



**EUROCITY PROPERTIES (CENTRAL) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2004**



**EUROCITY PROPERTIES (CENTRAL) LIMITED**

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**Company Information**

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<b>Directors</b>	A. S. Perloff P. A. Rowson
<b>Secretary</b>	I. W. Minter
<b>Company Number</b>	3428267
<b>Registered Office</b>	2 Bloomsbury Street London WC1B 3ST
<b>Auditors</b>	Nexia Audit Limited Chartered Accountants Registered Auditors Prospect House 2 Athenaeum Road Whetstone London N20 9YU
<b>Accountants and tax advisors</b>	Smith & Williamson Limited Chartered Accountants Prospect House 2 Athenaeum Road Whetstone London N20 9YU

EUROCITY PROPERTIES (CENTRAL) LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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The directors present their report and the financial statements for the year ended 31 December 2004.

**Statement of 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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies 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;
- 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. 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.

**Results and dividends**

The profit for the year after taxation, amounted to £298,772 (2003 - £148,415) .

The directors recommend that a dividend of £NIL (£NIL per share) ( 2003 - £200,000) on ordinary shares be paid and that the retained profit of £298,772 be carried to reserves.

**Principal activities, review of business and future developments**

The principal activity of the company continues to be that of investment in commercial properties.

The directors are pleased with the results for the year and expect the trading position of the company to be maintained during the coming year.

**Company's policy for payment of creditors**

The company agrees terms and conditions for transactions with suppliers and payment is made on these terms, subject to the supplier meeting the agreed terms and conditions.

**Directors**

The directors who served during the year and their beneficial interests in the company's issued share capital were :

	Ordinary shares of £1 each	
	2004	2003
A. S. Perloff	-	-
P. A. Rowson	-	-

No director had any interest in the shares of the company during the year but their interests in the parent undertaking, Panther Securities PLC, are disclosed in that company's financial statements.

EUROCITY PROPERTIES (CENTRAL) LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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**Auditors**

The auditors, Nexia Audit Limited, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on

A handwritten signature in black ink, appearing to read 'I. W. Mintel', is written over the printed name and title.

I. W. Mintel  
Secretary

## EUROCITY PROPERTIES (CENTRAL) LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EUROCITY PROPERTIES (CENTRAL) LIMITED

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We have audited the accounts of Eurocity Properties (Central) Limited for the year ended 31 December 2004 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and 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 accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 the 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Nexia Audit Limited*

**Nexia Audit Limited**  
Chartered Accountants  
Registered Auditors

Prospect House  
2 Athenaeum Road  
Whetstone  
London N20 9YU

Date: 12 May 2005

**EUROCITY PROPERTIES (CENTRAL) LIMITED**

**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2004

	Note	Year ended 31 December 2004 £	Year ended 31 December 2003 £
TURNOVER	1,2	516,644	322,433
Cost of sales		(20,022)	(14,960)
<b>GROSS PROFIT</b>		<b>496,622</b>	<b>307,473</b>
Administrative expenses		(18,390)	(6,425)
Other operating income		12,418	9,238
<b>OPERATING PROFIT</b>	3	<b>490,650</b>	<b>310,286</b>
Interest receivable	4	82	-
Interest payable	5	(144,943)	(143,277)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>345,789</b>	<b>167,009</b>
<b>TAXATION</b>	6	<b>(47,017)</b>	<b>(18,594)</b>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>298,772</b>	<b>148,415</b>
<b>DIVIDENDS</b>	7	<b>-</b>	<b>(200,000)</b>
<b>RETAINED PROFIT / (LOSS) FOR THE YEAR</b>		<b>298,772</b>	<b>(51,585)</b>
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<b>78,160</b>	<b>129,745</b>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<b>376,932</b>	<b>78,160</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2004 or 2003 other than those included in the profit and loss account.

The notes on pages 6 to 12 form part of these financial statements.

