

CHORD (ST PAUL'S SQUARE) LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2004



MGI WENHAM MAJOR LLP
Chartered Accountants & Registered Auditors
89 Cornwall Street
Birmingham
B3 3BY

CHORD (ST PAUL'S SQUARE) LIMITED
FINANCIAL STATEMENTS
PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

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CHORD (ST PAUL'S SQUARE) LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

The directors present their report and the financial statements of the company for the period from 26 April 2004 to 31 December 2004.

PRINCIPAL ACTIVITIES

The company was incorporated on 26 April 2004 and began trading on 21 August 2004.

The principal activity of the company during the period was as a property development company.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	At	At
Class of share	31 December 2004	26 April 2004
		or later date
		of appointment

The company operates as a joint venture between Chord Investments Limited (registered in England & Wales) and KUC Properties Limited (registered in Scotland). The interests of the directors are illustrated within the financial statements of Chord Investments Limited and KUC Properties Limited.

A J Cronin was appointed as a director on 3 September 2004.

R A Elliott was appointed as a director on 3 September 2004.

H J McIntyre was appointed as a director on 3 September 2004.

C R Rosier was appointed as a director on 3 September 2004.

S C Sanders was appointed as a director on 3 September 2004.

G A Shuttleworth was appointed as a director on 3 September 2004.

Everdirector Limited was appointed as a director on 26 April 2004.

Everdirector Limited retired as a director on 3 September 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, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

CHORD (ST PAUL'S SQUARE) LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

AUDITORS

On 1 May 2005, MGI Wenham Major partnership transferred its business to a limited liability partnership, MGI Wenham Major LLP. The directors have consented to extend the audit appointment to MGI Wenham Major LLP from 1 May 2005.

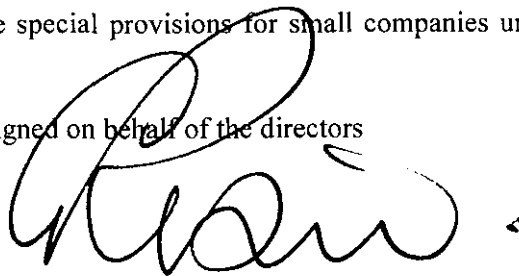
A resolution to re-appoint MGI Wenham Major LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
3 Princess Way
Redhill
Surrey
RH1 1NP

Signed on behalf of the directors



C R Rosier

Director

Approved by the directors on 31 October 2005

CHORD (ST PAUL'S SQUARE) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CHORD (ST PAUL'S SQUARE) LIMITED
PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

We have audited the financial statements of Chord (St Paul's Square) Limited for the period from 26 April 2004 to 31 December 2004 on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 law and United Kingdom Accounting Standards.

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.

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.

CHORD (ST PAUL'S SQUARE) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CHORD (ST PAUL'S SQUARE) LIMITED *(continued)*
PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

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 its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

89 Cornwall Street
Birmingham
B3 3BY

31 October 2005

MGI Wenham Major LLP

MGI WENHAM MAJOR LLP
Chartered Accountants
& Registered Auditors

CHORD (ST PAUL'S SQUARE) LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

	Period from 26 Apr 04 to 31 Dec 04
Note	£
TURNOVER	—
Administrative expenses	<u>42,314</u>
OPERATING LOSS	2 (42,314)
Interest payable and similar charges	<u>118,359</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(160,673)
Tax on loss on ordinary activities	3 (48,000)
LOSS FOR THE FINANCIAL PERIOD	<u>(112,673)</u>

The notes on pages 7 to 11 form part of these financial statements.

CHORD (ST PAUL'S SQUARE) LIMITED

BALANCE SHEET

31 DECEMBER 2004

	Note	£	31 Dec 04 £
CURRENT ASSETS			
Stocks		3,865,281	
Debtors	4	296,260	
Cash at bank		1,647,761	
		<u>5,809,302</u>	
CREDITORS: Amounts falling due within one year	6	<u>224,502</u>	
NET CURRENT ASSETS			<u>5,584,800</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,584,800</u>
CREDITORS: Amounts falling due after more than one year	7		<u>5,697,471</u>
			<u>(112,671)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10		2
Profit and loss account			<u>(112,673)</u>
DEFICIENCY			<u>(112,671)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 31 October 2005 and are signed on their behalf by:

C R ROSIER



The notes on pages 7 to 11 form part of these financial statements.

