

COMPANY NO: 1801851

Celus Holdings Limited

Report And Financial Statements

Year ended 24 June 2004



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Company Information

Directors	Mrs J M R Dent (Chairman) Mr C D Dent Mr J P M Dent Ms C S Dent Ms L R Dent
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Secretary	Mrs J M R Dent
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Registered office	Bryanston Court Selden Hill Hemel Hempstead Herts HP2 4TN
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Registered number	1801851
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Auditors	RSM Robson Rhodes LLP Chartered Accountants 186 City Road London EC1V 2NU
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Bankers	Barclays Bank Plc 50 Pall Mall London SW1A 1QD
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Report of the Directors

The directors present their report and the audited financial statements for the year ended 24 June 2004.

Principal activities

The principal activity of the company is unchanged since last year and consists of property investment in freehold and long leasehold commercial properties in the West End of London.

Business review and future development

During the last year, the company continued to be profitable. All properties were fully let, in some cases at increased rents following rent reviews or new lettings. The level of profitability is expected to be maintained in the current year.

Results and dividend

The results for the year are disclosed on page 5. The directors paid an ordinary dividend of 50p (2003 50p) per share totalling £500,000 for the year ended 24 June 2004 (2003 £500,000).

Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom 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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

Directors

The directors who served during the year are detailed on page 1.

Those directors serving at the end of the year had interests in the share capital of the company at 24 June as follows:

	Ordinary shares of 50p each	
	2004	2003
Mr C D Dent	71,632	71,632
Mrs J M R Dent	71,632	71,632
Mr J P M Dent	5,000	5,000
Ms C S Dent	5,000	5,000
Ms L R Dent	81,632	81,632

Report of the Directors *continued*

Throughout the year, Mr J P M Dent, Ms C S Dent and Ms L R Dent were joint trustees of a charitable trust, which had an interest in 120,000 (2003: 120,000) ordinary shares of 50p each of the company at 24 June 2004.

From 15 August 2003, Mr J P M Dent, Ms C S Dent and Ms L R Dent were joint trustees of a discretionary trust of which they were beneficiaries which had an interest in 475,000 ordinary shares of 50p each in the company at 24 June 2004.

None of the directors had any material interest in any contract or arrangement entered into by the company during the year.

Charitable and political contributions

During the year the company subscribed £2,700 (2003: £1,000) for charitable purposes.

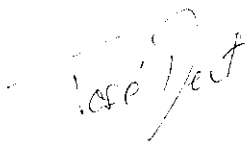
Investment properties

The directors are of the opinion that the current value of the investment properties is substantially in excess of book value. The amount of the excess cannot be more closely determined without a professional valuation, the expense of which is not justified.

Auditors

A resolution to re-appoint RSM Robson Rhodes LLP as external auditors will be proposed at the forthcoming annual general meeting.

The report of the directors was approved by the Board on 26 October 2004 and signed on its behalf by:



José Marianne Ruth Dent
Secretary

Independent Auditors' Report to the Shareholders of Celus Holdings Limited

We have audited the financial statements on pages 5 to 14.

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 shareholders 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' 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 information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

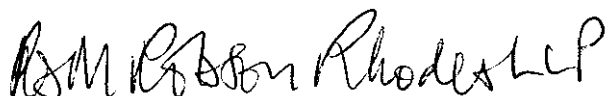
Basis of audit opinion

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.

Qualified opinion arising from disagreement about accounting treatment

Except for the failure to revalue annually investment properties, which are stated in the balance sheet at a cost of £1,425,648 in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 24 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

26 October 2004

London, England

Profit and Loss Account

For the year ended 24 June 2004

	Note	2004 £	2003 £
Property revenue: continuing operations		1,512,217	1,342,194
Administrative expenses		(174,983)	(204,404)
Operating profit – continuing operations	2	1,337,234	1,137,790
Profit on disposal of fixed assets		-	13,173
Income from other fixed asset investment		42,666	39,759
Interest receivable and similar income	3	170,989	153,708
Profit on ordinary activities before taxation		1,550,889	1,344,430
Tax on profit on ordinary activities	6	(452,339)	(392,413)
Profit for the financial year		1,098,550	952,017
Dividends paid: 50p (2003:100p) per share		(500,000)	(500,000)
Retained profit for the year	15	598,550	452,017

Statement of Total Recognised Gains and Losses

For the year ended 24 June 2004

	2004 £	2003 £
Profit for the financial year	598,550	452,017
Unrealised surplus/(deficit) on revaluation of listed investments	324,199	(52,340)
	<u>922,749</u>	<u>399,677</u>

Note of Historical Cost Profits and Losses

For the year ended 24 June 2004

	2004 £	2003 £
Profit for the year	598,550	452,017
Realisation of investment revaluation	-	44,400
Historical cost surplus for the year	<u>598,550</u>	<u>496,417</u>