**EUROCITY PROPERTIES (CENTRAL) LIMITED**

**BALANCE SHEET**  
**As at 31 December 2004**

	<b>Note</b>	<b>£</b>	<b>2004 £</b>	<b>£</b>	<b>2003 £</b>
<b>FIXED ASSETS</b>					
Tangible fixed assets	8		<b>3,673,745</b>		<b>3,673,745</b>
<b>CURRENT ASSETS</b>					
Debtors	9	<b>9,344</b>		<b>12,753</b>	
		<b>9,344</b>		<b>12,753</b>	
<b>CREDITORS: amounts falling due within one year</b>	10	<b>(961,522)</b>		<b>(1,055,241)</b>	
<b>NET CURRENT LIABILITIES</b>			<b>(952,178)</b>		<b>(1,042,488)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>2,721,567</b>		<b>2,631,257</b>
<b>CREDITORS: amounts falling due after more than one year</b>	11		<b>(2,148,290)</b>		<b>(2,356,752)</b>
<b>NET ASSETS</b>			<b>573,277</b>		<b>274,505</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		<b>2</b>		<b>2</b>
Revaluation reserve			<b>196,343</b>		<b>196,343</b>
Profit and loss account			<b>376,932</b>		<b>78,160</b>
<b>SHAREHOLDERS' FUNDS - All Equity</b>	14		<b>573,277</b>		<b>274,505</b>

The financial statements were approved by the board on *26th April 2005*

P. A. Rowson *P.A. Rowson* Director

The notes on pages 6 to 12 form part of these financial statements.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, as modified by the revaluation of investment properties and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

**1.2 Turnover**

Turnover comprises rental income from property.

**1.3 Investment properties**

Investment properties are accounted for in accordance with SSAP 19, as follows:

i) *investment properties are revalued annually by the directors and by independent professional valuers at intervals of not more than three years. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and*

ii) *no depreciation is provided in respect of leasehold investment properties with over 20 years to run.*

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary to give a true and fair view, since the current value of investment properties, and the changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

**1.4 Operating leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

**1.5 Deferred taxation**

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit is uncertain. Any assets and liabilities recognised have not been discounted.

**2. TURNOVER**

The whole of the turnover and profit before taxation is attributable to the one principal activity of the company.

*All turnover arose within the United Kingdom.*

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2004

3. OPERATING PROFIT

No director received any emoluments (2003 - £Nil).

At the year end there were no directors accruing pension benefits.

The company did not have any employees during the year. The directors were employed by the ultimate parent company Panther Securities Plc.

4. INTEREST RECEIVABLE

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Other interest receivable	82	-

5. INTEREST PAYABLE

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
On other loans	144,943	143,277
	<u>144,943</u>	<u>143,277</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2004

**6. TAXATION**

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
<b>Current year taxation</b>		
UK Corporation Tax at 30% (2003 - 30%)	20,454	18,594
<b>Prior years</b>		
UK Corporation tax	26,563	-
	<u>47,017</u>	<u>18,594</u>

**Factors affecting the tax charge for period**

	2004 £	2003 £
Profit on ordinary activities before tax	<u>345,789</u>	<u>167,009</u>
- Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2003: 30%)	103,737	50,103
Effects of:		
Expenses not deductible for tax purposes	(298)	-
Capital allowances for period in excess of depreciation	(1,241)	(1,655)
Utilisation of tax losses and other deductions	-	(2,993)
Under / Overprovision of corporation tax - Prior year	26,563	-
Group relief	(81,744)	(26,407)
Marginal relief	-	(156)
Other short term timing differences	-	(298)
Current tax Charge for period	<u>47,017</u>	<u>18,594</u>

**7. DIVIDENDS**

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Ordinary dividends proposed £NIL per share (2003 - £100,000.00 per share)	-	200,000
	<u>-</u>	<u>200,000</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2004

**8. TANGIBLE FIXED ASSETS**

	<b>Investment Properties £</b>
<b>Cost or valuation</b>	
At 1 January 2004	<u>3,673,745</u>
At 31 December 2004	<u>3,673,745</u>
<b>Net Book Value</b>	
At 31 December 2004	<u>3,673,745</u>
At 31 December 2004	<u>3,673,745</u>

At 31 December 2004, £3,673,745 (2003 - £3,673,745) included within the net book value of land and buildings relates to freehold land and buildings.

