating to depreciation and amortisation and an explanation of this departure is given in (d)(iii) below.

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

**(a) Gross property income**

The gross property income comprises service charges and other recoveries from tenants of its investment properties.

Income is credited to the profit and loss account as space and other services are provided to customers. Gross property income includes costs recovered from tenants and outsourcing customers. Rental income includes the net income from managed operations such as car parks, food courts, serviced offices and flats.

Service charges and other recoveries include income in relation to service charges and directly recoverable expenditure together with any chargeable management fee.

**(b) Taxation**

In accordance with FRS16 'Current Taxation', taxation arising on the sales of properties is charged to the profit and loss account in respect of the excess of net sale proceeds over book value and to the statement of total recognised gains and losses in respect of prior year revaluation surpluses realised on those sales.

No provision is made for the taxation which would become payable under present legislation if the Company's properties were sold at the amounts at which they are carried in the financial statements.

In accordance with FRS19 'Deferred Tax':

(i) deferred tax is recognised in full in respect of transactions or events that have taken place by the balance sheet date and which could give the Company an obligation to pay more or less tax in the future.

(ii) deferred tax is not recognised on revaluation gains and losses where these are not taken to the profit and loss account.

(iii) full provision is made for timing differences which, in the Company's case, arise primarily from capital allowances and industrial building allowances and the capitalisation and timing of recognition of certain interest payable. Following the sale or demolition of a property, any deferred tax provision not crystallised is released to the profit and loss account.

**2. Net rental income**

	2004 £'000	2003 £'000
Service charges and other recoveries	5,060	4,643
<b>Gross property income</b>	<b>5,060</b>	<b>4,643</b>

**3. Property management and administration expenses**

Property management and administration expenses consist of all costs of managing the property, together with the costs of rent reviews and renewals, re-lettings of the property and management services as explained in Note (a) below. No staff costs or overheads are capitalised.

**a) Management services**

The Company had no employees during the year. Management services were provided to the Company throughout the year by Land Securities Properties Limited, which is a group undertaking.

**b) Directors' emoluments**

The directors of the Company received no emoluments from Land Securities Properties Limited for their services to the group (2003: £Nil).

**c) Auditors' remuneration**

The Groups auditors' remuneration is borne by Land Securities Properties Limited. The proportion of the remunerations which relates to the Company amounts to £Nil (2003: £Nil).

In addition to the fees for the audit, £Nil (2003: £Nil) was payable to the auditors for compliance and certification work.



<b>4. Taxation</b>		
	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of tax charge for the year</b>		
Corporation tax on profit for the year at 30% (2003: 30%)	<b>5</b>	-
Adjustments to current tax in respect of current year	<b>11</b>	<b>18</b>
<b>Tax charge for the year</b>	<b>16</b>	<b>18</b>

**Factors affecting the tax charge for the year**

The tax assessed for the year is at the standard rate of corporation tax in the UK of 30% (2003: 30%)

The differences are explained below:

Profit on ordinary activities before taxation	<b>18</b>	-
Tax at 30%	<b>5</b>	-
Effects of:		
Non-deductible expenses	<b>11</b>	<b>18</b>
<b>Current tax</b>	<b>16</b>	<b>18</b>

<b>5. Debtors</b>		
	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	-	500
Other debtors	<b>30</b>	<b>558</b>
Amounts due from a group undertaking	<b>1,273</b>	<b>971</b>
Prepayments and accrued income	-	<b>198</b>
	<b>1,303</b>	<b>2,227</b>

<b>6. Creditors falling due within one year</b>		
	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>111</b>	<b>185</b>
Other creditors	-	<b>1,856</b>
Taxation and other social security	<b>537</b>	<b>628</b>
Accruals and deferred income	<b>1,288</b>	<b>311</b>
	<b>1,936</b>	<b>2,980</b>

<b>7. Called up share capital</b>				
	<b>Authorised</b>		<b>Allotted and fully paid</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>No.</b>	<b>No.</b>	<b>£</b>	<b>£</b>
Ordinary shares of £1.00 each	<b>100</b>	<b>100</b>	<b>1</b>	<b>1</b>

<b>8. Reserves</b>			
	<b>Ordinary</b>	<b>Profit and</b>	
	<b>Shares</b>	<b>Loss</b>	
	<b>£'000</b>	<b>Account</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>
As at 1 April 2003	-	(18)	(18)
Retained profit for the year	-	<b>2</b>	<b>2</b>
<b>At 31 March 2004</b>	<b>-</b>	<b>(16)</b>	<b>(16)</b>

9. Cash flow statement exemption

The group is a wholly owned subsidiary of Land Securities Group PLC which prepares a consolidated cash flow statement. The Company has therefore elected to make use of the exemption provided in Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" not to produce its own cash flow statement.

10. Related party transactions

The Company is a wholly owned subsidiary of Land Securities Group PLC and has taken advantage of the exemption provided in paragraph 3(c) of Financial Reporting Standard 8 "Related Party Disclosures" not to make disclosure of transactions with other entities that are part of the group.

11. Parent company

The ultimate parent company at 31 March 2004 was Land Securities Group PLC, which is registered in England and Wales. This is the largest parent company of the group to consolidate these financial statements. The smallest parent company of the group to consolidate these statements is Land Securities PLC.

Consolidated financial statements for the year ended 31 March 2004 for Land Securities Group PLC can be obtained from the Secretary, 5 Strand, London WC2N 5AF.