

ABBAY INVESTMENTS LIMITED

REPORT AND ACCOUNTS

30 APRIL 2004



ABBAY INVESTMENTS LIMITED

COMPANY INFORMATION

DIRECTORS : C. H. Gallagher (Chairman)
B. R. Hawkins

SECRETARY : D.J. Dawson

REGISTERED OFFICE : Abbey House
2 Southgate Road
Potters Bar
Hertfordshire EN6 5DU

Telephone : Potters Bar (01707) 651266
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REGISTERED NO. : 0543586

AUDITORS : Ernst & Young
Chartered Accountants
Ernst and Young Building
Harcourt Centre
Harcourt Street
Dublin 2

BANKERS : Barclays Bank plc
Barclays Business Centre
St. Albans Branch
Blenheim Gate
22/24 Upper Marlborough Road
St. Albans
Hertfordshire AL1 3AL

SOLICITORS : Dickins Shiebert
Matthew House (first floor)
45/47 High Street
Potters Bar
Hertfordshire EN6 5AW

ABBAY INVESTMENTS LIMITED

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ABBAY INVESTMENTS LIMITED**DIRECTORS' REPORT**

The directors present their report and the accounts for the year ended 30 April 2004.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £448,820 which has been added to reserves. The directors do not propose a dividend.

PRINCIPAL ACTIVITIES

The company's principal activity during the year continued to be property investment. The company intends to continue and develop its activities.

REVIEW OF THE BUSINESS

A review of the business of the Abbey plc group, of which the company forms a part, is given in the 2004 Report and Accounts of the ultimate holding company, Abbey plc.

FIXED ASSETS

Information relating to changes in tangible fixed assets is given in note 7 to the accounts.

In accordance with the company's accounting policy, all freehold and leasehold properties were revalued by external valuers at 30 April 2002. The valuation of £6,072,500 was incorporated into the 2002 accounts. The valuation of £5,912,500 is based on the 2002 valuation, less the property that was sold during the year. The directors have reviewed the valuation at 30 April 2004 and consider that no material adjustment is required.

DIRECTORS AND THEIR INTERESTS

The directors stated above all held office throughout the year.

Mr C.H. Gallagher retires by rotation and, being eligible, offers himself for re-election.

The directors who held office at the end of the financial year had, at no time, any beneficial interest in the shares of the company. Mr C.H. Gallagher and Mr B.R. Hawkins were directors of the ultimate holding company, Abbey plc, and their interests in the shares of Abbey plc are disclosed in that company's directors' report.

ABBEY INVESTMENTS LIMITED

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make adjustments and estimates that are reasonable and prudent;
- * comply with applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- * prepare the accounts 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 accounts 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.

AUDITORS

The auditors, Ernst & Young, Chartered Accountants, have expressed a willingness to continue in office and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the board



D. J. DAWSON

Secretary

13 July 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBEY INVESTMENTS LIMITED

We have audited the company's financial statements for the year ended 30 April 2004, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 April 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor

Dublin

14 July 2004

ABBAY INVESTMENTS LIMITED
**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2004**

	Note	2004 £	2003 £
TURNOVER - continuing	2	578,587	581,525
COST OF SALES		(56,230)	(77,537)
GROSS PROFIT		522,357	503,988
ADMINISTRATIVE EXPENSES		(18,946)	(20,019)
OPERATING PROFIT - continuing	3	503,411	483,969
PROFIT ON DISPOSAL OF FIXED ASSETS		73,290	113,225
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		576,701	597,194
Interest	5	(21,895)	(47,770)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		554,806	549,424
Taxation	6	(105,986)	(127,607)
PROFIT RETAINED FOR THE FINANCIAL YEAR	12	448,820	421,817

ABBAY INVESTMENTS LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 2004**

	2004 £	2003 £
Profit for the financial year	448,820	421,817
Total gains and losses recognised	448,820	421,817

NOTE OF HISTORICAL COST PROFITS

	2004 £	2003 £
Reported profit on ordinary activities before taxation	554,806	549,424
Realisation of revaluation surplus on disposal	-	117,406
Historical cost profit on ordinary activities before taxation	554,806	666,830
Historical cost profit on ordinary activities after taxation	448,820	421,817

ABBAY INVESTMENTS LIMITED

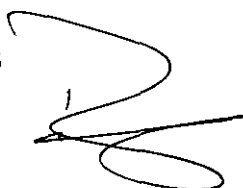
BALANCE SHEET - 30 APRIL 2004

	Note	2004 £	2003 £
TANGIBLE FIXED ASSETS	7	5,912,500	5,912,500
CURRENT ASSETS			
Debtors	8	11,541	15,768
CREDITORS: Amounts falling due within one year	9	(324,235)	(777,282)
NET CURRENT LIABILITIES		(312,694)	(761,514)
TOTAL ASSETS LESS LIABILITIES		5,599,806	5,150,986
CAPITAL AND RESERVES			
Called up share capital	10	250,000	250,000
Property revaluation reserve	11	2,855,078	2,855,078
Profit and loss account	12	2,494,728	2,045,908
SHAREHOLDERS' FUNDS (All equity interest)	12	5,599,806	5,150,986

B.R. HAWKINS

Director

13 July 2004



1 ACCOUNTING POLICIES

- The accounts are prepared under the historical cost convention (modified to include the revaluation of land and buildings) and are in accordance with applicable accounting standards.

- Under the provisions of Financial Reporting Standard 1 (Revised 1996) "Cash Flow Statements", exempts subsidiary undertakings from the requirement to prepare a cash flow statement where 90% or more of the voting rights are controlled by a group that prepares publicly available consolidated financial statements in which the subsidiary undertaking's results are included. The company has availed of this exemption.

