

Rangeflat Limited

**Annual report
for the year ended 31 March 2004**

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DIRECTORS AND ADVISERS

DIRECTORS

M.R. Breen
A.P. Cunningham

JOINT COMPANY SECRETARIES

A.P. Cunningham
D.J.T. MacDonald

AUDITORS

PricewaterhouseCoopers LLP,
1 Embankment Place,
London, WC2N 6RH

REGISTERED OFFICE

40 Queen Anne Street
London W1M 0EL



Registered Number: 4131248

Rangeflat Limited

Directors' report for the year ended 31 March 2004

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

Principal activity

The principal activity of the company is property investment.

Review of business and future developments

The profit before tax was £702,911 (15 month period to 31 March 2003: loss of £46,483). Both the level of business and the year end financial position were satisfactory.

Dividends

The directors have declared a dividend of £1,106,654 (period to 31 March 2003: £nil) on the ordinary share

Directors and directors' interests

The directors during the year were as follows:

M.R. Breen

A.P. Cunningham

No director had any beneficial interest in the shares of the company during the year. M. R. Breen and A. P. Cunningham are members of the Committee of Management of Artesian Property Partnership, which held one ordinary share of £1 in the company.

Rangeflat Limited

Directors' report (continued)

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit for that period.

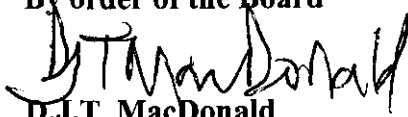
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2004. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, and for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Creditor payment policy

While no formal code is adopted, the company's current policy concerning the payment of its trade creditors is, where possible, to settle the terms of payment when agreeing the terms of each transaction, ensure that suppliers are aware of the terms of payment, and pay in accordance with its contractual and other obligations. At 31 March 2004 the company' had no trade creditor balances.

By order of the Board



D.J.T. MacDonald

Joint Company Secretary

28 April 2004

Rangeflat Limited

Independent auditors' report to the members of Rangeflat Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, 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 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 affairs of the company at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.

PricewaterhouseCoopers LLP

**PricewaterhouseCoopers LLP,
Chartered Accountants and Registered Auditors,
London.**

29 April 2004

Rangeflat Limited**Profit and loss account
for the year to 31 March 2004**

	Notes	2004 £	Period to 31 March 2003 £
Turnover	1	1,362,030	198,932
Cost of sales		(366,911)	(103,302)
Gross profit		<u>995,119</u>	<u>95,630</u>
Operating expenses		(30,775)	(15,761)
Interest payable	4	(261,433)	(126,352)
Profit / (loss) on ordinary activities before taxation	5	702,911	(46,483)
Tax on profit / (loss) on ordinary activities	6	(125,933)	8,832
Dividends	7	(1,106,654)	-
Retained loss for the financial year (2003: period)	16	<u>(529,676)</u>	<u>(37,651)</u>

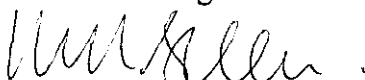
There is no difference between the profit / (loss) on ordinary activities before taxation and the retained loss for the year (2003:period) stated above and their historical cost equivalents.

There are no gains and losses other than the retained loss for the year (2003:period), and therefore no separate statement of total recognised gains and losses has been presented.

Rangeflat Limited**Balance sheet
at 31 March 2004**

	Notes	2004 £	2003 £
Fixed assets			
Tangible fixed assets	8	521,178	695,055
Investment property	9	<u>9,010,508</u>	<u>9,010,508</u>
		<u>9,531,686</u>	<u>9,705,563</u>
Current assets			
Debtors	10	252,419	284,877
Creditors: amounts falling due within one year	11	<u>(1,207,207)</u>	<u>(544,298)</u>
Net current liabilities		<u>(954,788)</u>	<u>(259,421)</u>
Total assets less current assets / (liabilities)		8,576,898	9,446,142
Creditors: amounts falling due after more than one year	12	(8,420,819))	(8,886,320)
Provisions for liabilities and charges	13	<u>(156,078)</u>	<u>(30,145)</u>
Net assets		<u>1</u>	<u>529,677</u>
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account	16	-	529,676
Equity shareholders' funds	17	<u>1</u>	<u>529,677</u>

The financial statements on pages 5 to 12 were approved by the board of directors on 28 April 2004 and were signed on its behalf by:


M. R. Breen
Director

Rangeflat Limited

Notes to the financial statements for the year ended 31 March 2004

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Deferred taxation

Deferred taxation is provided at the current rate on timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not that the assets will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover comprises rental income. All turnover was derived from activities in the United Kingdom.

Cash flow statement

The company is a wholly owned subsidiary of Artesian Property Partnership and is included in the consolidated financial statements of Artesian Property Partnership. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 (revised) from preparing a cash flow statement.

Investment properties (see also note 9)

In accordance with SSAP 19, the investment property portfolio of the company is revalued annually on an open market value basis by appropriately qualified external valuers or by the executive directors. Any revaluation surplus or deficit arising is taken to the revaluation reserve except where the deficit is considered to be permanent. Permanent deficits are taken to the profit and loss account.

No depreciation or amortisation is provided in respect of freehold or leaseholds of over 50 years investment properties. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors believe that as these properties are not held for consumption but investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. Depreciation 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.

