

Registered Number 4735121

PRIME ESTATES (STEVENAGE) LIMITED

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS

For the year ended
31st December 2004



PRIME ESTATES (STEVENAGE) LIMITED

Annual report and financial statements for the year ended 31st December 2004

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Directors

H J H Bandet
R B Polkow
I A M F Boyer
I Kirkpatrick
T E Milliken

Secretary and registered office

N J Alexander, 64 Wilbury Way, Hitchin, Hertfordshire, SG4 0TP

Company Number

4735121

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

Report of the directors for the year ended 31st December 2004

The directors present their report and the financial statements for the year ended 31st December 2004.

Principal activity

The principal activity of the company is that of investment.

Results, dividends, trading review and future developments

The company has not traded in the year.

The profit and loss account is set out on page 4 and shows the company's result for the period.

There have been no events since the balance sheet date which materially affect the position of the company.

Directors

The directors of the company during the period were:

H. J. H. Bandet
R. B. Polkow
I. A. M. F. Boyer
I. Kirkpatrick
T. E. Milliken
J. P. Walters (resigned 20th January 2004)

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 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 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 are 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.

Report of the directors for the year ended 31st December 2004

Elective Resolutions and Auditors

The Company has, by elective resolution, resolved to dispense with the need to hold Annual General Meetings and to re-appoint auditors annually. Accordingly BDO Stoy Hayward LLP, who have indicated their willingness so to do, will continue in office as auditors to the company.

By order of the board.

A handwritten signature in black ink, appearing to be 'N J Alexander', written over a horizontal line.

N J Alexander
Secretary
12th August 2005.

Report of the independent auditors

To the members of Prime Estates (Stevenage) Limited

We have audited the financial statements of Prime Estates (Stevenage) Limited for the year ended 31 December 2004 set out on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

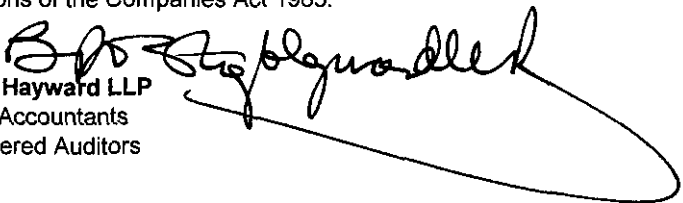
Basis of audit opinion

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 31 December 2004 and of the result for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.


BDO Stoy Hayward LLP
Chartered Accountants
and Registered Auditors
London

12th August 2005

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PROFIT AND LOSS ACCOUNT for the period ended 31st December 2004

	Note	Year to 31.12.04	Period to 31.12.03 £
Administrative expenses		-	(2,250)
Loss for the period before and after taxation	4	-	(2,250)

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 8 form part of these accounts

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Balance sheet at 31 December 2004

	NOTE	31.12.04	31.12.03 £
Current Assets			
Debtors	6	10,000	10,000
Creditors			
Amounts falling due within one year	7	(12,249)	(12,249)
Net current liabilities		<u>(2,249)</u>	<u>(2,249)</u>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account		(2,250)	(2,250)
Shareholders' funds		<u>(2,249)</u>	<u>(2,249)</u>

The accounts were approved by the Board on 12th August 2005.



T E Milliken

Director

The notes on pages 6 to 8 form part of these accounts.

Notes forming part of the accounts for the year ended 31st December 2004

1. Accounting policies

The accounts have been prepared under the historical cost convention and are in accordance with applicable Accounting Standards. There have been no changes in accounting policies during the period. The following principal accounting policies have been applied.

Turnover

Turnover comprises rental income from properties and amounts invoiced for other activities.

Valuation of Properties

Completed properties held for long term retention are valued at the balance sheet date at open market value. Surpluses and deficits arising from revaluations are treated in accordance with Statement of Standard Accounting Practice No. 19.

Depreciation

In accordance with Statement of Standard Accounting Practice No.19, no depreciation is provided in respect of freehold properties or leasehold properties with more than twenty years to expiry. This is a departure from the requirements of the Companies Act, 1985, which requires all properties to be depreciated. Such properties are not held for consumption but investment and the directors consider that to depreciate them would not give a true and fair view. Depreciation is only one among many factors reflected in the annual valuation of properties and accordingly, the amount of depreciation which might otherwise have been charged cannot be identified or quantified separately. The directors consider that this policy results in the accounts giving a true and fair view.

Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 and not disclosed transactions undertaken with companies that are part of the group, as consolidated financial statements are publicly available.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

On disposal of an investment property the element of tax relating to profit in the year is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the Statement of Total Recognised Gains and Losses.

Deferred taxation

In accordance with FRS19, deferred tax is now provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred taxation is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Deferred taxation is measured on a discounted basis.

The recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Notes forming part of the accounts for the year ended 31st December 2004 (continued)

2. Turnover

In the opinion of the directors, all turnover and results are attributable to its principal activity carried out wholly within the United Kingdom.

3. Directors' and employees' remuneration

No directors' remuneration was payable in the period. There were no employees in the period.

4. Operating loss

Year to
31.12.04
£

Period to
31.12.03
£

Operating loss is stated after charging:

Auditors' remuneration

-

2,250

5. Taxation

No liability for taxation arises in the period.

6. Debtors: amounts falling due within one year

31.12.04
£

31.12.03
£

Deposit

10,000

10,000

7. Creditors: Amounts falling due within one year

Amount due to immediate holding company
Accruals and deferred income

12,249

9,999

-

2,250

12,249

12,249

8 Called up share capital

£

£

Authorised:
1000 ordinary shares of £1 each

1,000

1,000

Issued and fully paid:
1 ordinary share of £1 each

1

1

9. Contingent liabilities

No such liabilities are known to the directors.

Notes forming part of the accounts for the year ended 31st December 2004 (continued)

10. Capital Commitments

During 2003 the company paid a deposit of £10,000 for the purchase of a fixed asset property. At the date of these accounts the property had not been acquired but contracts had been exchanged with a commitment to pay the £90,000 balance of the purchase price, conditional on obtaining the consent of the vendor's landlord to the assignment of the vendor's lease to the company.

11. Cash flow statement

The company has used the exemption under Financial Reporting Standard 1 "Cash flow statements", not to prepare a cash flow statement as the directors believe the company is "small" under the Companies Act 1985.

12. Holding company

The directors regard Prime Estates Limited, a company incorporated in England, as the company's ultimate holding company.