CHORD (ST PAUL'S SQUARE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Chord Investments Limited and KUC Properties Limited have acknowledged their commitment to financially support the company during the initial stages of the company's development. On this basis the director's have prepared the financial statements using the going concern assumption.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. OPERATING LOSS

Operating loss is stated after charging:

	Period from
	26 Apr 04 to
	31 Dec 04
	£
Auditors' fees	<u>3,500</u>

3. TAXATION ON ORDINARY ACTIVITIES

	Period from
	26 Apr 04 to
	31 Dec 04
	£
Deferred tax:	
Origination and reversal of timing differences (note 5)	
Losses	<u>(48,000)</u>

CHORD (ST PAUL'S SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

4. DEBTORS

	31 Dec 04
	£
VAT recoverable	12,775
Other debtors	235,485
Deferred taxation (note 5)	48,000
	<u>296,260</u>

5. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	Period from 26 Apr 04 to 31 Dec 04
	£
Included in debtors (note 4)	<u>48,000</u>

The movement in the deferred taxation account during the period was:

	Period from 26 Apr 04 to 31 Dec 04
	£
Profit and loss account movement arising during the period	48,000
Balance carried forward	<u>48,000</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	31 Dec 04
	£
Tax losses available	48,000
	<u>48,000</u>

6. CREDITORS: Amounts falling due within one year

	31 Dec 04
	£
Trade creditors	5,202
Amounts owed to related undertakings	213,000
Other creditors	6,300
	<u>224,502</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	31 Dec 04
	£
Amounts owed to related undertakings	<u>213,000</u>

CHORD (ST PAUL'S SQUARE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

7. CREDITORS: Amounts falling due after more than one year

31 Dec 04
£

Amounts owed to related undertakings

5,697,471

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

31 Dec 04
£

Amounts owed to related undertakings

5,697,471

8. CONTINGENCIES

At the year end the company had entered into a contractual agreement to purchase property. A deposit of £90,000 was paid on 2 September 2004 and has been included in work in progress at the year end. The remaining purchase monies of £1,110,000 are payable within 12 months of the balance sheet date subject to completion. The contract becomes unconditional once planning permission is granted.

CHORD (ST PAUL'S SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

9. RELATED PARTY TRANSACTIONS

The company operates as a joint venture between Chord Investments Limited (registered in England & Wales) and KUC Properties Limited (registered in Scotland).

	Chord Investments Limited £	KUC Properties Limited £
Funding advanced	499,999	499,999
Re-charges relating to direct costs	217,375	—
Year end creditor	<u>(499,999)</u>	<u>(499,999)</u>

KUC Properties Limited is ultimately controlled by The Royal Bank of Scotland Group plc. Chord (St Pauls Square) Limited entered into the following transactions with The Royal Bank of Scotland Group plc during the period :

	The Royal Bank of Scotland Group plc £
Funding advanced	4,583,639
Interest charged	113,834
Year end creditor	<u>(4,697,473)</u>

During the period the company entered into the following transactions with Chord Consulting Limited and Chord Developments Limited, both companies are managed via common control as is Chord Investments Limited.

	Chord Consulting Limited Developments	Chord Developments Limited Developments
Re-charges relating to direct costs	277,586	117,500
Year end debtor / (creditor)	<u>11,000</u>	<u>(500)</u>

CHORD (ST PAUL'S SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

10. SHARE CAPITAL

Authorised share capital:

	31 Dec 04
	£
500 "A" Ordinary shares of £1 each	500
500 "B" Ordinary shares of £1 each	500
	<u>1,000</u>

Allotted, called up and fully paid:

	No	£
"A" Ordinary shares of £1 each	1	1
"B" Ordinary shares of £1 each	1	1
	<u>2</u>	<u>2</u>

The company issued two shares during the period, as follows:

- one "A" ordinary share issued at nominal value, consideration received: £1.00

- one "B" ordinary share issued at nominal value, consideration received: £1.00

The "A" and "B" ordinary shares rank pari passu.

11. PENSIONS

The company has not operated, or contributed to any pension scheme on behalf of its employees.

12. CAPITAL COMMITMENTS

The directors have confirmed that there were no capital commitments at 31 December 2004.

CHORD (ST PAUL'S SQUARE) LIMITED
MANAGEMENT INFORMATION
PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditors' report on pages 3 to 4.**

CHORD (ST PAUL'S SQUARE) LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

		Period from 26 Apr 04 to 31 Dec 04
	£	£
COST OF SALES		
Purchases	3,390,000	
Direct costs - professional fees	474,475	
Other direct costs	806	
	<u>3,865,281</u>	
Closing work-in-progress	<u>(3,865,281)</u>	
		—
GROSS PROFIT		—
OVERHEADS		
Administrative expenses		<u>42,314</u>
OPERATING LOSS		<u>(42,314)</u>
Interest payable and similar charges		<u>(118,359)</u>
LOSS ON ORDINARY ACTIVITIES		<u>(160,673)</u>

CHORD (ST PAUL'S SQUARE) LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
PERIOD FROM 26 APRIL 2004 TO 31 DECEMBER 2004

		Period from 26 Apr 04 to 31 Dec 04
	£	£
ADMINISTRATIVE EXPENSES		
Establishment expenses		
Insurance		7,175
General expenses		
Legal and professional fees	3,006	
Accountancy fees	2,800	
Auditors remuneration	3,500	
	<u> </u>	9,306
Financial costs		
Bank charges		25,833
		<u>42,314</u>
INTEREST PAYABLE AND SIMILAR CHARGES		
Bank interest payable		17
Interest on related party loans		113,834
Other similar charges		4,508
		<u>118,359</u>