Rangeflat Limited

Notes to the financial statements for the year ended 31 March 2004

1 Principal accounting policies (continued)

Investment properties are included at their full cost in the accounts once an irrevocable purchase contract has been entered into.

Investment properties are reported as sold at the date of exchange of a sale contract.

Assets in the course of construction are carried at cost which includes capitalised interest where relevant, and are reclassified as investment properties as soon as they are available for letting. All subsequent costs, including interest, are written off as they are incurred.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets (other than investment properties), less their estimated residual values, on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Business centre fixtures, fittings and equipment - 33%, 10% or over the life of the lease

2 Directors' emoluments

None of the directors received emoluments or fees during the year.

3 Employee information

The average number of persons (excluding directors) employed by the company during the year was nil.

4 Interest payable

	2004	Period to 31 March 2003
	£	£
Interest payable	<u>261,433</u>	<u>126,352</u>

Rangeflat Limited

Notes to the financial statements for the year ended 31 March 2004

5 Profit / (loss) on ordinary activities before taxation

	2004	Period to 31 March 2003
	£	£
This is stated after charging:		
Depreciation	179,643	99,000
Auditors' remuneration:		
Audit services	15,000	15,000

6 Tax on profit / (loss) on ordinary activities

	2004	Period to 31 March 2003
	£	£
The tax charge on the profit / (loss) on ordinary activities for the year is as follows:		
United Kingdom corporation tax at 19% (2003: 30%)	-	-
Deferred taxation provided at 19%	125,933	(8,832)
Current year tax charge	125,933	(8,832)

Factors affecting current year tax charge:

Profit / (loss) on ordinary activities before taxation	702,911	(46,483)
Profit / (loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2003:30%)	133,553	(13,945)
Increased by:		
Depreciation not allowable for tax	34,132	
Tax losses not utilised	10,419	13,945
Items not allowable for taxation	11	
Deferred taxation provision	125,933	
Reduced by:		
Benefit of capital allowances and capitalised costs	(76,189)	-
Tax losses utilised	(101,926)	
Deferred tax asset recognised	-	(8,832)
Current year tax charge	125,933	(8,832)

Rangeflat Limited

Notes to the financial statements for the year ended 31 March 2004

7 Dividends

	2004	Period to 31 March 2003
	£	£
Dividends on ordinary share	<u>1,106,654</u>	<u>-</u>

8 Tangible fixed assets

	Fixtures and fittings in investment property
Cost	£
At 1 April 2003	794,055
Additions	<u>5,766</u>
At 31 March 2004	<u>799,821</u>
Depreciation	£
At 1 April 2003	99,000
Charged in the year	<u>179,643</u>
At 31 March 2004	<u>278,643</u>
Net book value at 1 April 2003	<u>695,055</u>
Net book value at 31 March 2004	<u>521,178</u>

9 Investment property

Cost	Long leasehold £
At 1 April 2003 and 31 March 2004	<u>9,010,508</u>

The long leasehold property cost includes £506,374 of capitalised interest.

The valuation was carried out by the directors on the basis of 'market value' as defined in Practice Statement 3.2 of the RICS Appraisal and Valuation Standards.

Rangeflat Limited**Notes to the financial statements
for the year ended 31 March 2004****10 Debtors**

	2004	2003
	£	£
Trade debtors	129,389	233,745
Other debtors	-	39,462
Prepayments and accrued income	123,030	11,670
	<u>252,419</u>	<u>284,877</u>

11 Creditors: amounts falling due within one year

	2004	2003
	£	£
Amount owed to parent	1,106,654	-
Corporation tax	-	171,928
Other tax and social security payable	77,553	-
Other creditors	-	357,370
Accruals	23,000	15,000
	<u>1,207,207</u>	<u>544,298</u>

12 Creditors: amounts falling due after more than one year

	2004	2003
	£	£
Amount owed to parent	8,420,819	8,886,320
	<u>8,420,819</u>	<u>8,886,320</u>

13 Provisions for liabilities and charges

	2004	2003
Deferred taxation		
	£	£
At 1 April 2003 (2003: 1 January 2002)	30,145	38,977
Amount provided / (released) during the year (2003: period)	125,933	(8,832)
At 31 March	<u>156,078</u>	<u>30,145</u>

14 Capital commitments

There is no capital expenditure contracted but not provided for at 31 March 2004.

Rangeflat Limited

Notes to the financial statements for the year ended 31 March 2004

15 Called up share capital

Authorised:	£
1,000 Ordinary shares of £1 at 31 March 2004 and 1 April 2003	<u>1,000</u>

Allotted, called up and fully paid:	£
1 ordinary share of £1 at 31 March 2004 and 1 April 2003	<u>1</u>

16 Profit and loss account

At 1 April 2003	£
	529,676
Loss for the year	<u>(529,676)</u>
At 31 March 2004	<u>-</u>

17 Reconciliation of movements in shareholders' funds

Opening shareholders' funds	£
	529,677
Retained loss for the year	<u>(529,766)</u>
Closing shareholders' funds	<u>1</u>

18 Ultimate controlling party

The equity voting capital of Rangeflat Limited is held by Artesian Property Partnership, which is considered to be the ultimate controlling party.