

**Ballymore Properties (Lanark Square)
Limited**

**Directors' report and
financial statements**

Year ended 31 March 2004

Registered Number: 4065907



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Ballymore Properties (Lanark Square) Limited

Directors' report and financial statements

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Ballymore Properties (Lanark Square) Limited

Directors and other information

Directors	R. Hardy B. Fagan D. Mulryan (resigned 5 May 2004)
Registered office	St Johns House 5 South Parade Summertown Oxford OX2 7JL
Registered number	4065907
Secretary	B. Fagan
Auditors	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Solicitors	Howard Kennedy Harcourt House 19 Cavendish Square London W1A 2AW
Bankers	Anglo Irish Bank Corporation plc 10 Old Jewry London EC2R 8DN

Ballymore Properties (Lanark Square) Limited

Directors' report

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

Principal activity

The principal activity of the company is that of property investment.

Results and review of the business

A summary of the results for the year is given on page 7 of the financial statements. The profit of the company for the year was £41,617

Directors

The directors who held office during the year are listed on page 1.

None of the directors serving at the year end held any beneficial interest in the share capital of the company or group companies.

Dividends

The directors do not recommend the payment of a dividend.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board


B. Fagan
Director

17 June 2004

Ballymore Properties (Lanark Square) Limited

Statement of directors' responsibilities

The directors are responsible for preparing these financial statements which give a true and fair view of the state of affairs of the company and of the profit of the company for the period. In preparing these 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.

On behalf of the board

B. Fagan
Director





Chartered Accountants

1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditors' report to the members of Ballymore Properties (Lanark Square) Limited

We have audited the financial statements on pages 6 to 13.

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 in relation to the financial statements

The directors are responsible for preparing the directors' report and, as described on page 3, 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 directors' remuneration and transactions with the company is not disclosed.

Basis of 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.



Independent auditors' report to the members of Ballymore Properties (Lanark Square) Limited *(continued)*

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.

A handwritten signature in black ink, appearing to be 'JMC'.

Chartered Accountants
Registered Auditors

17 June 2004

Ballymore Properties (Lanark Square) Limited

Statement of accounting policies *for the year ended 31 March 2004*

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 of financial statements

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost accounting convention, as modified to include the revaluation of investment properties and comply with financial reporting standards of the Accounting Standards Board.

Taxation

Taxation is provided on taxable profits arising at current rates.

Deferred taxation is accounted for, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 'Deferred Tax'. Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not they will be recovered.

Turnover

Turnover, which is stated net of VAT, represents rental income on an accruals basis. Turnover is attributable to the principal activity of the company, which is continuing and is earned entirely within the United Kingdom.

Tangible fixed assets and depreciation

Investment properties

Investment properties are stated on the basis of open market value as defined by the Royal Institution of Chartered Surveyors. Investment properties are valued annually. Surpluses and deficits on valuation are taken directly to the revaluation reserve except for permanent deficits or their reversal which, on an individual property basis, are taken to the profit and loss account. Where properties are acquired during the year, and the directors are of the view that cost equates to market value, they are carried at this amount.

Profits and losses on the sale of investment properties included in the profit and loss account are calculated as the difference between the net sales proceeds and the carrying value.

No depreciation or amortisation is provided against investment properties which may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. These properties are not however held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary, in the directors' opinion, for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Interest payable

Interest payable, which has not been capitalised, is charged to the profit and loss account in the financial period in which it is incurred.

Ballymore Properties (Lanark Square) Limited

Profit and loss account for the year ended 31 March 2004

	Notes	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Turnover	1	330,900	374,589
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		330,900	374,589
Administration expenses		(45,923)	(25,601)
		<hr/>	<hr/>
Operating profit	2	284,977	348,988
Interest payable and similar charges	3(a)	(243,629)	(252,036)
Interest receivable and similar income	3(b)	269	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		41,617	96,952
Tax on profit on ordinary activities	4	-	(30,000)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		41,617	66,952
		<hr/>	<hr/>

Statement of retained profit and loss account

	2004 £	2003 £
At beginning of year	72,127	5,175
Profit for the year	41,617	66,952
	<hr/>	<hr/>
At end of year	113,744	72,127
	<hr/>	<hr/>


The company had no recognised gains or losses in the financial year or preceding financial year other than those dealt with in the profit and loss account.

Ballymore Properties (Lanark Square) Limited

Balance sheet as at 31 March 2004

	Notes	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Tangible assets	5	4,530,572	4,530,572
Debtors	6	-	13,868
Creditors: amounts falling due within one year	7	(216,827)	(272,312)
Net current liabilities		(216,827)	(258,444)
Total assets less net current liabilities		4,313,745	4,272,128
Creditors: amounts falling due after more than one year	8	(4,200,000)	(4,200,000)
Net assets		113,745	72,128
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		113,744	72,127
Shareholders' funds - equity interests	10	113,745	72,128

These financial statements were approved by the board of directors on 17 June 2004 and were signed on its behalf by:


B. Fagan
Director

Ballymore Properties (Lanark Square) Limited

Notes

forming part of the financial statements

1 Turnover	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Rental income	330,900	374,589

All turnover is generated in the United Kingdom.

