

101 OHS LIMITED

Report and Financial Statements
30 September 2004



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REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M B Owen
A R Lovelady
A J Gresty (resigned 1 February 2005)
H S Frost
S Beetham
W J T Barrow

SECRETARY

A J Gresty
A R Lovelady

REGISTERED OFFICE

Beetham Plaza
25 The Strand
Liverpool
Merseyside
L2 0XW

BANKERS

Bank of Scotland
38 Albyn Place
Aberdeen
AB10 1ZS

SOLICITORS

Halliwells LLP
100 Old Hall Street
Liverpool
L3 9TD

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Liverpool

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the development and letting of an office building in Liverpool city centre.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The development was completed on schedule and tenants have been accommodated since early 2004. The directors are confident about the future prospects of the company.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividends have been paid or proposed for the current financial year (year ended 30 September 2003: £nil).

The profit for the year of £109,966 has been transferred to reserves (2003: loss £42,619 withdrawn from reserves).

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year and thereafter are shown on page 1.

The directors had no interests in the shares of the company at any time during the year.


The interests of H S Frost and S Beetham in the shares of Beetham Organization Limited are disclosed in the financial statements of that company.

The interests of M B Owen, A R Lovelady and W J T Barrow in Ethel Austin Investment Properties Limited are disclosed in the financial statements of that company. There are no other directors' interest required to be disclosed under schedule 7 of the Companies Act 1985.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 101 OHS LIMITED

We have audited the financial statements of 101 OHS Limited for the year ended 30 September 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

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. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

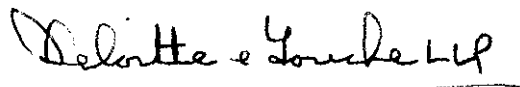
Basis of opinion

We conducted our 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.

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 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



25 July 2005

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2004

	Note	Year ended 30 September 2004 £	Year ended 30 September 2003 £
TURNOVER		978,901	-
Cost of sales		(40,868)	-
GROSS PROFIT		938,033	-
Administrative expenses		(280,748)	(72,216)
OPERATING PROFIT/(LOSS)	2	657,285	(72,216)
Interest receivable and similar income	4	14,667	29,597
Interest payable and similar charges	5	(537,774)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		134,178	(42,619)
Tax on profit/(loss) on ordinary activities	6	(24,212)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		109,966	(42,619)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR TRANSFERRED TO/(WITHDRAWN FROM) RESERVES	13	109,966	(42,619)

The results derive from continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 September 2004

	Note	Year ended 30 September 2004 £	Year ended 30 September 2003 £
Profit/(loss) for the financial year		109,966	(42,619)
Unrealised surplus on revaluation of properties	7	4,016,328	4,565,918
		<u>4,126,294</u>	<u>4,523,299</u>
Total recognised gains and losses relating to the year		<u>4,126,294</u>	<u>4,523,299</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
Year ended 30 September 2004

	Note	Year ended 30 September 2004 £	Year ended 30 September 2003 £
Profit/(loss) for the year		109,966	(42,619)
Unrealised surplus on revaluation of properties	7	4,016,328	4,565,918
		<u>4,126,294</u>	<u>4,523,299</u>
Net addition to shareholders' funds		4,126,294	4,523,299
Opening shareholders' funds		4,524,299	1,000
		<u>8,650,593</u>	<u>4,524,299</u>
Closing shareholders' funds		<u>8,650,593</u>	<u>4,524,299</u>

BALANCE SHEET
30 September 2004

	Note	£	2004 £	2003 £
FIXED ASSETS				
Tangible assets	7		32,750,000	18,151,980
CURRENT ASSETS				
Debtors	8	4,920,118	666,616	
Cash at bank and in hand		330	-	
		4,920,448	666,616	
CREDITORS: amounts falling due within one year	9	(636,124)	(13,052,553)	
NET CURRENT ASSETS/(LIABILITIES)			4,284,324	(12,385,937)
TOTAL ASSETS LESS CURRENT LIABILITIES			37,034,324	5,766,043
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10		(28,365,142)	(1,241,744)
PROVISIONS FOR LIABILITIES AND CHARGES	11		(18,589)	-
NET ASSETS			8,650,593	4,524,299
CAPITAL AND RESERVES				
Called up share capital	12		1,000	1,000
Profit and loss account	13		67,347	(42,619)
Revaluation reserve	13		8,582,246	4,565,918
EQUITY SHAREHOLDERS' FUNDS			8,650,593	4,524,299

These financial statements were approved by the Board of Directors on 25 JULY 2005

Signed on behalf of the Board of Directors



Director

NOTES TO THE ACCOUNTS

Year ended 30 September 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Tangible fixed assets

Assets in the course of construction are valued at fair value, which is calculated as the fair value of the completed development, less the fair value of costs to completion. The surplus on book value is transferred to the revaluation reserve. Assets in the course of construction are not depreciated.

Finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of these assets. The commencement of capitalisation begins when both finance costs and expenditures for the assets are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the asset concerned.

Leases

Initial direct costs incurred in arranging leases are deferred and amortised over the lease term. Rental income from leased properties is recognised on a straight line basis over the lease term, even if receipts are not received on such a basis.

Cash flow statement

The company has taken advantage of the exemption available to small companies under FRS1 not to present a cash flow statement.

Turnover

Turnover represents rental income and is recognised on a straight line basis over the term of the lease, even if receipts are not received on such a basis.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investment property

The company's property is held for long-term investment. Investment properties are accounted for in accordance with SSAP 19, as follows:

- (i) investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless the deficit is below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and
- (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

NOTES TO THE ACCOUNTS
Year ended 30 September 2004

1. ACCOUNTING POLICIES (continued)

Investment property (continued)

Although the Companies Act 1985 would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation or amortisation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation or amortisation is only one of the many factors reflected in the annual valuations, and the amount which might otherwise have been shown cannot be separately identified or quantified.

2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is after charging auditors' remuneration of £6,000 (2003: £6,000).

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees other than the directors (2003: same). The directors received no remuneration from the company during the year (2003: same).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Bank interest	14,667	29,597

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Bank loans and overdrafts	537,774	-
Finance costs capitalised in the year (prior to practical completion)	696,351	471,201
Cumulative finance costs included within assets in the course of construction (transferred to investment properties)	1,167,552	471,201

NOTES TO THE ACCOUNTS**Year ended 30 September 2004****6. TAXATION****Analysis of the tax credit**

The tax credit on the profit/(loss) on ordinary activities for the year was as follows:

	2004 £	2003 £
Current tax:		
UK Corporation tax – adjustment in respect of prior years	(5,623)	-
Total current tax	(5,623)	-
Deferred tax:		
Origination and reversal of timing differences	(40,254)	-
Adjustment to the estimated recoverable amounts of deferred tax assets arising in previous periods	21,665	-
Total deferred tax	(18,589)	-
Tax on profit/(loss) on ordinary activities	(24,212)	-

The tax assessed for the year was lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

	2004 £	2003 £
Profit/(loss) on ordinary activities before taxation	134,178	(42,619)
Tax at 30% thereon	(40,253)	12,786
Effects of:		
Relief for capitalised interest	213,309	141,360
Losses carried forward	(173,056)	(154,146)
Adjustments in respect of prior year	(5,623)	-
Current tax charge for the year	(5,623)	-

Factors which may affect the future tax charge

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold. The estimated amount of tax which would become payable in these circumstances is £2,570,000 (2003: £1,350,000).

NOTES TO THE ACCOUNTS
Year ended 30 September 2004

7. TANGIBLE FIXED ASSETS

	Investment Properties £	Assets in the course of con- struction £	Total £
Valuation			
At 1 October 2003	-	18,151,980	18,151,980
Additions	-	10,581,692	10,581,692
Revaluations	-	4,016,328	4,016,328
Transfers	32,750,000	(32,750,000)	-
	<u>32,750,000</u>	<u>-</u>	<u>32,750,000</u>
At 30 September 2004	<u>32,750,000</u>	<u>-</u>	<u>32,750,000</u>

Included within land and buildings:

	2004 £	2003 £
Freehold land and buildings	<u>32,750,000</u>	<u>18,151,980</u>
Historical cost equivalent – freehold land and buildings	<u>24,167,754</u>	<u>13,586,062</u>

The completed development was valued by C B Richard Ellis, who are qualified for the purpose of the valuation in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards, on 31 March 2004 at £32,750,000. The basis of the valuation was market value. The directors have used this valuation to estimate the value of the asset under construction at 30 September 2004 in accordance with the accounting policy described in note 1.

Cumulative interest capitalised included in the asset in the course of construction (transferred to investment properties) are £1,167,552 (2003: £471,201).

