

Shaftesbury Square Properties Limited

Directors' report and financial statements

31 March 2003

Registered in England and Wales number 499495



Shaftesbury Square Properties Limited

Directors' report and financial statements

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Shaftesbury Square Properties Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

Financial review

During the year the Company did not trade and received no income and incurred no expenditure. Consequently during the year the Company made neither a profit or a loss. No dividend is recommended (2002: £nil).

Principal activities

The Company is a property investment company. The directors foresee no material change in the nature of the Company's activities.

Directors and directors' interests

The directors who held office during the year were as follows:

NGE Driver

W Millsom (alternate to NGE Driver)

M Newman (resigned 8 November 2002)

The Hon RA Rayne

M Waldron (resigned 16 May 2002)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

The interests of Mr W Millsom in the share capital of the Company's ultimate holding company and fellow subsidiary undertakings are set out below; his interests at the beginning of the year is given in brackets.

London Merchant Securities plc

	27 18/41p Ordinary	27 18/41p Deferred Ordinary
W Millsom	382,127 (382,127)	309,288 (274,121)

The interests of Mr NGE Driver and The Hon RA Rayne in the shares of the Company's ultimate holding company and fellow subsidiary undertakings are disclosed in the financial statements of London Merchant Securities plc, the ultimate holding company.

Shaftesbury Square Properties Limited

Directors' report (*continued*)

Auditor

In accordance with S.385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



SC Mitchley
Secretary

Carlton House
33 Robert Adam Street
London
W1U 3HR

22nd January 2004

Shaftesbury Square Properties Limited

Directors' responsibilities statement

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.

Independent auditor's report to the members of Shaftesbury Square Properties Limited

We have audited the financial statements on pages 5 to 8.

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 auditor

The directors are responsible for preparing the directors' report and, as described on page 3, 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 audit 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 affairs of the Company at 31 March 2003 and of its result 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
London

22 Samay 2004

Shaftesbury Square Properties Limited

Balance sheet

at 31 March 2003

	Note	£	2003 £	£	2002 £
Current assets					
Debtors	3	4,617,581		4,617,581	
		<hr/>		<hr/>	
		4,617,581		4,617,581	
Creditors: amounts falling due within one year	4	(1,084,055)		(1,084,055)	
		<hr/>		<hr/>	
Net current assets			3,533,526		3,533,526
			<hr/>		<hr/>
Net assets			3,533,526		3,533,526
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	5		10,000		10,000
Capital reserve	6		-		3,523,526
Profit and loss account	7		3,523,526		-
			<hr/>		<hr/>
Equity shareholders' funds	8		3,533,526		3,533,526
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 22 / 1 / 2004 and were signed on its behalf by:



NGE Driver
Director

Shaftesbury Square Properties Limited

Notes

(forming part of the financial statements)

1 Profit and loss account

During the year the Company did not trade and received no income and incurred no expenditure. Consequently during the year the Company made neither a profit nor a loss.

2 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.

Capital reserve

The capital reserves have historically arisen from the sale of properties and other investments. Following a change to the Company's Articles approved at the Annual General Meeting in July 2002, the capital reserve has been reclassified. The reclassification is considered appropriate and is consistent with the Company's Articles of Association.

3 Debtors

	2003 £	2002 £
Amounts owed by group undertakings:		
Parent undertaking	4,617,581	4,617,581
	<hr/>	<hr/>
	4,617,581	4,617,581
	<hr/>	<hr/>

4 Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts owed to group companies:		
Parent company	1,084,055	1,084,055
	<hr/>	<hr/>
	1,084,055	1,084,055
	<hr/>	<hr/>

Shaftesbury Square Properties Limited

Notes (continued)

5 Called up share capital

	2003 £	2002 £
<i>Authorised</i>		
10,000 Ordinary shares of £1 each	10,000	10,000
<i>Allotted, called up and fully paid</i>		
10,000 Ordinary shares of £1 each	10,000	10,000

6 Reserves

	Capital reserve £
At 31 March 2002	3,523,526
Reclassification (see note below)	(3,523,526)
At 31 March 2003	-

The capital reserves have historically arisen from the sale of properties and other investments. Following a change to the Company's Articles the capital reserves are now fully distributable. Accordingly, the capital reserve has been reclassified. The reclassification is considered appropriate and is consistent with the Company's Articles of Association.

7 Profit and loss account

	2003 £	2002 £
Retained profit brought forward	-	-
Reclassification (see note 13)	3,523,526	-
Retained profit/(loss) for the financial year	-	-
Retained profit carried forward	3,523,526	-

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Notes (continued)

8 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Result for the financial year	-	-
Net addition to shareholders' funds	-	-
Opening shareholders' funds	3,533,526	3,533,526
Closing shareholders' funds	3,533,526	3,533,526

9 Ultimate parent company

The Company is a member of the London Merchant Securities Group and the Company's ultimate parent company is London Merchant Securities plc, which is registered in England and Wales. Copies of the accounts of the above company may be obtained at the following address:
Carlton House, 33 Robert Adam Street, London W1U 3HR.

10 Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.