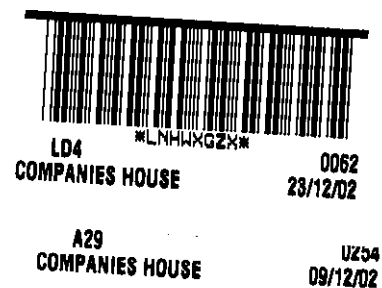


Registered number
4234346

LR (Discos) Ltd
Report and Accounts
30 September 2001



LR (Discos) Ltd
Report and accounts
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LR (Discos) Ltd
Company Information

Director

Mr I M Livingstone

Secretary

Mr R N Luck

Registered Office

St Alphage House
2 Fore Street
London
EC2Y 5DH

Auditors

Hacker Young
168 Church Road
Hove
East Sussex
BN3 2DL

Registered number

4234346

LR (Discos) Ltd
Director's Report

The director presents his report and accounts for the period ended 30 September 2001.

Principal activities and review of the business

The company was incorporated on 14 June 2001. The company acts as a commercial property investment company. The director considers the financial position at 30 September 2001 to be satisfactory.

Results and dividends

The loss for the period, after taxation, amounted to £7,307. The director does not recommend the payment of a dividend.

Directors

The director who served during the period was:

Mr I M Livingstone

The director had no interest in the ordinary shares of the company at any time during the period.

Auditors

The Company passed an Elective Resolution during the period, pursuant to Section 386 of the Companies Act 1985, electing to dispense with the obligation to re-appoint auditors annually. The resolution remains in force.

This report was approved by the board on 3 July 2002.

Mr R N Luck



Secretary

LR (Discos) Ltd

Statement of Director's Responsibilities

Company law requires the director to prepare accounts 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 accounts, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. He is 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.

LR (Discos) Ltd
Auditors' Report

Report of the auditors
to the shareholders of LR (Discos) Ltd

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 2001 and of its loss for the period from 14 June 2001 to 30 September 2001 then ended and have been properly prepared in accordance with the Companies Act 1985.



Hacker Young
Chartered Accountants and Registered Auditors

168 Church Road
Hove
East Sussex
BN3 2DL

3 July 2002

LR (Discos) Ltd
Profit and Loss Account
for the period from 14 June 2001 to 30 September 2001

	Notes	Period to 30/9/01 £
Turnover	2	75,689
Net operating expenses	3	(5,249)
Operating profit	4	<u>70,440</u>
Interest payable	5	(77,747)
Loss on ordinary activities before taxation		<u>(7,307)</u>
Tax on loss on ordinary activities		-
Loss for the period		<u>(7,307)</u>
Retained loss for the period	11	<u>(7,307)</u>

LR (Discos) Ltd

Statement of total recognised gains and losses

for the period from 14 June 2001 to 30 September 2001

	Notes	30/9/01 £
Loss for the period		(7,307)
Realised surplus on revaluation of properties	6	1,031,917
Total recognised gains and losses related to the period		<u>1,024,610</u>

LR (Discos) Ltd
Balance Sheet
as at 30 September 2001

	Notes	30/9/01 £
Fixed assets		
Investment property	6	4,330,000
Current assets		
Debtors	7	654,967
Creditors: amounts falling due within one year	8	(229,103)
Net current assets		<u>425,864</u>
Total assets less current liabilities		4,755,864
Creditors: amounts falling due after more than one year	9	(3,731,253)
		<u>1,024,611</u>
Capital and reserves		
Called up share capital	10	1
Revaluation reserve	11	1,031,917
Profit and loss account	12	(7,307)
Shareholders' funds:		
Equity		<u>1,024,611</u>
	13	<u>1,024,611</u>



Mr I M Livingstone
Director

Approved by the board on 3 July 2002

LR (Discos) Ltd
Notes to the Accounts
for the period from 14 June 2001 to 30 September 2001

1 Accounting policies

The accounts have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies which have been consistently applied are given below.

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Compliance with the Statement of Standard Accounting Practice (SSAP 19) "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation for the departure is given below.

Investment Properties

In accordance with SSAP 19, investment properties are revalued annually and the surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties. The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with SSAP 19 and the director considers that to depreciate would not give a true and fair view

Cash flow statement

The company has taken advantage of the exemption permitted by Financial Reporting Standard 1, whereby a cash flow statement need not be prepared by a small company as defined in the Companies Act 1985.

Turnover

Turnover represents rental income, net of value added tax

2 Turnover

The total turnover for the company for the period has been derived from its principal activity, wholly undertaken in the UK

LR (Discos) Ltd
Notes to the Accounts
for the period from 14 June 2001 to 30 September 2001

3 Net Operating Expenses

2001
£

Property Expenses	1,609
	<u>1,609</u>

4 Operating profit

2001
£

Operating profit is stated after charging:	
Auditors remuneration	1,555
	<u>1,555</u>

5 Interest payable

2001
£

On borrowings repayable within five years	77,747
	<u>77,747</u>

6 Investment Property

2001
£

Valuation

At 14 June 2001	-
Additions	3,298,083
Surplus on revaluation	1,031,917
At 30 September 2001	<u>4,330,000</u>

Cost

3,298,083

7 Debtors

2001
£

Amounts owed by related undertakings	92,531
Other debtors	536,420
Prepayments and accrued income	26,016
	<u>654,967</u>

8 Creditors: amounts falling due within one year

2001
£

Trade creditors	54
Amounts owed to related undertakings	72,807
Accruals and deferred income	156,242
	<u>229,103</u>

LR (Discos) Ltd
Notes to the Accounts
for the period from 14 June 2001 to 30 September 2001

9 Creditors: amounts falling due after one year **2001**
£

Bank loan 3,731,253

The bank loan is secured over the investment property and is repayable in June 2006.

10 Share capital **2001**
£

Authorised:
1,000 Ordinary shares of £1 each 1,000
1,000

	2001 No	2001 £
Allotted, called up and fully paid: Ordinary shares of £1 each	1	1
		<u>1</u>

Movement in share capital **2001**
£

Shares issued 1

At 30 September 2001 1

11 Revaluation reserve **30/9/01**
£

Arising on revaluation during the period 1,031,917

At 30 September 2001 1,031,917

12 Profit and loss account **2001**
£

Retained loss (7,307)

At 30 September 2001 (7,307)

13 Reconciliation of movement in shareholders' funds **2001**
£

LR (Discos) Ltd
Notes to the Accounts
for the period from 14 June 2001 to 30 September 2001

Loss for the financial period	(7,307)
Other recognised gains and losses	1,031,917
Shares issued	1
	<hr/>
At 30 September 2001	1,024,611

14 Ultimate parent undertaking

The company is a subsidiary of Kerkehout Beheer B.V, a company incorporated and registered in The Netherlands. The ultimate parent undertaking is Nutmeg Limited, a company incorporated and registered in Guernsey, Channel Islands.