

LONDON & OXFORD PROPERTY SERVICES LIMITED

Report and Financial Statements

31 December 2001



London & Oxford Property Services Limited

Registered No 4089670

DIRECTOR

P Newton
J Hampson
M Batcup

SECRETARY

P Newton

AUDITORS

I Stokes & Co
Upper South Wraxall
Bradford on Avon
Wilts BA15 2SE

BANKERS

Lloyds TSB Bank plc
Central & West London
4th Floor
4/6 Copthall Avenue
London
EC2R 7DA

REGISTERED OFFICE

5 Frederick's Place
Old Jewry
London EC2R 8JQ

London & Oxford Property Services Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the period ended 31 December 2001.

RESULTS AND DIVIDENDS

The company's profit for the period after taxation was £40,374. The directors do not recommend the payment of a dividend for the period.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The principal activity of the company is the acquisition and management of investment property and related activities. In November 2000 the company acquired at a reverse premium, from a major U.K. insurance company, a portfolio of 45 leasehold office and retail properties. During the period, active management of this portfolio yielded a significant increase in net rent receivable by the company. The directors intend to continue to manage and improve returns from the portfolio for the duration of the various leasehold interests whilst taking advantage of opportunities to dispose of individual properties at a profit.

DIRECTORS AND THEIR INTERESTS

None of the directors who were in office either during the period or at the period end held any interest in the share capital of the company. The interests of the directors in the share capital of the parent undertaking are disclosed in the financial statements of that company, copies of which are available from its registered office.

The directors who held office during the year were as follows:

P Newton

J Hampson

M Batcup

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which 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. 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; and
- 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 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.

DIRECTORS' REPORT

AUDITORS

I Stokes & Co were appointed as auditors of the company after the period end. A resolution to reappoint them will be put to the members at the Annual General Meeting.

By order of the board



Secretary

Date

27/6/02

London & Oxford Property Services Limited

INDEPENDENT AUDITORS' REPORT

To the members of London & Oxford Property Services Limited

I have audited the company's financial statements for the period ended 31 December 2001 which comprise Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

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.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you if, in my opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

I read the Directors' Report and consider the implications for my report if I become aware of any apparent misstatements within it.

Basis of audit opinion

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

I STOKES & CO

Registered Auditor
WILTS BA15 2SE

Date

Handwritten signature and date: 27/6/2002

London & Oxford Property Services Limited

PROFIT AND LOSS ACCOUNT

for the period ended 31 December 2001

	Notes	2001 £
TURNOVER	2	2,470,439
Cost of sales		(2,173,662)
GROSS PROFIT		296,777
Administrative expenses		(583,346)
OPERATING LOSS	3	(286,569)
Interest receivable		336,930
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		50,361
Tax on profit on ordinary activities	6	9,987
PROFIT FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES	11	40,374

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the period ended 31 December 2001

There are no recognised gains and losses attributable to the shareholders of the company other than the profit for the period of £40,374 as stated above.

London & Oxford Property Services Limited

BALANCE SHEET

at 31 December 2001

	Notes	2001 £
CURRENT ASSETS		
Debtors	7	672,595
Cash at bank and in hand		5,319,676
		<u>5,992,271</u>
CREDITORS: amounts falling due within one year	8	(1,090,727)
NET CURRENT ASSETS		<u>4,901,544</u>
ACCRUALS AND DEFERRED INCOME	9	4,861,169
NET ASSETS		<u>40,375</u>
CAPITAL AND RESERVES		
Called up share capital	10	1
Profit and loss account	11	40,374
EQUITY SHAREHOLDERS' FUNDS		<u>40,375</u>



Director

Date 27 June 2002

London & Oxford Property Services Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

1. ACCOUNTING POLICIES

Basis of preparation

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

Leasing commitments

Rentals payable for properties held under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Future leasehold liabilities are secured by way of bank guarantees. In support of such guarantees, the bank has a charge over cash deposits of the company. The charge will be reduced over the life of the leasehold agreements.

Cash flow statement

The company has taken advantage of the exemption available under FRS 1 (revised) not to prepare a cash flow statement.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover and profit before taxation are attributable to the continuing principal activity of the company, which is carried out wholly within the United Kingdom.

3. OPERATING LOSS

This is stated after charging:

	2001 £
Rents payable	1,909,402
Auditors' remuneration	2,500

London & Oxford Property Services Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

4. DIRECTORS' EMOLUMENTS

2001

£

Emoluments (Including amounts paid to service companies
in which the directors held an interest)

207,740

5. INTEREST RECEIVABLE

2001

£

On Bank Deposits

336,930

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

taxation arises in the current period of £9,987.

7. DEBTORS

2001

£

Trade debtors
Other debtors

661,155

11,440

672,595

London & Oxford Property Services Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

8. CREDITORS: amounts falling due within one year

	2001 £
Trade creditors	74,905
Sundry creditors	375,393
Accruals	112,500
Corporation tax	9,987
Deferred revenue	517,942
	<u>1,090,727</u>

See note 9 in respect of deferred revenue.

9. ACCRUALS AND DEFERRED INCOME

	2001 £
Deferred revenue	4,861,169

Deferred revenue represents premium received on the acquisition of leasehold properties, which will be released to the profit and loss account over the life of the leasehold agreements.

10. CALLED UP SHARE CAPITAL

	2001 No.	2001 £
Authorised	100	100
	<u>100</u>	<u>100</u>
	2001 No.	2001 £
Allotted, called up and fully paid	1	1
	<u>1</u>	<u>1</u>

1 ordinary share of £1 was issued at par on incorporation of the company.

11. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At incorporation	-	-	-
Issue of ordinary shares	1	-	1
Profit for the period	-	40,374	40,374
At 31 December 2001	<u>1</u>	<u>40,374</u>	<u>40,375</u>

London & Oxford Property Services Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

Details regarding the shares issued in the period are disclosed in note 10.

12. ULTIMATE HOLDING COMPANY

The shares of the company were transferred to London & Oxford Property Holdings Ltd after the balance sheet date.