The freehold investment properties were valued at its open market value at 31 December 2004 by the directors. They do not consider there to be a material change in value from the prior year.

The properties were professionally revalued by Insigna Richard Ellis on 1 October 2002.

On the historical cost basis, land and buildings would have been included as follows:

	<b>2004 £</b>	<b>2003 £</b>
Cost	<b>3,477,402</b>	3,477,402
Cumulative depreciation	-	-
Net book amount	<u><b>3,477,402</b></u>	<u>3,477,402</u>

**9. DEBTORS**

	<b>2004 £</b>	<b>2003 £</b>
<b>Due within one year</b>		
Trade debtors	<u>9,344</u>	12,753
	<u><b>9,344</b></u>	<u>12,753</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2004

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**10. CREDITORS:**

Amounts falling due within one year

	2004 £	2003 £
Building society loans	87,808	114,190
Trade creditors	3,994	3,238
Amounts owed to group undertakings:		
- parent and fellow subsidiaries	789,631	654,310
Corporation tax	20,454	18,594
Proposed dividend	-	200,000
Other creditors	5,570	5,521
Accruals and deferred income	54,065	59,388
	<u>961,522</u>	<u>1,055,241</u>

The building society loans are secured by legal charges over certain investment properties. In addition the building society has a floating charge over all the assets of the company and the assignment of the benefit of all rents receivable of the secured properties.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2004

**11. CREDITORS:**

Amounts falling due after more than one year

	2004 £	2003 £
Building society loans	2,148,290	2,356,752
	<u>2,148,290</u>	<u>2,356,752</u>

Included within the above are amounts falling due as follows:

**In 1 - 2 years:**

Loan instalments	87,808	120,482
	<u>87,808</u>	<u>120,482</u>

**In 2 - 5 years:**

Loan instalments	263,424	402,762
	<u>263,424</u>	<u>402,762</u>

**In more than 5 years:**

Loan instalments	1,797,058	1,833,508
	<u>1,797,058</u>	<u>1,833,508</u>

The building society loans are secured by legal charges over certain investment properties. In addition the building society has a floating charge over all the assets of the company and the assignment of the benefit of all rents receivable of the secured properties. The building society loans are repayable by instalments as follows.

	2004 £	2003 £
Repayable by quarterly instalments until December 2013 when a final capital payment of £274,500 falls due. Interest is charged at 1.3% above LIBOR.	2,236,098	2,470,942
	<u>2,236,098</u>	<u>2,470,942</u>

**12. PROVISIONS FOR LIABILITIES AND CHARGES**

The potential liability for deferred taxation not provided was as follows:

	2004 £	2003 £
Potential capital gains	58,903	58,903
	<u>58,903</u>	<u>58,903</u>

**13. CALLED UP SHARE CAPITAL**

	2004 £	2003 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2004

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**14. SHAREHOLDERS' FUNDS****Reconciliation of movements on shareholders' funds**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Profit for the year	<b>298,772</b>	<b>148,415</b>
Dividends	<b>-</b>	<b>(200,000)</b>
	<b>298,772</b>	<b>(51,585)</b>
Opening shareholders' funds	<b>274,505</b>	<b>326,090</b>
Closing shareholders' funds	<b>573,277</b>	<b>274,505</b>

**15. CONTINGENT LIABILITIES**

A contingent liability exists at 31 December 2004 as the company is a member of the Eurocity Properties PLC group for VAT purposes.

**16. RELATED PARTY TRANSACTIONS**

Advantage has been taken of the exemptions conferred under FRS 8, such that related party transactions need not be disclosed, because consolidated accounts including this company are publicly available.

**17. PARENT UNDERTAKING**

The company's immediate parent undertaking is Eurocity Properties PLC, and the ultimate parent undertaking is Panther Securities PLC, a company incorporated in Great Britain.

The consolidated accounts of the group are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF4 3UX.