

MINERVA PROPERTY SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th JUNE 2004



MINERVA PROPERTY SERVICES LIMITED
Financial statements for the year ended 30th June 2004

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Directors

P A Coster
I H Ezekiel
T C Garnham
E R W Moody
A I Rosenfeld

Secretary

I H Ezekiel

Registered office

25 Harley Street, London W1G 9BR

Registered number

3160344

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

MINERVA PROPERTY SERVICES LIMITED
Report of the directors

The directors submit their report and the audited financial statements of the Company for the year ended 30th June 2004.

Principal activity

The principal activities of the Company are the holding of investments and the provision of development services.

Results and dividends

The financial statements on pages 4 to 9 set out the results for the year ended 30th June 2004 and reflect the state of the Company's affairs at that date.

The directors do not propose a dividend in respect of the year (2003: £nil).

The results are as expected. No significant changes to the Company's business are planned for the foreseeable future.

Directors

The directors of the Company during the year and at the year-end were:

P A Coster
I H Ezekiel
T C Garnham
E R W Moody
A I Rosenfeld

Directors' interests

The interests of A I Rosenfeld and P A Coster, who are both directors of the ultimate parent company, Minerva plc, are shown in the annual report of that company. The interests of I H Ezekiel, T C Garnham and E R W Moody are disclosed within the accounts of Minerva Property Holdings plc.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the next annual general meeting.

By order of the board



I H Ezekiel
Secretary

30th September 2004

MINERVA PROPERTY SERVICES LIMITED
Directors' responsibilities for financial statements

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to 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 ensuring that applicable accounting standards have been followed and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements.

The directors are responsible for maintaining proper accounting records so as to enable them to comply with company law. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MINERVA PROPERTY SERVICES LIMITED

Report of the independent auditors to the members of Minerva Property Services Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in equity shareholders' deficit and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements report in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the report of the directors and the directors' responsibilities for financial statements.

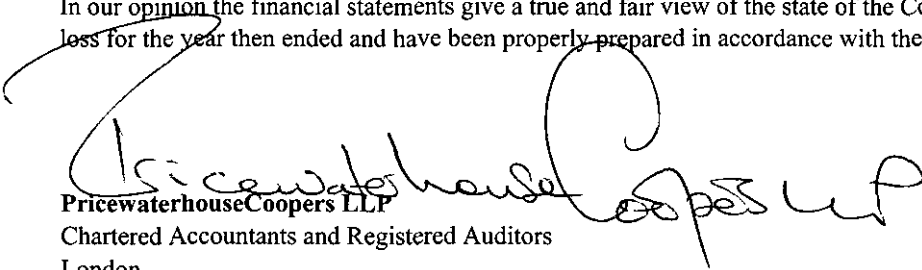
Basis of audit opinion

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 the Company's affairs at 30th June 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

30th September 2004

MINERVA PROPERTY SERVICES LIMITED
Year ended 30th June 2004

<u>Profit and loss account</u>	<u>Note</u>	<u>2004</u> £	<u>2003</u> £
Administrative expenses		(1,440,886)	(235,173)
Operating loss	2	(1,440,886)	(235,173)
Release of provision for liabilities and charges	10	-	84,658
Interest receivable	3	19,964	19,110
Loss on ordinary activities before taxation		(1,420,922)	(131,405)
Taxation	4	-	-
Loss on ordinary activities after taxation		(1,420,922)	(131,405)
Dividends		-	-
Retained loss for the year		<u>(1,420,922)</u>	<u>(131,405)</u>

All of the Company's activities during the year related to continuing operations.

There is no difference between the loss on ordinary activities before tax and the retained loss for the year as stated above and their historical cost equivalents.