2 Operating profit	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Operating profit is stated after charging: Auditors' remuneration	-	-

Audit fees are discharged by the parent company, Ballymore Properties Limited.

3(a) Interest payable and similar charges	Year ended 31 March 2004 £	Year ended 31 March 2003 £
On bank loans and overdrafts due to be repaid wholly within five years none of which are repayable other than by instalments	243,629	252,036

(b) Interest received and similar income	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Interest receivable on bank deposits	269	-

Ballymore Properties (Lanark Square) Limited

Notes (continued)

4 Taxation

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Corporation tax	-	30,000

The current tax charge for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below.

	2004 £	2003 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	41,617	96,952
Current tax at 30%	12,485	29,086
Expenses not deductible	-	914
Group relief	(12,485)	-
Total current tax charge (see above)	-	30,000

Ballymore Properties (Lanark Square) Limited

Notes (continued)

5 Tangible fixed assets

	Freehold investment properties	
	2004	2003
	£	£
<i>Cost or valuation</i>		
At beginning of year	4,530,572	4,529,413
Additions	-	1,159
	<hr/>	<hr/>
At end of year	4,530,572	4,530,572
	<hr/>	<hr/>
Cost		-
Valuation	4,530,572	4,530,572
	<hr/>	<hr/>
At end of year	4,530,572	4,530,572
	<hr/>	<hr/>

The investment property was valued at £4,530,572 on 31 March 2004 on an open market value basis by Mr. Ray Hardy, BSc MRICS, a director of the company.

The historical cost of the investment property is £4,530,572 (2003: £4,530,572).

6 Debtors

	2004	2003
Trade Debtors	-	13,868
	<hr/>	<hr/>

7 Creditors: amounts falling due within one year

	2004	2003
	£	£
Trade creditors	9,525	-
Amount owed to group undertaking	150,841	214,524
Accruals and deferred income	26,461	27,788
Corporation tax	30,000	30,000
	<hr/>	<hr/>
	216,827	272,312
	<hr/>	<hr/>

Ballymore Properties (Lanark Square) Limited

Notes (continued)

8 Creditors: amounts falling due after one year

	2004 £	2003 £
Bank loan	4,200,000	4,200,000

The bank loan is secured by fixed and floating charges over the assets of the company and cross guarantees by certain group undertakings. The bank loan is repayable between two and five years.

9 Share capital

	2004 £	2003 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	1	1

10 Reconciliation of movement in shareholders' funds

	2004 £	2003 £
Shareholder's funds at 1 April 2003	72,128	5,176
Profit for the year	41,617	66,952
Shareholders' funds at 31 March 2004	113,745	72,128

11 Related parties and control

The company is a wholly owned subsidiary of Ballymore Properties Limited (a UK registered company) which prepares consolidated financial statements incorporating the results of this company. Copies of the consolidated financial statements can be obtained from the company's registered office which is St Johns House, 5 South Parade, Summertown, Oxford. OX2 7JL.

The company's ultimate parent company is Ballymore Properties Limited, incorporated in the Republic of Ireland. The largest group in which the results of the company are consolidated is that headed by Ballymore Properties Limited (R of I). The consolidated financial statements of the parent company are filed at the Companies Registration Office, Parnell Square, Dublin 1, Ireland.

The company is under the control of Mr. S. Mulryan by virtue of his controlling interest in the shares of the company's parent company.

Ballymore Properties (Lanark Square) Limited

Notes (*continued*)

11 Related parties and control

The company is taking advantage of the exemption available in Financial Reporting Standard No. 8 - Related Party Disclosures, from disclosing intercompany and related party transactions, on the grounds that the company is a 100% subsidiary and that consolidated financial statements are publicly available.

12 Cash flow statement

A separate cash flow statement has not been prepared under Financial Reporting Standard No. 1 - Cash Flow Statements, as a consolidated cash flow statement has been prepared and included in the consolidated financial statements of Ballymore Properties Limited and its subsidiaries.

13 Approval of financial statements

The directors approved the financial statements on 17 June 2004.

Appendix

*The following information does not form part of the
audited statutory financial statements and is included
solely for the information of management*

Ballymore Properties (Lanark Square) Limited

Detailed trading and profit and loss account
for the year ended 31 March 2004

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Turnover	330,900	374,589
Cost of sales	-	-
Gross Profit	330,900	374,589
Administrative expenses		
Sundry expenses	(45,923)	(25,601)
Operating profit	284,977	348,988
Interest payable	(243,629)	(252,036)
Interest received	269	-
Profit on ordinary activities before taxation	41,617	96,952