

PT Southern Limited
Financial statements
For the year ended 31 March 2003

Grant Thornton 



Company No. 2884661

Company information

Company registration number	2884661
Registered office	Kingsgate House 114/115 High Holborn London WC1V 6JJ
Directors	A K C Cheng N C F Chan
Secretary	N C F Chan Cargil Management Services Limited
Auditors	Grant Thornton Chartered Accountants Registered Auditors Grant Thornton House Melton Street Euston Square London NW1 2EP

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Report of the directors

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

Principal activities and business review

The company carries on the business of property investment, trading and development.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2003 £	2002 £
Dividends paid on ordinary shares	<u>730,000</u>	<u>-</u>

Directors

The directors who served the company during the year were as follows:

A K C Cheng
N C F Chan

A K C Cheng and N C F Chan were also directors of the ultimate parent undertaking, Property Trust (PVT) Holdings Limited, during the year and their interests, where appropriate, are disclosed in the financial statements of that company.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 7, 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. 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.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



NCF Chan
Secretary
31 October 2003

Report of the independent auditors to the members of PT Southern Limited

We have audited the financial statements of PT Southern Limited for the year ended 31 March 2003 which comprise the profit and loss account, balance sheet, statement of total recognised gains and losses and notes 1 to 23. These financial statements have been prepared under 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

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and 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 other information contained in the Directors' 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 other information.

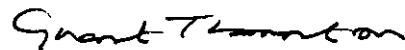
Basis of opinion

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 31 March 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON
31 OCTOBER 2003

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The principal accounting policies of the company have remained unchanged from the previous year, and are set out below.

Turnover

Turnover is the total amount receivable from rent.

Investment properties

In accordance with Statement of Standard Accounting Practice No. 19, the company's properties held for long term investment are included in the balance sheet at their open market values. The surpluses or deficits on revaluation of such properties are transferred to the revaluation reserve. Depreciation is not provided in respect of freehold investment properties. Leasehold investment properties are not amortised where the unexpired term is over twenty years.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred taxation

Deferred taxation is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Profit and loss account

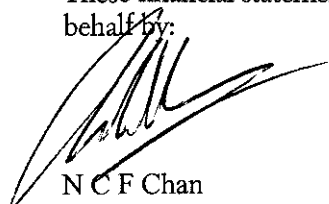
	Note	2003 £	2002 £
Turnover	1	1,135,425	987,202
Cost of sales		33,800	39,314
Gross profit		1,101,625	947,888
Other operating income and charges	2	120,399	123,355
Operating profit		981,226	824,533
Profit on disposal of fixed assets	4	122,805	35,885
		1,104,031	860,418
Interest receivable	5	7,230	1,292
Interest payable and similar charges	6	(532,572)	(660,925)
Profit on ordinary activities before taxation		578,689	200,785
Tax on profit on ordinary activities	7	5,029	49,470
Profit on ordinary activities after taxation		573,660	151,315
Dividends	8	730,000	—
(Loss)/retained profit for the financial year		(156,340)	151,315

All of the activities of the company are classed as continuing.

Balance sheet

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	10	<u>10,385,000</u>	<u>10,635,000</u>
Current assets			
Debtors	11	62,197	154,134
Cash at bank		<u>237,884</u>	<u>57,801</u>
		300,081	211,935
Creditors: amounts falling due within one year	12	<u>3,604,620</u>	<u>4,926,412</u>
Net current liabilities		<u>(3,304,539)</u>	<u>(4,714,477)</u>
Total assets less current liabilities		7,080,461	5,920,523
Creditors: amounts falling due after more than one year	13	<u>6,563,389</u>	<u>5,252,140</u>
		517,072	668,383
Provisions for liabilities and charges			
Deferred taxation	15	<u>143,883</u>	<u>138,854</u>
		<u>373,189</u>	<u>529,529</u>
Capital and reserves			
Called-up equity share capital	18	1	1
Revaluation reserve	19	367,240	416,373
Profit and Loss Account	20	<u>5,948</u>	<u>113,155</u>
Shareholders' funds	21	<u>373,189</u>	<u>529,529</u>

