

Company Registration No. 3462654 (England and Wales)

**552 KINGS ROAD LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**



# 552 KINGS ROAD LIMITED

## COMPANY INFORMATION

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**Directors**

Bruce Jarvis  
John Kiernander  
Anthony Bunker

**Secretary**

John Kiernander

**Company number**

3462654

**Registered office**

26 New Broadway  
Ealing  
London W5 2XA

**Auditors**

Grant Thornton  
Grant Thornton House  
Melton Street  
London  
NW1 2EP

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# 552 KINGS ROAD LIMITED

## CONTENTS

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	Page
Directors' report	1
Independent auditors' report	2 - 3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 11

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# 552 KINGS ROAD LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

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The directors present their report and financial statements for the year ended 31 December 2002.

### Principal activities and review of the business

The principal activity of the company continued to be that of property development. The company's main residential development is at 552 Kings Road, Chelsea, which has a total sales value of over £250 million. Over 90% of the development had been presold and completion of the construction works has enabled sales to be completed and all bank borrowings to be repaid in 2003. A proportion of the profit on the development has been realised in the year and the majority will be realised in 2003.

### Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

### Directors

The following directors have held office since 1 January 2002:

Bruce Jarvis

John Kiernander

Anthony Bunker

Godfrey Bradman

(Resigned 11 March 2002)

### Directors' interests

None of the directors in office at the year end had any interest in the share capital of the company at any point during the year. The directors' interests in the ordinary share capital of the ultimate holding company, European Land & Property Corporation (KC & UMDS) Limited, are disclosed in that company's accounts.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Grant Thornton be reappointed as auditors of the company will be put to the Annual General Meeting.

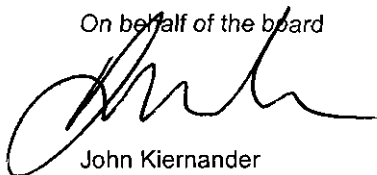
### Directors' responsibilities

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;
- 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.

On behalf of the board



John Kiernander

Director

29 January 2004

# **552 KINGS ROAD LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 552 KINGS ROAD LIMITED**

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We have audited the financial statements of 552 Kings Road Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, and notes 1 to 15. These financial statements have been prepared under the accounting policies set out herein.

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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the directors and auditors**

The directors' responsibilities for preparing the directors' report 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 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.

## 552 KINGS ROAD LIMITED

### INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF 552 KINGS ROAD LIMITED

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#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Grant Thornton*

Grant Thornton

29 January 2004

Chartered Accountants  
Registered Auditors

Grant Thornton House  
Melton Street  
London  
NW1 2EP

## 552 KINGS ROAD LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Turnover	2	17,908,772	-
Cost of sales		(16,194,656)	-
<b>Gross profit</b>		<u>1,714,116</u>	<u>-</u>
Administrative expenses		(3,285,635)	(10,000)
<b>Loss on ordinary activities before taxation</b>	3	<u>(1,571,519)</u>	<u>(10,000)</u>
Tax on loss on ordinary activities	4	105,860	-
<b>Retained loss for the year</b>	11	<u>(1,465,659)</u>	<u>(10,000)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# 552 KINGS ROAD LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	£	2001 £	£
<b>Current assets</b>					
Development properties	5	172,301,615		144,344,797	
Debtors	6	7,231,102		1,532,316	
Cash at bank and in hand		2,166,118		634,612	
		<u>181,698,835</u>		<u>146,511,725</u>	
<b>Creditors: amounts falling due within one year</b>	7	(183,202,394)		(24,634,607)	
<b>Total assets less current liabilities</b>			(1,503,559)		121,877,118
<b>Creditors: amounts falling due after more than one year</b>	8		-		(121,915,018)
			<u>(1,503,559)</u>		<u>(37,900)</u>
<b>Capital and reserves</b>					
Called up share capital	10		100		100
Profit and loss account	11		(1,503,659)		(38,000)
<b>Shareholders' funds</b>	12		<u>(1,503,559)</u>		<u>(37,900)</u>
Equity interests			(1,503,560)		(37,901)
Non-equity interests			1		1
			<u>(1,503,559)</u>		<u>(37,900)</u>

The financial statements were approved by the Board on 29 January 2004



John Kiernander  
Director



# 552 KINGS ROAD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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### 1 Accounting policies

#### 1.1 Accounting convention

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

The accounts have been prepared on a going concern basis as the shareholders and principal creditor, European Land (Four Surplus Sites) Limited, have confirmed their willingness to support the company for the foreseeable future.

The principal accounting policies of the company have remained unchanged from the previous year, with the exception of the adoption of FRS 19 - Deferred tax, and are set out below.

#### 1.2 Turnover

Turnover represents invoiced value of sales net of VAT and discounts.

Turnover and profit on sales of properties are brought into account when the sales have been legally completed.

#### 1.3 Development properties

Properties under development are stated at the lower of cost and net realisable value. Additions to properties under development include all expenses of development, including interest in relation to development financings.

#### 1.4 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes (note 9). The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no asset or liability would have been recognised as the conditions for recognition would not have been satisfied.