- Properties occupied by group companies are classified as trading properties and are revalued triennially by external valuers on an open market value basis. The directors review the valuations of all properties annually. Such revaluations, if material, are incorporated in the financial statements and are charged to the property revaluation reserve accordingly. Any impairment loss is firstly charged to the revaluation reserve to the extent that a surplus exists and thereafter to the profit and loss account.

- No depreciation is provided on land. Properties occupied by group companies are depreciated where considered significant after having regard to their estimated remaining useful economic lives and residual values.

- Provision for deferred taxation is recognised in full on timing differences which exist at the balance sheet date. Deferred tax is measured using tax rates substantively enacted at the balance sheet date.

- Operating lease rentals are charged to profit and loss account as incurred.

Turnover comprises rents receivable wholly derived from one continuing activity in the United Kingdom.

	2004	2003
	£	£
The operating profit is stated after charging :		
Management charge payable to parent undertaking	12,000	12,000
Operating lease rentals - land and buildings	56,000	57,896
Auditors' remuneration - audit fees	1,959	2,000
- non audit fees	1,000	1,000

Staff costs and directors' remuneration were not incurred during the years ended 30 April 2004 and 30 April 2003 by virtue of the fact that no persons were employed directly by the company during those years.

ABBEY INVESTMENTS LIMITED
NOTES TO THE ACCOUNTS - 30 APRIL 2004
5 INTEREST PAYABLE

	2004	2003
	£	£
Payable:		
Abbey Group Limited	(22,929)	(47,942)
Receivable:		
Sundry	1,034	172
	<u>(21,895)</u>	<u>(47,770)</u>

6 TAXATION

The tax charge is made up as follows:

	2004	2003
	£	£
Based on the profit for the year:		
Corporation tax at 30% (2003 : 30%)	166,442	148,346
Over provided in prior year	(60,456)	(20,739)
	<u>105,986</u>	<u>127,607</u>

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are reconciled below:

UK corporation tax rate	30.0%	30.0%
Effect of:		
Adjustments in respect of previous years	-10.9%	-3.8%
Non taxable income	-3.9%	-6.2%
Capital gains	3.9%	3.2%
	<u>19.1%</u>	<u>23.2%</u>

7 TANGIBLE FIXED ASSETS

	Land and Buildings £
Valuation	
At 1 May 2003	5,912,500
Disposals	<u>.</u>
At 30 April 2004	<u>5,912,500</u>

(i) All land and buildings were valued at 30 April 2002 by Glenney, Chartered Surveyors. The directors reviewed that overall valuation at 30 April 2004 and considered that no adjustment was required.

(ii) The cost or valuation of land and buildings comprises:

	2004	2003
	£	£
Trading properties:		
Freehold land and buildings	5,085,000	5,085,000
Long leasehold property	320,000	320,000
Investment properties:		
Freehold land and buildings	507,500	507,500
	<u>5,912,500</u>	<u>5,912,500</u>

ABBEY INVESTMENTS LIMITED
NOTES TO THE ACCOUNTS - 30 APRIL 2004
7 TANGIBLE FIXED ASSETS (Continued)

(iii) Under the historical cost convention land and buildings would be stated as follows:

	2004 £	2003 £
Cost:		
Trading properties	3,060,265	3,060,265
Investment properties	183,236	183,236
	<u>3,243,501</u>	<u>3,243,501</u>
Impairment loss on revalued fixed assets	(186,079)	(186,079)
	<u>3,057,422</u>	<u>3,057,422</u>

8 DEBTORS

	2004 £	2003 £
Prepayments and accrued income	11,541	15,768
	<u>11,541</u>	<u>15,768</u>

9 CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Amount owed to group undertaking	232,651	713,313
Corporation tax	84,334	56,719
Accruals and deferred income	7,250	7,250
	<u>324,235</u>	<u>777,282</u>

10 CALLED UP SHARE CAPITAL

	2004 No.	2004 £	2003 No.	2003 £
At 30 April				
Ordinary shares of £1 each	250,000	250,000	250,000	250,000
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

11 PROPERTY REVALUATION RESERVE

	2004 £	2003 £
The property revaluation reserve comprises :		
Trading properties	2,530,814	2,530,814
Investment properties	324,264	324,264
	<u>2,855,078</u>	<u>2,855,078</u>

ABBEY INVESTMENTS LIMITED
NOTES TO THE ACCOUNTS - 30 APRIL 2004
12 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 2002	250,000	2,972,484	1,506,685	4,729,169
Profit after taxation and dividends	-	-	421,817	421,817
Revaluation	-	(117,406)	117,406	-
At 1 May 2003	250,000	2,855,078	2,045,908	5,150,986
Profit after taxation and dividends	-	-	448,820	448,820
At 30 April 2004	250,000	2,855,078	2,494,728	5,599,806

13 OBLIGATIONS UNDER LEASES

The company had annual commitments under non-cancellable operating leases for land and buildings as follows:

At 30 April	2004 £	2003 £
Operating leases which expire:		
between one and five years	0	12,000
over five years	0	42,750
	0	54,750

14 RELATED PARTY TRANSACTIONS

Abbey Group Limited is the company's immediate controlling party and Abbey plc is the company's ultimate controlling party.

The company has taken advantage of the exemption, under FRS 8, from disclosing transactions with group companies as it is a wholly owned subsidiary of Abbey Plc.

15 PARENT UNDERTAKINGS

The parent undertaking and ultimate holding company of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Abbey plc, incorporated in the Republic of Ireland and the parent undertaking of the smallest such group is Abbey Group Limited, registered in England and Wales. Copies of Abbey plc's accounts may be obtained from Abbey House, 2 Southgate Road, Potters Bar, Hertfordshire EN6 5DU.