Balance Sheet

at 24 June 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	7	1,441	1,639
Investment properties	8	1,425,648	1,425,648
Subsidiary undertakings	9	49,246	49,246
Other investments	10	1,319,538	995,339
		<hr/>	<hr/>
		2,795,873	2,471,872
		<hr/>	<hr/>
Current assets			
Debtors due after one year	11	190,000	190,000
Debtors due within one year	11	449,480	551,515
Cash at bank and in hand		4,817,676	4,066,951
		<hr/>	<hr/>
		5,457,156	4,808,466
Creditors: Amounts falling due within one year	12	(704,330)	(655,017)
		<hr/>	<hr/>
Net current assets		4,752,826	4,153,449
		<hr/>	<hr/>
Total assets less current liabilities		7,548,699	6,625,321
Provision for liabilities and charges	13	(7,850)	(7,221)
		<hr/>	<hr/>
Net assets		7,540,849	6,618,100
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	500,000	500,000
Share premium account	15	237,591	237,591
Revaluation reserve	15	898,003	573,804
Profit and loss account	15	5,905,255	5,306,705
		<hr/>	<hr/>
Equity shareholders' funds		7,540,849	6,618,100
		<hr/>	<hr/>

The financial statements were approved by the Board on 26 October 2004 and signed on its behalf by:


Cecil David Dent
Director

Cash Flow Statement

For the year ended 24 June 2004

	Note	2004 £	2003 £
Net cash inflow from operating activities	17	1,477,819	831,576
Returns on investment and servicing of finance			
Dividends received		41,481	39,759
Interest received		170,989	153,708
		212,470	193,467
Taxation			
UK corporation tax paid		(439,564)	(354,087)
Capital expenditure and financial investment			
Purchase of fixed assets		-	(1,985)
Sale of investments		-	102,000
Contribution received to cost of fixed assets		-	42,821
		-	142,836
Equity dividends paid		(500,000)	(500,000)
Increase in cash	18	750,725	313,792

Notes to the Financial Statements

24 June 2004

1. Accounting Policies

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the inclusion of listed investments at revalued amounts.

The company is not required to prepare group accounts because the group qualifies as small under section 249 of the Companies Act 1985.

Property revenue

Property revenue represents rents receivable, less ground rent and maintenance expenses. Where properties are subject to rent reviews, the increase in the rental is only brought into account when agreed, including the increase, which may relate to a period commencing in a previous accounting period. Payments for dilapidations are brought into account when received.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

Depreciation on tangible assets

Depreciation is provided in equal annual instalments over the anticipated useful lives of the assets. The rates of depreciation used are as follows:

Furniture and equipment	-	10%
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Investment properties

Investment properties are stated at cost when acquired by the company on transfer following the reconstruction of the predecessor company on 15 June 1984 and by subsidiaries before that date.

The directors are of the opinion that the current market value of the properties is considerably in excess of their net book value. The directors also consider the expense of professional valuations unjustifiable. Investment properties are not depreciated, as in the opinion of the directors any such depreciation would be immaterial.

Other investments

Listed investments are shown at market value; investments in subsidiaries are shown at cost to the parent company.

Income from listed investments is recognised on an accruals basis.

Notes to the Financial Statements

2. Operating Profit

Operating profit is arrived at after charging:

	2004 £	2003 £
Auditors' remuneration	12,500	12,000
Depreciation	198	664
	<u>12,698</u>	<u>12,664</u>

3. Interest Receivable and Similar Income

	2004 £	2003 £
Bank interest receivable	168,944	153,708
Other Interest receivable	2,045	-
	<u>170,989</u>	<u>153,708</u>

4. Employees

	2004 No	2003 No
Average number of people (including directors employed by the company during the year in an administrative capacity was:	6	6
	<u>6</u>	<u>6</u>

Staff costs, including directors:

	2004 £	2003 £
Wages and salaries	98,372	98,351
Social security costs	8,550	7,989
	<u>106,922</u>	<u>106,339</u>

5. Directors

	2004 £	2003 £
Directors remuneration	90,000	90,000
Chairman	10,000	10,000
Highest paid director	55,000	55,000

Notes to the Financial Statements

6. Tax on Profit on Ordinary Shares

	2004 £	2003 £
United Kingdom Corporation Tax		
Current tax on income for the year	452,000	395,000
Adjustments in respect of prior years	(290)	(413)
	<hr/>	<hr/>
Current taxation	451,710	394,587
Deferred taxation		
Net origination (reversal) of timing differences	629	719
Adjustments in respect of prior years	-	(2,893)
	<hr/>	<hr/>
Current taxation charge	452,339	392,413
	<hr/>	<hr/>
Current tax reconciliation		
Profit on ordinary activities before taxation	1,550,889	1,344,430
	<hr/>	<hr/>
Theoretical tax at UK corporation tax rate 30% (2003:30%)	465,266	403,329
Effects of: -		
- adjustments in respect of prior years	(290)	(414)
- disposal of investments	(629)	(719)
- accelerated capital allowances	-	4,028
- expenditure that is not tax deductible	320	290
- UK dividends not taxable	(12,800)	(11,928)
- Other adjustments	(157)	-
	<hr/>	<hr/>
Actual current taxation charge	451,710	394,587
	<hr/>	<hr/>

