

BLS St Martins Limited

Directors' report and financial
statements

Registered number 4217324

30 June 2004



Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors to the members of BLS St Martins Limited	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Reconciliation of movements in shareholders' funds	7
Notes	8

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2004.

Principal activities and review of the business

The company was incorporated on 15 May 2001 as a vehicle for the design and construction of office premises at St Martins Court, Paternoster Square, London EC4.

Construction commenced in September 2001 and practical completion was achieved in May 2003.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

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

DJ Camp
MW O'Farrell
SA Moschini
PJ Simms
P Jacobs
A Butler

The directors who held office at the end of the year had no interest in the share capital of the company according to the Register maintained by the company under Section 325 of the Companies Act 1985.

Auditors

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

By order of the board


HLM Secretaries Limited
Secretary

9th Floor, St James's Buildings
79 Oxford Street
Manchester
M1 6FQ

Statement of directors' responsibilities

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 and of the profit or loss 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;
- 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.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Report of the independent auditors to the members of BLS St Martins Limited

We have audited the financial statements on pages 4 to 12.

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 are responsible for preparing the directors' report and, as described on page 2, 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 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 company's affairs as at 30 June 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

[Signature]
KPMG LLP 27/7/05
Chartered Accountants
Registered Auditors

Profit and loss account
for the year ended 30 June 2004

	<i>Note</i>	2004 £000	2003 £000
Turnover		1,686	22,019
Operating expenses	3	(1,723)	(22,054)
Operating loss		(37)	(35)
Other interest receivable and similar income	5	9	51
(Loss)/profit on ordinary activities before taxation	2	(28)	16
Tax on (loss)/profit on ordinary activities	6	-	(4)
(Loss)/profit on ordinary activities after taxation and retained for the financial year		(28)	12

The company has no recognised gains or losses in the current or preceding year other than the result noted above and therefore no separate statement of total recognised gains and losses has been prepared.

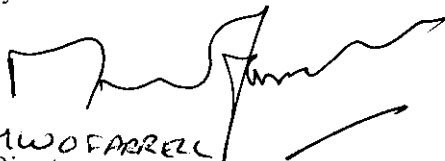
All activities relate to continuing operations.

Balance sheet

at 30 June 2004

	Note	2004 £000	2003 £000
Current assets			
Debtors	7	421	273
Cash at bank and in hand		169	970
		<u>590</u>	<u>1,243</u>
Creditors: amounts falling due within one year	8	<u>(618)</u>	<u>(1,243)</u>
Net (liabilities)/assets		<u>(28)</u>	<u>-</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		<u>(28)</u>	<u>-</u>
Shareholders' (deficit)/funds		<u>(28)</u>	<u>-</u>

These financial statements were approved by the board of directors on 6th July 2005 and were signed on its behalf by:


 M. W. O'FARRELL
 Director

Cash flow statement

for the year ended 30 June 2004

	<i>Note</i>	2004 £000	2003 £000
Cash flow from operating activities	<i>11</i>	(806)	(18)
Returns on investments and servicing of finance	<i>12</i>	9	51
Taxation		(4)	-
Cash (outflow)/inflow before management of liquid resources and financing		(801)	33
(Decrease)/increase in cash in the year		(801)	33
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the year		(801)	33
Change in net debt resulting from cash flows		(801)	33
Movement in net debt in the year		(801)	33
Net debt at the start of the year		970	937
Net debt at the end of the year		169	970

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2004

	2004 £000	2003 £000
(Loss)/profit for the financial year	(28)	12
Net (reduction in)/addition to shareholders' funds	(28)	12
Opening shareholders' deficit	-	(12)
Closing shareholders' (deficit)/funds	(28)	-

Notes

(forming part of the financial statements)

1 Accounting policies

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

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

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and account purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the value of work performed during the period (excluding value added tax).

All of the company's turnover relates to its primary activity for services provided in the UK and relate to its continuing operations.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Notes (continued)

2 (Loss)/profit on ordinary activities before taxation

	2004	2003
	£000	£000

(Loss)/profit on ordinary activities before taxation is stated after charging

Auditors' remuneration:

Audit	8	8
Other services - fees paid to the auditor and its associates	5	5

3 Operating expenses

	2004	2003
	£000	£000
Materials, site and production costs	1,686	22,019
Administrative costs	37	35
	<u>1,723</u>	<u>22,054</u>

4 Staff Costs

The company had no employees throughout the year. Management and administrative staffing resources are provided by secondee staff, employed by certain related parties (see note 14).

5 Other interest receivable and similar income

	2004	2003
	£000	£000
Other	9	51

Notes (continued)

6 Taxation

Analysis of charge in period

	2004 £000	2003 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	3
Adjustments in respect of prior periods	-	1
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	4
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2003: lower) than the standard rate of corporation tax in the UK (30% 2003: 30%). The differences are explained below.

	2004 £000	2003 £000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(28)	16
	<hr/>	<hr/>
Current tax at 30% (2003 : 30%)	(8)	5
	<hr/>	<hr/>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Small company marginal rate relief	-	(2)
Tax loss not recognised	8	-
	<hr/>	<hr/>
Total current tax charge (see above)	-	3
	<hr/>	<hr/>

7 Debtors

	2004 £000	2003 £000
Amounts recoverable on contracts	421	272
Other debtors	-	1
	<hr/>	<hr/>
	421	273
	<hr/>	<hr/>

8 Creditors: amounts falling due within one year

	2004 £000	2003 £000
Trade creditors	289	137
Other creditors	5	-
Accruals and deferred income	324	1,102
Corporation tax	-	4
	<hr/>	<hr/>
	618	1,243
	<hr/>	<hr/>

Notes (continued)

9 Called up share capital

	2004 £	2003 £
<i>Authorised</i>		
Equity: Ordinary shares of £ 1,000 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £ 1 each	2	2
	<hr/>	<hr/>

10 Reserves

	Profit and loss Account £000
At 1 July 2003	-
Retained loss for the year	(28)
	<hr/>
At 30 June 2004	(28)
	<hr/>

Notes (continued)

11 Reconciliation of operating loss to net cash flow from operating activities

	2004 £000	2003 £000
Operating loss	(37)	(35)
Decrease/(increase) in debtors	(148)	1,561
(Decrease)/increase in creditors	(621)	(1,544)
	<u>(806)</u>	<u>(18)</u>

12 Analysis of cash flows

	2004 £000	2003 £000
Returns on investment and servicing of finance		
Interest received	9	51
	<u>9</u>	<u>51</u>

13 Analysis of net debt

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	970	(801)	169
Total	<u>970</u>	<u>(801)</u>	<u>169</u>

14 Related party disclosures

Related parties	Relationship	Class of Transaction	2004		2003	
			Expenditure £000	Creditor £000	Expenditure £000	Creditor £000
Bovis Lend Lease Limited	50% shareholders of company	Construction services	1,886	299	2,454	229
Stanhope Plc	50% shareholders of company	Project management services	66	260	1,168	919

15 Ultimate controlling party

In the opinion of the directors, the ultimate controlling party comprises Bovis Lend Lease Limited and Stanhope Plc, acting together.