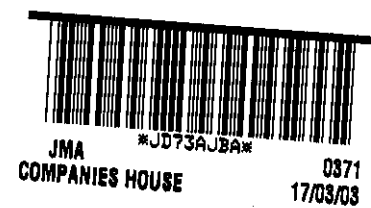


BLS St Martins Limited

Directors' report and financial
statements

Registered number 4217324

30 June 2002



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Directors' report

The directors present their annual report and the audited financial statements for the period ended 30 June 2002.

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.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

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

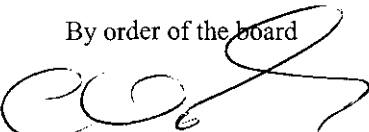

Instant Companies Limited	appointed 15 May 2001	resigned 15 May 2001
DJ Camp	appointed 15 May 2001	
JM Holmes	appointed 15 May 2001	
SAC Cook	appointed 14 August 2001	resigned 7 December 2001
MW O'Farrell	appointed 14 August 2001	
SA Moschini	appointed 14 August 2001	
PJ Simms	appointed 7 December 2001	
P Jacobs	appointed 14 June 2002	

The directors who held office at the end of the period 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

During the year, the company appointed KPMG LLP to fill the casual vacancy arising. 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

14 March 2003

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.



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 11.

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 2002 and of its loss for the 14 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

V. M. W.

KPMG LLP
Chartered Accountants
Registered Auditors

14 March 2003

Profit and loss account

for the 14 month period ended 30 June 2002

	<i>Note</i>	2002 £000
Turnover		13,449
Operating expenses	3	(13,477)
Operating loss	2	(28)
Other interest receivable and similar income	5	16
Loss on ordinary activities before taxation		(12)
Tax on loss on ordinary activities	6	-
Loss on ordinary activities after taxation		(12)
Dividends on equity and non-equity shares		-
Retained loss for the period		(12)

There were no gains or losses in the period other than those reported in the profit and loss account set out above.

Balance sheet
at 30 June 2002

	<i>Note</i>	2002 £000
Current assets		
Debtors	7	1,834
Cash at bank and in hand		937
		<hr/>
		2,771
Creditors: amounts falling due within one year	8	(2,783)
		<hr/>
Net liabilities		(12)
		<hr/>
Capital and reserves		
Called up share capital	9	-
Profit and loss account		(12)
		<hr/>
Shareholders' funds		(12)
		<hr/>

These financial statements were approved by the board of directors on 14 March 2003 and were signed on its behalf by:



Director

Cash flow statement

for the 14 month period ended 30 June 2002

	<i>Note</i>	2002 £000
Cash flow from operating activities	<i>11</i>	921
Returns on investments and servicing of finance	<i>12</i>	16
Taxation		-
Equity dividends paid		-
Cash inflow before management of liquid resources and financing		937
Financing		-
Increase in cash in the period		937
Reconciliation of net cash flow to movement in net debt		
Increase in cash in the period		937
Change in net debt resulting from cash flows		937
Movement in net debt in the period		937
Net debt at the start of the period		-
Net debt at the end of the period		937

Reconciliation of movements in shareholders' funds
for the 14 month period ended 30 June 2002

	2002 £000
Loss for the financial year	(12)
Dividends	-
	<hr/>
New share capital subscribed (net of issue costs)	(12)
	-
	<hr/>
Net reduction in shareholders' funds	(12)
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	(12)
	<hr/> <hr/>

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 except as noted below. The company has adopted, FRS 18 'Accounting policies' and FRS 19 'Deferred tax' in these financial statements.

Basis of preparation

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

The company is exempt by virtue of s228/s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

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.

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 on ordinary activities before taxation

**2002
£000**

Loss on ordinary activities before taxation is stated after charging

Auditors' remuneration:

Audit

8

Other services - fees paid to the auditor and its associates

5

3 Operating expenses

**2002
£000**

Materials, site and production costs

13,449

Buildings insurance

-

Administrative costs

28

Other charges

-

13,477

4 Staff Costs

The company had no employees throughout the period. 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

**2002
£000**

Other

16

16

6 Taxation

There is no charge to UK Corporation Tax for the period.

Notes (continued)

7 Debtors

	2002 £000
Amounts recoverable on contracts	1,834
Other debtors	-
	<hr/>
	1,834
	<hr/>

8 Creditors: amounts falling due within one year

	2002 £000
Trade creditors	268
Other creditors	11
Accruals and deferred income	2,504
	<hr/>
	2,783
	<hr/>

9 Called up share capital

	2002 £
<i>Authorised</i>	
Equity: Ordinary shares of £ 1,000 each	1,000
	<hr/>
<i>Allotted, called up and fully paid</i>	
Equity: Ordinary shares of £ 1 each	2
	<hr/>
	2
	<hr/>

2 Ordinary shares of £ 1 each were issued on 22 August 2001 to the joint venture partners on the establishment of the company.

10 Reserves

	Profit and loss Account £000
At beginning of the period	-
Retained loss for the period	(12)
	<hr/>
At 30 June 2002	(12)
	<hr/>

Notes (continued)

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

	2002 £000
Operating loss	(28)
Increase in debtors	(1,834)
Increase in creditors	2,783
	<u>921</u>

12 Analysis of cash flows

	2002 £000
Returns on investment and servicing of finance	
Interest received	16
Interest paid	-
	<u>16</u>

13 Analysis of net debt

	At beginning of period £000	Cash flow £000	At end of period £000
Cash in hand, at bank	-	937	937
Total	<u>-</u>	<u>937</u>	<u>937</u>

14 Related party disclosures

Expenditure with related parties	Relationship	Class of Transaction	2002 Expenditure £000	2002 Dr / (Cr) £000
Bovis Lend Lease Limited	50% shareholders of company	Construction services	1,791	(8)
Stanhope plc	50% shareholders of company	Project management services	372	(39)

15 Ultimate controlling party

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