7. Tangible Fixed Assets

	Furniture and equipment £
Cost	
At 25 June 2003 and 24 June 2004	7,972
	<hr/>
	7,972
Depreciation	
At 25 June 2003	6,333
Charge for the year	198
	<hr/>
At 24 June 2004	6,531
	<hr/>
Net book value	
At 24 June 2004	1,441
	<hr/>
At 24 June 2003	1,639
	<hr/>

Notes to the Financial Statements

8. Investment Properties

	Long leasehold £	Freehold £	Total £
Cost or valuation			
At 25 June 2003	472,723	952,925	1,425,648
Additions	-	-	-
Disposals	-	-	-
At 24 June 2004	<u>472,723</u>	<u>952,925</u>	<u>1,425,648</u>

No provision for deferred taxation of approximately £39,000 (2003 - £44,000) which would be payable if the properties were sold at their book value has been made, as there is no intention to dispose of any properties in the foreseeable future.

9. Investments

	Total £
Cost and net book value	
At 24 June 2003	49,245
At 24 June 2004	<u>49,245</u>

Principal subsidiary	Country of incorporation or registration	Capital and reserves £	Profit for the financial year £	Parent interest in ordinary shares
White Lodge Limited	England & Wales	74,724	5,169	100%

Under the equity method of valuation the investment in subsidiary undertakings would be £74,724 (2003: £70,977)

Notes to the Financial Statements

10. Other investments

Listed investments

	2004 £
Market value	
At 25 June 2003	995,339
Change in valuation during the year	324,199
Disposals	-
At 24 June 2004	<u>1,319,538</u>
 The original cost of the listed investments held at 24 June was	 <u>421,535</u>

No provision has been made for the deferred tax of £144,000 (2003: £54,000) on gains on revaluing investments to their market value, as there is no intention to dispose of the investments in the foreseeable future.

11. Debtors

	2004 £	2003 £
Due after one year		
Amounts owed by subsidiary undertaking	190,000	190,000
 Due within one year		
Amount owed by subsidiary undertaking	-	424
Rental income receivable	408,018	522,391
Sundry debtors and prepayments	41,463	28,700
	<u>449,480</u>	<u>551,515</u>

12. Creditors: Amounts Falling Due Within One Year

	2004 £	2003 £
Corporation tax	232,647	220,500
Other tax and social security	60,261	44,767
Accruals and deferred income	404,130	389,750
Amounts due to subsidiary undertaking	7,292	-
	<u>704,330</u>	<u>655,017</u>

Notes to the Financial Statements

13. Provisions for Liabilities and Charges

	Deferred taxation £
At 25 June 2003	7,221
Transfer from profit and loss account	629
	<hr/>
At 24 June 2004	7,850
	<hr/>

Deferred taxation comprises:

	Amounts provided 2004 £	2003 £
Capital allowances	7,850	7,221
	<hr/>	<hr/>

14. Called Up Share Capital

	2004 £	2003 £
Authorised, allotted and fully paid 1,000,000 ordinary shares of 50p each	500,000	500,000
	<hr/>	<hr/>

15. Reserves

	Share premium account £	Revaluation Reserve £	Profit and loss account £
At 25 June 2003	237,591	573,804	5,306,705
Retained profit	-	-	598,550
Investment revaluation surplus	-	324,199	-
	<hr/>	<hr/>	<hr/>
At 24 June 2004	237,591	898,003	5,905,255
	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements

16. Reconciliation of Shareholders Funds

	2004 £	2003 £
Total recognised gains	922,749	399,677
Opening shareholders' funds	6,618,100	6,218,423
Closing shareholders' funds	<u>7,540,849</u>	<u>6,618,100</u>

17. Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	2004 £	2003 £
Operating profit	1,337,234	1,137,790
Depreciation	198	664
Decrease/(Increase) in debtors	103,221	(348,380)
Increase in creditors	37,166	41,502
	<u>1,477,819</u>	<u>831,576</u>

18. Analysis of Cash

	2004 £	2003 £
At 25 June 2003	4,066,951	3,753,159
Net cash inflow	<u>750,725</u>	<u>313,792</u>
At 24 June 2004	<u>4,817,676</u>	<u>4,066,951</u>