<u>Statement of total recognised gains and losses</u>	<u>2004</u> £	<u>2003</u> £
Loss on ordinary activities after taxation	(1,420,922)	(131,405)
(Deficit)/surplus on revaluation of investment in subsidiary undertaking	(183)	230,190
Total recognised gains and losses for the year	<u>(1,421,105)</u>	<u>98,785</u>

<u>Reconciliation of movements in equity shareholders' deficit</u>	<u>2004</u> £	<u>2003</u> £
Loss on ordinary activities after taxation	(1,420,922)	(131,405)
(Deficit)/surplus on revaluation of investment in subsidiary undertaking	(183)	230,190
Net movement in equity shareholders' deficit	(1,421,105)	98,785
Opening equity shareholders' deficit	(1,582,249)	(1,681,034)
Closing equity shareholders' deficit	<u>(3,003,354)</u>	<u>(1,582,249)</u>

MINERVA PROPERTY SERVICES LIMITED
Balance sheet as at 30th June 2004

	<u>Note</u>	<u>2004</u>	<u>2003</u>
		£	£
Fixed assets			
Tangible fixed assets	5	-	10,985
Investment in subsidiary undertaking	6	230,008	230,191
		<u>230,008</u>	<u>241,176</u>
Current assets			
Stock	7	30,278,611	22,975,052
Debtors	8	503,133	179,488
Cash at bank and in hand		545,502	525,793
		<u>31,327,246</u>	<u>23,680,333</u>
Creditors: amounts falling due within one year	9	(34,560,608)	(25,503,758)
Net current liabilities		<u>(3,233,362)</u>	<u>(1,823,425)</u>
Total assets less current liabilities		(3,003,354)	(1,582,249)
Provision for liabilities and charges	10	-	-
Net liabilities		<u>(3,003,354)</u>	<u>(1,582,249)</u>
Capital and reserve			
Called up share capital	11	2	2
Revaluation reserve	12	230,007	230,190
Profit and loss account	12	(3,233,363)	(1,812,441)
Equity shareholders' deficit		<u>(3,003,354)</u>	<u>(1,582,249)</u>

Approved by the board of directors on 30th September 2004 and signed on its behalf by:

Paul A Coster
Director



Ivan H Ezekiel
Director



The notes on pages 6 to 9 form part of these financial statements

MINERVA PROPERTY SERVICES LIMITED

Notes to the financial statements for the year ended 30th June 2004

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the inclusion of fixed asset investment in subsidiary undertaking at valuation and in accordance with applicable accounting standards.

Parent company investments

The Company's investment in subsidiary undertaking is valued on a net asset basis by reference to the financial statements of the entity concerned and, where relevant, the valuation of its underlying investment properties as at 30th June 2004.

Going concern

The Company has received a letter of support from its ultimate parent, Minerva plc, stating that it is its current intention to make available such funds as may be necessary by the Company to meet its day-to-day expenses as they fall due for a period of 12 months from the date of approval of the financial statements.

Stock

Stocks and work in progress are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. A deferred tax asset is recognised when its recoverability is considered to be reasonably certain. Deferred tax is measured on a non-discounted basis at the tax rates which apply at the balance sheet date. No provision is made for tax liabilities on unrealised revaluation gains at the balance sheet date.

Depreciation

Fixtures and fittings and office equipment are depreciated over their expected lives of between three and five years.

Cash flow statement

The Company is a wholly owned subsidiary of Minerva plc and the cash flows of the Company are included in the consolidated cash flow statement of that company. Consequently the Company is exempt under the terms of FRS1 from publishing its own cash flow statement.

Consolidation

As permitted by the Companies Act 1985, the Company has not prepared group financial statements as it is a wholly owned subsidiary of Minerva plc, which is incorporated in Great Britain and registered in England.

MINERVA PROPERTY SERVICES LIMITED

Notes to the financial statements for the year ended 30th June 2004

2 Operating loss

The Company's audit and filing fees are borne by a fellow subsidiary company.

The directors are remunerated in respect of their services to the Group as a whole. It is not practicable to allocate their remuneration between the services they provide to the Company and the various other group companies and therefore no information in respect of their remuneration is disclosed below. The remuneration received by these individuals is disclosed in the financial statements of Minerva plc (the ultimate parent company) or Minerva Property Holdings plc (a fellow group company). The directors were the sole employees of the Company during the year.

The operating result is stated after charging depreciation of £10,985 (2003: £10,663).