These financial statements were approved by the directors on 31 October 2003 and are signed on their behalf by:



N C F Chan

Other primary statements

Statement of total recognised gains and losses

	2003 £	2002 £
(Loss)/profit for the financial year	(156,340)	151,315
Total recognised gains and losses for the year	(156,340)	151,315
Prior year adjustment (see note 9)	-	(105,079)
Total gains and losses recognised since the last financial statements	(156,340)	46,236

Note of historical cost profits and losses

	2003 £	2002 £
Profit on ordinary activities before taxation	578,689	200,785
Realisation of gains recognised in previous periods	-	(31,734)
Historical cost profit on ordinary activities before taxation	578,689	169,051
Historical cost (loss)/profit for the year	(176,340)	119,581
Retained after taxation and dividends		

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	<u>1,135,425</u>	<u>987,202</u>

2 Other operating income and charges

	2003 £	2002 £
Administrative expenses	125,060	123,605
Other operating income	<u>(4,661)</u>	<u>(250)</u>
	<u>120,399</u>	<u>123,355</u>

3 Directors and employees

No salaries or wages have been paid to employees, including the directors, during the year.

4 Profit on disposal of fixed assets

	2003 £	2002 £
Profit on disposal of fixed assets	<u>122,805</u>	<u>35,885</u>

5 Interest receivable

	2003 £	2002 £
Bank interest receivable	<u>7,230</u>	<u>1,292</u>

6 Interest payable and similar charges

	2003 £	2002 £
Interest payable on bank borrowing	471,582	570,827
Interest payable to group undertakings	59,760	90,098
Other similar charges	1,230	–
	<u>532,572</u>	<u>660,925</u>

7 Tax on profit on ordinary activities

(a) Taxation

	2003 £	2002 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	–	15,695
Total current tax	–	15,695
Deferred tax:		
Increase in deferred tax provision	5,029	33,775
Tax on profit on ordinary activities	<u>5,029</u>	<u>49,470</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>578,689</u>	<u>200,785</u>
Profit/(loss) on ordinary activities by rate of tax	173,607	60,236
Expenses not deductible/(income) not taxable for tax purposes	(36,843)	(10,766)
Capital allowances in excess of depreciation	(24,956)	(33,775)
Group relief surrendered/(claimed)	(111,808)	–
Total current tax (note 7(a))	<u>–</u>	<u>15,695</u>

8 Dividends

	2003 £	2002 £
Equity dividends:		
Dividend paid on ordinary shares	<u>730,000</u>	<u>–</u>

9 Prior year adjustment

The prior year adjustment relates to the adoption of FRS19 "Deferred taxation".

10 Tangible fixed assets

	Freehold Property £	Leasehold Property £	Total £
Cost or valuation			
At 1 April 2002	10,385,000	250,000	10,635,000
Disposals	-	(250,000)	(250,000)
At 31 March 2003	<u>10,385,000</u>	<u>-</u>	<u>10,385,000</u>
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 March 2003	<u>10,385,000</u>	<u>-</u>	<u>10,385,000</u>
At 31 March 2002	<u>10,385,000</u>	<u>250,000</u>	<u>10,635,000</u>

Valuations of investment properties as at 31 March 2003 were carried out in accordance with the RICS Statement of Asset Valuation Practice by the Directors, who have been advised by chartered surveyors employed by the company and external professional valuers.

Full independent valuations of investment properties were carried out in accordance with RICS Statement of Asset Valuation Practice by Weatherall Green & Smith, an independent firm of professional valuers, as at 31 March 1998, 24 November 1999, 31 March 2000 and 31 March 2001.

If the investment property had not been revalued, they would have been included on the historical cost basis at £10,017,763 (2002: £10,218,627).

