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MINERVA PROPERTY SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2000



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Directors

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

Secretary

I H Ezekiel

Registered Office

25 Harley Street, London W1G 9BR

Registered number

3160344

Auditors

PricewaterhouseCoopers, 1 Embankment Place, London WC2N 6NN

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 2000.

Principal activity

The principal activity of the company is the provision of property design and development services.

Results and dividends

The financial statements on pages 4 to 8 set out the results for the year ended 30th June 2000 and reflect the state of the company's affairs at that date.

The directors do not propose to declare a dividend in respect of the year.

Directors

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

A. I. Rosenfeld
P.A. Coster
I. H. Ezekiel
E. R. W. Moody
T. C. Garnham (Appointed on 27th September 1999)

Directors' interests

The directors did not have any interests in the shares of the company at any time during the year. Their interests in the shares of the ultimate holding company, Minerva plc, are shown in that company's financial statements.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board



I H Ezekiel
Secretary

21st September 2000

MINERVA PROPERTY SERVICES LIMITED
Directors' responsibilities for financial statements

The directors are required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the results for that year.

The directors confirm 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 and that applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis.

The directors are also responsible for maintaining 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 preventing and detecting fraud and other irregularities.

MINERVA PROPERTY SERVICES LIMITED

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

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 mis-statements or material inconsistencies with the 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 mis-statement, 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 2000 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6NN

21st September 2000

MINERVA PROPERTY SERVICES LIMITED
Profit and loss account for the year ended 30th June 2000

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
Administrative expenses		(283,393)	(263,055)
Other income		-	22,479
Operating loss	2	<u>(283,393)</u>	<u>(240,576)</u>
Provision against investment in subsidiary		(84,658)	
Loss on ordinary activities before taxation		<u>(368,051)</u>	<u>(240,576)</u>
Taxation	3	-	-
Retained loss for the year		<u><u>(368,051)</u></u>	<u><u>(240,576)</u></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.

Statement of total recognised gains and losses

The company has no recognised gains and losses other than those included in the results shown above and therefore no separate statement of total recognised gains and losses has been presented.

Reconciliation of movements in shareholders' funds	<u>2000</u> £	<u>1999</u> £
Loss for the financial period	(368,051)	(240,576)
Opening shareholders' funds	<u>(368,866)</u>	<u>(128,290)</u>
Closing shareholders' funds	<u><u>(736,917)</u></u>	<u><u>(368,866)</u></u>

The notes on pages 6 to 8 form part of these financial statements.

MINERVA PROPERTY SERVICES LIMITED
Balance Sheet as at 30th June 2000

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
Investments	4	<u>1</u>	<u>-</u>
Current assets			
Stock	5	8,163,417	6,246,842
Debtors	6	<u>85,910</u>	<u>144,830</u>
		8,249,327	6,391,672
Creditors: amounts falling due within one year	7	(8,901,587)	(6,760,538)
Provision for liabilities and charges	8	<u>(84,658)</u>	<u>-</u>
Net current liabilities		<u>(736,918)</u>	<u>(368,866)</u>
		<u>(736,917)</u>	<u>(368,866)</u>
Capital and reserves			
Called up share capital	9	2	2
Revaluation reserve	10	-	-
Profit and loss account	10	<u>(736,919)</u>	<u>(368,868)</u>
		<u>(736,917)</u>	<u>(368,866)</u>

Approved by the board of directors on 21st September 2000 and signed on its behalf by:

Andrew I Rosenfeld
Director



Ivan H Ezekiel
Director



The notes on pages 6 to 8 form part of these financial statements.

1. **Accounting policies**

Convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

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 until 30th June 2001.

Stock

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

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.

Parent company investments

The company's investments in subsidiary undertakings are valued on a net asset basis by reference to the financial statements of the entity concerned and, where relevant, the valuation of their underlying investment properties as at 30th June 2000.

2. **Operating profit**

Audit fees are borne by another group 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).

3. **Taxation**

There is no charge to UK Corporation tax due to the availability of tax losses and relief from other group companies, which are subject to agreement with the Inland Revenue.

MINERVA PROPERTY SERVICES LIMITED
Notes to the financial statements for the year ended 30th June 2000

4. **Investment in subsidiary undertakings**

	<u>2000</u>
Shares	£
Additions	<u>1</u>
Balance at 30th June 2000	<u><u>1</u></u>

The historical cost of investment in subsidiary undertakings at 30th June 2000 was £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.

5. **Stock**

	<u>2000</u>	<u>1999</u>
	£	£
Work in progress	<u>8,163,417</u>	<u>6,246,842</u>

6. **Debtors**

	<u>2000</u>	<u>1999</u>
	£	£
Other debtors	<u>85,911</u>	<u>144,830</u>

7. **Creditors: Amounts falling due within one year**

	<u>2000</u>	<u>1999</u>
	£	£
Amounts owed to group companies	8,036,970	6,032,928
Other creditors	243,218	196,060
Accruals and deferred income	<u>621,399</u>	<u>531,550</u>
	<u><u>8,901,587</u></u>	<u><u>6,760,538</u></u>

8. **Provision for liabilities and charges**

	£
As at 1st July 1999	-
Charged to profit and loss account	<u>84,658</u>
As at 30th June 2000	<u><u>84,658</u></u>

The above provision relates wholly to the investment in Minerva Property Services (Wigmore Street) Limited, which has net liabilities at 30th June 2000.

9. **Called up share capital**

	<u>2000</u>	<u>1999</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 2000****10. Reserves**

	Profit and loss account
	£
Balance at 1st July 1999	(368,868)
Retained loss for the year	(368,051)
Balance at 30th June 2000	<u>(736,919)</u>

11. 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.

12. 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.