3 Interest receivable

	<u>2004</u>	<u>2003</u>
	£	£
Bank interest	19,964	19,110

4 Taxation

	<u>2004</u>	<u>2003</u>
	£	£
UK corporation tax	-	-
Deferred tax	-	-
	-	-

No liability to UK corporation tax arises as explained below:

	£	£
Loss on ordinary activities before taxation	(1,420,922)	(131,405)
Tax on loss on ordinary activities at standard rate	(426,277)	(39,422)
Income not taxable	-	(25,397)
Group relief	423,901	63,147
Capital allowances	(920)	(1,527)
Expenditure not deductible for tax purposes	3,296	3,199
UK corporation tax charge	-	-

5 Tangible fixed assets

	<u>Office equipment</u>	<u>Fixtures and fittings</u>	<u>Total</u>
Cost	£	£	£
At 1 July 2003	27,581	9,125	36,706
Additions	-	-	-
At 30 June 2004	27,581	9,125	36,706
Depreciation			
At 1 July 2003	21,016	4,705	25,721
Charge for the year	6,565	4,420	10,985
At 30 June 2004	27,581	9,125	36,706
Net book value at 30 June 2004	-	-	-
Net book value at 30 June 2003	6,565	4,420	10,985

MINERVA PROPERTY SERVICES LIMITED

Notes to the financial statements for the year ended 30th June 2004

6 Investment in subsidiary undertaking	<u>2004</u>	<u>2003</u>
	£	£
At 1 July 2003	230,191	1
Revaluation (deficit)/surplus	(183)	230,190
At 30 June 2004	<u>230,008</u>	<u>230,191</u>

The historical cost of investment in subsidiary undertakings at 30th June 2004 was £1 (2003: £1).

The principal wholly owned subsidiary undertaking, whose main activity is the provision of property, design and development services, is Minerva Property Services (Wigmore Street) Limited, a company registered in England and Wales.

7 Stock	<u>2004</u>	<u>2003</u>
	£	£
Work in progress	<u>30,278,611</u>	<u>22,975,052</u>

8 Debtors	<u>2004</u>	<u>2003</u>
	£	£
Other debtors	492,024	179,141
Prepayments and accrued income	11,109	347
	<u>503,133</u>	<u>179,488</u>

9 Creditors: amounts falling due within one year	<u>2004</u>	<u>2003</u>
	£	£
Amounts owed to group companies	32,484,529	25,052,047
Other creditors	34,561	52,866
Accruals and deferred income	2,041,518	398,845
	<u>34,560,608</u>	<u>25,503,758</u>

Amounts due to group companies are unsecured, interest free and repayable on demand.

10 Provision for liabilities and charges	<u>2004</u>	<u>2003</u>
	£	£
At 1 July 2003	-	84,658
Released to profit and loss account	-	(84,658)
At 30 June 2004	<u>-</u>	<u>-</u>

11 Called up share capital	<u>2004</u>	<u>2003</u>
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

MINERVA PROPERTY SERVICES LIMITED**Notes to the financial statements for the year ended 30th June 2004****12 Reserves**

	<u>Profit and loss account</u>	<u>Revaluation reserve</u>	<u>Total</u>
	£	£	£
At 1 July 2003	(1,812,441)	230,190	(1,582,251)
Deficit on revaluation of investment in subsidiary undertaking	-	(183)	(183)
Retained loss for the year	(1,420,922)	-	(1,420,922)
At 30 June 2004	<u>(3,233,363)</u>	<u>230,007</u>	<u>(3,003,356)</u>

13 Capital commitments

Capital expenditure commitments contracted, but not provided for at 30th June 2004 were £625,000 (2003: £nil).

14 Parent and ultimate holding company

The Company is a wholly owned subsidiary of Minerva Corporation plc and the ultimate holding company is Minerva plc. Copies of the financial statements of Minerva plc are available from their registered office at 25 Harley Street, London, W1G 9BR.

15 Related party transactions

The Company is a subsidiary undertaking of which 100% of the voting rights are controlled within the Group and it has taken advantage of the exemption in FRS8 not to disclose any transactions or balances with entities that are part of the Group.