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Amounts owed by parent undertakings	4,132,392	-
VAT	9,041	582,616
Prepayments and accrued income	778,685	84,000
	<u>4,920,118</u>	<u>666,616</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank loans and overdrafts	225,292	10,793,700
Trade creditors	101,609	2,152,371
Amounts owed to fellow subsidiary undertakings	297,600	106,482
Accruals	6,000	-
Corporation tax	5,623	-
	<u>636,124</u>	<u>13,052,553</u>

At 30 September 2004 interest was accruing on the bank loan at a rate of LIBOR plus 1.26% per annum.

Security on the loan is by way of a legal charge over the property at 101 Old Hall Street, Liverpool.

NOTES TO THE ACCOUNTS
Year ended 30 September 2004

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £	2003 £
Bank loan	24,895,000	-
Deferred income	3,470,142	1,241,744
	<u>28,365,142</u>	<u>1,241,744</u>

At 30 September 2004 interest was accruing on the bank loan at LIBOR plus 1.26% per annum.

Securing on the loan is by way of a legal charge over the property at 101 Old Hall Street, Liverpool.

Borrowings	2004 £	2003 £
Within one year	225,292	10,793,700
More than one year but not more than two years	425,000	-
More than two years but not more than five years	1,470,000	-
More than five years	23,000,000	-
	<u>25,120,292</u>	<u>10,793,700</u>
Bank overdraft	120,292	1,519,560
Bank loan	25,000,000	9,274,140
	<u>25,120,292</u>	<u>10,793,700</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

	2004 £	2003 £
Deferred taxation	18,589	-
Movement on deferred tax provision		£
At 1 October 2003		-
Charge to profit and loss account in the year (note 6)		18,589
At 30 September 2004		<u>18,589</u>
Analysis of deferred tax provision:	2004 £	2003 £
Losses	(457,347)	(141,360)
Capitalised interest	475,936	141,360
	<u>18,589</u>	<u>-</u>

NOTES TO THE ACCOUNTS**Year ended 30 September 2004****12. CALLED UP SHARE CAPITAL**

	2004 £	2003 £
Authorised, allotted, issued and fully paid:		
500 Ordinary A shares of £1 each	500	500
500 Ordinary B shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

The 'A' shares and the 'B' shares shall be separate classes of shares but in all other respects shall rank pari passu.

13. RESERVES

	Re- valuation reserve £	Profit and loss account £
At 1 October 2003	4,565,918	(42,619)
Profit for the year	-	109,966
Revaluations	4,016,328	-
	<u>8,582,246</u>	<u>67,347</u>
At 30 September 2004		

14. RELATED PARTY DISCLOSURES

Beetham Organization Limited and Ethel Austin Investment Properties Limited are related parties by virtue of their interests in the shares of 101 OHS Limited as explained in note 15. Beetham Equities Limited is also under the joint control of Beetham Organization Limited and Ethel Austin Investment Properties Limited.

Transactions during the prior year with Ethel Austin Investment Properties Limited included a £750,000 loan from Ethel Austin Investment Properties Limited, which was repaid during the prior year, and costs of £26,923 paid on behalf of 101 OHS Limited, of which £24,644 were reimbursed during the prior year.

Transactions during the prior year with Beetham Organization Limited included a £750,000 loan from Beetham Organization Limited which was repaid during the prior year by 101 OHS Limited. Beetham Organization Limited met costs of £141,607 during the prior year of which all were reimbursed during that year. £17,610 of costs met by Beetham Organization Limited during the year to 30 September 2002 were also repaid during the prior financial year.

Beetham Organization Limited charged consultancy services of £nil during 2004 (2003 £20,000); the fee was paid in full during the prior year. Mason Owen & Partners Limited, of which M B Owen is also a director, charged £nil (2003: £20,000) consultancy services during the year; the fee was paid in full during the year.

During 2003, the company purchased land from Beetham Austin 101 Limited, a subsidiary of Beetham Organization Limited, for consideration of £1,400,000.

Included in debtors is £2,065,425 (2003 £54,042) in respect of monies advanced to Ethel Austin Investment Properties Limited.

Included in debtors is £2,066,967 (2003 £52,440) in respect of monies advanced to Beetham Organization Limited.

Included in creditors is £290,000 (2003 £nil) owed to Beetham Equities Limited.

15. PARENT COMPANIES

Beetham Organization Limited and Ethel Austin Investment Properties Limited each own 50% of the company's issued share capital.