

Parkside Knightsbridge Limited

**Directors' report and financial
statements**

Registered number 654769

31 March 2005



Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report to the members of Parkside Knightsbridge Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2005.

Profit and distribution

The loss for the year and appropriations are shown in the profit and loss account on page 4. No interim dividend has been paid (2004:£nil) and the directors do not recommend the payment of a final dividend (2004:£nil).

Activities and assets

The business of the company is property investment consisting of the holding of properties for rental and from time to time the development of properties for rental. The company disposed of its investment properties in 2003.

Directors and directors' interests

The directors during the year were:

ESG Lloyd
AS Childs
SC Perkins
SR Mew
S Morrice

The directors had no interests in the shares of the company at the end of the financial year. The interests of the directors in the shares of the parent company, McKay Securities PLC, are disclosed in the directors' report of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.



AS Childs
Secretary

20 Greyfriars Road
Reading
Berkshire
RG1 1NL
2005

8th September

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; 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 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.



KPMG Audit Plc

Arlington Business Park

Theale

Reading RG7 4SD

United Kingdom

Independent auditors' report to the members of Parkside Knightsbridge Limited

We have audited the financial statements on pages 4 to 10.

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 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 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

14 September 2005

Profit and loss account
for year ended 31 March 2005

	<i>Note</i>	2005 £	2004 £
Direct property outgoings		<u>(9,988)</u>	<u>2,495</u>
Income from investment properties		(9,988)	2,495
Administration and other expenses	2	<u>-</u>	<u>(6,445)</u>
Loss on ordinary activities before interest		(9,988)	(3,950)
Interest receivable and similar income	3	-	15,699
Interest payable and similar charges	4	<u>(153)</u>	<u>-</u>
(Loss)/profit on ordinary activities before taxation		(10,141)	11,749
Tax on (loss)/profit on ordinary activities	4	<u>810</u>	<u>92,474</u>
(Loss)/profit for the financial year		(9,331)	104,223
Retained profit brought forward		<u>605,796</u>	<u>501,573</u>
Retained profit carried forward		<u>596,465</u>	<u>605,796</u>

All gains and losses of the company are shown above.

All the above figures relate to continuing operations.

Balance sheet
at 31 March 2005

	Note	£	2005 £	£	2004 £
Current assets					
Debtors due within one year	6	24,438,642		24,449,290	
Creditors: amounts falling due within one year	7	(87,987)		(89,304)	
Net current assets			24,350,655		24,359,986
Net assets			24,350,655		24,359,986
Capital and reserves					
Called up share capital	8		100		100
Other capital reserve	9		23,754,090		23,754,090
Profit and loss account			596,465		605,796
Shareholders' funds	10		24,350,655		24,359,986

These financial statements were approved by the board of directors on 8th September 2005 and were signed on its behalf by:



SC Perkins
 Director

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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of land and buildings.

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the cash flows of the company within its own published consolidated financial statements.

As the company is a wholly owned subsidiary of McKay Securities PLC and the company's voting rights are controlled within the group headed by McKay Securities PLC, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Taxation

The taxation charge in the profit and loss account is based on the profit for the year.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

2 Administration and other expenses

Audit fees and expenses have been borne by the parent undertaking for 2005 and 2004.

The directors received no remuneration in respect of services provided to the company in 2005 or 2004.

3 Interest receivable and similar income

	2005 £	2004 £
Interest receivable on cash and other short term deposits	-	15,699
	<u> </u>	<u> </u>

4 Interest payable and similar charges

	2005 £	2004 £
Interest payable	(153)	-
	<u> </u>	<u> </u>

Notes (continued)

5 Taxation

	£	2005	£	£	2004	£
Analysis of credit in period						
<i>UK corporation tax</i>						
Current tax on income for the period		3,042		-		
Adjustments in respect of prior periods		(2,232)		(92,474)		
Tax on profit on ordinary activities			810			(92,474)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2004: lower) than the standard rate of corporation tax in the UK of 30% (2004: 19%). The differences are explained below.

	2005	2004
	£	£
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(10,141)	11,749
Current tax at 30% (2004: 19 %)	(3,042)	2,232
<i>Effects of:</i>		
Adjustments to tax charge in respect of previous periods	2,232	(94,706)
Total current tax credit (see above)	(810)	(92,474)

Notes (continued)

6 Debtors

	2005 £	2004 £
Amount owed by parent undertaking	21,666,478	21,667,138
Amounts owed by fellow subsidiary undertakings	2,772,164	2,772,164
Other debtors and prepayments	-	9,988
	<u>24,438,642</u>	<u>24,449,290</u>

All debtors are due within one year.

7 Creditors: amounts falling due within one year

	2005 £	2004 £
Amounts owed to fellow subsidiary undertakings	4,979	4,979
Corporation tax	83,008	84,325
	<u>87,987</u>	<u>89,304</u>

8 Called up share capital

	2005 £	2004 £
<i>Authorised, issued and fully paid:</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Notes (continued)

9 Reserves

	Other capital reserve £
At 31 March 2005 and 2004	23,754,090

Under the company's Articles of Association, the other capital reserve is distributable.

10 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
(Loss)/profit for the financial year	(9,331)	104,223
Opening shareholders' funds	24,359,986	24,255,763
Closing shareholders' funds	24,350,655	24,359,986

11 Capital commitments

The company had no authorised or committed capital expenditure at 31 March 2005 or 31 March 2004.

12 Contingent liability

There is no contingent liability to tax on chargeable gains at 31 March 2005 or 31 March 2004.

13 Ultimate holding company

The largest and smallest group into which the company's results are consolidated is that headed by McKay Securities PLC, the ultimate holding company, which is incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of McKay Securities PLC are available for inspection at Companies House, Crown Way, Cardiff.