11 Debtors

	2003 £	2002 £
Trade debtors	52,427	66,333
Amounts owed by group undertakings	-	1,886
Other debtors	9,770	85,915
	<u>62,197</u>	<u>154,134</u>

12 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	701,251	1,875,410
Amounts owed to group undertakings	2,428,160	2,641,094
Corporation tax	-	15,695
Other taxation	121,002	35,728
Other creditors	28,434	203
Accruals and deferred income	325,773	358,282
	<u>3,604,620</u>	<u>4,926,412</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

13 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Bank loans and overdrafts	6,283,889	4,972,640
Amounts owed to group undertakings	279,500	279,500
	<u>6,563,389</u>	<u>5,252,140</u>

The bank loans are secured by a charge on the freehold investment properties.

The bank loans are repayable in instalments and the rates of interest payable are 1.25% over LIBOR and 7.68%, 8.32%, 8.34% and 8.57% fixed.

14 Creditors

Creditors include finance capital which is due for repayment as follows:

	2003 £	2002 £
In one year or less, or on demand	701,251	1,875,410
Between one and two years	918,750	110,000
Between two and five years	320,000	967,500
In five years or more	5,045,140	3,895,140
	<u>6,985,141</u>	<u>6,848,050</u>

	2003 £	2002 £
Less: included in creditors: amounts falling due within one year (note 12)	<u>701,251</u>	<u>1,875,410</u>

15 Deferred taxation

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	138,854	105,079
Profit and Loss Account movement arising during the year	5,029	33,775
Provision carried forward	<u>143,883</u>	<u>138,854</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	<u>143,883</u>	<u>138,854</u>

16 Capital commitments

The company had no capital commitments at 31 March 2003 or 31 March 2002.

17 Contingent liabilities

A Cross guarantee exists between the company and PT Northern Limited and Westcycle Properties Limited in favour of Bristol & West Plc. All companies are fellow subsidiaries of The Property Trust Plc. The total value of guaranteed loans outstanding at 31 March 2003 was £10,750,261 (2002: £12,660,840) of which £6,985,141 (2002: £6,792,640) is reflected in creditors above.

18 Share capital

Authorised share capital:

	2003	2002
	£	£
1,000 Ordinary shares of £1 each	1,000	1,000

Allotted, called up and fully paid:

	2003	2002
	£	£
Ordinary share capital	1	1

19 Revaluation reserve

	2003	2002
	£	£
Balance brought forward	416,373	384,639
Transfer (to)/from the Profit and Loss Account on realisation	(49,133)	31,734
Balance carried forward	367,240	416,373

20 Profit and loss account

	2003	2002
	£	£
Original balance brought forward	113,155	98,653
Prior year adjustment (note 9)	-	(105,079)
Restated balance brought forward	113,155	(6,426)
(Accumulated loss)/retained profit for the financial year	(156,340)	151,315
Transfer from/(to) revaluation reserve	49,133	(31,734)
Balance carried forward	5,948	113,155

21 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Profit for the financial year	573,660	151,315
Dividends	(730,000)	-
	(156,340)	151,315
Opening shareholders' equity funds	529,529	483,293
Prior year adjustment (see note 9)	-	(105,079)
	529,529	378,214
Closing shareholders' equity funds	373,189	529,529

22 Post balance sheet events

In May 2003 PT Southern Limited sold the property in Weston-Super-Mare for a cash consideration of £2,100,000.

23 Ultimate parent undertaking and controlling related party

The ultimate parent undertaking and controlling related party of this company is Property Trust (PVT) Holdings Limited, which is incorporated under the laws of Bermuda. The largest group of undertakings for which group accounts have been drawn up is that headed by Property Trust (PVT) Holdings Limited and the smallest such group of undertakings, including the company, is that headed by Property Trust Plc which is registered in England and Wales.

As a wholly owned subsidiary of Property Trust (PVT) Holdings Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Property Trust (PVT) Holdings Limited.