#### 1.5 Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments on account.

#### 1.6 Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount, except in the case of development financings where interest and related financing costs are capitalised as part of the cost of development.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# 552 KINGS ROAD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

<b>3</b>	<b>Operating loss</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	Operating loss is stated after charging:		
	Auditors' remuneration	10,000	10,000
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Taxation</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	<b>Current tax charge</b>		
	U.K. corporation tax	-	-
	<b>Deferred tax</b>		
	Deferred tax credit (note 9)	(105,860)	-
		<u>          </u>	<u>          </u>
	<b>Tax on loss on ordinary activities</b>	<b>(105,860)</b>	<b>-</b>
		<u>          </u>	<u>          </u>
	<b>Factors affecting the current tax charge for the year</b>		
	Loss on ordinary activities before taxation	(1,571,519)	(10,000)
		<u>          </u>	<u>          </u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2001 : 30.00 %)	(471,456)	(3,000)
		<u>          </u>	<u>          </u>
	Effects of:		
	Non deductible expenses	8,228	-
	Group relief surrendered	368,768	-
	Other tax adjustments	94,460	3,000
		<u>          </u>	<u>          </u>
		<b>471,456</b>	<b>3,000</b>
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	<b>-</b>	<b>-</b>
		<u>          </u>	<u>          </u>

The company has estimated losses of £ 352,866 (2001 : £ 38,000 ) available for carry forward against future trading profits.

<b>5</b>	<b>Development properties</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	Cost of development of freehold properties	172,301,615	144,344,797
		<u>          </u>	<u>          </u>

Net interest of £11,397,185 (2001 - £10,030,084) was capitalised as part of the cost of development during the year ended 31 December 2002.

# 552 KINGS ROAD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

6 Debtors	2002 £	2001 £
Trade debtors	6,967,397	1,288,610
Other debtors	157,845	243,706
Deferred tax asset (see note 9 )	105,860	-
	<u>7,231,102</u>	<u>1,532,316</u>
	<u><u>7,231,102</u></u>	<u><u>1,532,316</u></u>
7 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	88,449,251	-
Trade creditors	2,337,760	4,281,472
Sales deposits	35,891,798	17,821,053
Amounts owed to parent and fellow subsidiary undertakings	54,172,758	214,857
Other creditors	103,151	-
Accruals and deferred income	2,247,676	2,317,225
	<u>183,202,394</u>	<u>24,634,607</u>
	<u><u>183,202,394</u></u>	<u><u>24,634,607</u></u>
Debt due in one year or less	<u>88,449,251</u>	<u>-</u>

The bank loan is secured by a fixed and floating charge over all current and future assets (including rents) of the company.

# 552 KINGS ROAD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

8	Creditors: amounts falling due after more than one year	2002 £	2001 £
	Bank loans	-	89,285,764
	Loans from parent undertaking	-	32,629,254
		<u>-</u>	<u>121,915,018</u>
		<u>-</u>	<u>121,915,018</u>
	<b>Analysis of loans</b>		
	Wholly repayable within five years	88,449,251	121,915,018
		<u>88,449,251</u>	<u>121,915,018</u>
	Included in current liabilities	(88,449,251)	-
		<u>-</u>	<u>121,915,018</u>
		<u>-</u>	<u>121,915,018</u>
	<b>Loan maturity analysis</b>		
	In more than one year but not more than two years	-	121,915,018
		<u>-</u>	<u>121,915,018</u>

The bank loan is secured by a fixed and floating charge over all current and future assets (including rents) of the company.

9	Deferred tax asset	2002 £	
	Asset at 1 January 2002	-	
	Deferred tax credit in profit and loss account (note 4)	105,860	
		<u>105,860</u>	
	Asset at 31 December 2002	<u>105,860</u>	
	<b>The deferred tax asset (included in the debtors, note 6 ) is made up as follows:</b>		
		2002 £	2001 £
	Tax losses available	105,860	-
		<u>105,860</u>	<u>-</u>

# 552 KINGS ROAD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

10 Share capital	2002 £	2001 £
<b>Authorised</b>		
99 ordinary shares of £ 1 each	99	99
1 KCL share of £ 1 each	1	1
	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
99 ordinary shares of £ 1 each	99	99
1 KCL share of £ 1 each	1	1
	<u>100</u>	<u>100</u>

The KCL share has no rights to participate in any dividend or other distribution of the profits or assets of the company. The KCL share carries no voting rights except in certain circumstances as specified in the Articles of Association.

11 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 January 2002	(38,000)
Retained loss for the year	(1,465,659)
	<u>          </u>
Balance at 31 December 2002	<u>(1,503,659)</u>

12 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Loss for the financial year	(1,465,659)	(10,000)
Opening shareholders' funds	(37,900)	(27,900)
	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>(1,503,559)</u>	<u>(37,900)</u>

### 13 Directors and employees

The directors received no remuneration from the company during the year. There were no employees during the year apart from the directors.

## **552 KINGS ROAD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002**

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#### **14 Control**

The company is a subsidiary undertaking of European Land (Four Surplus Sites) Limited, a company registered in England and Wales. The ultimate parent company is European Land & Property Corporation (KC & UMDS) Limited, a company registered in England and Wales. The ultimate parent company prepares group financial statements and copies can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling parties are trusts whose discretionary beneficiaries include members of the Jarvis family. At 31 December 2002 these trusts owned 74.68% of the issued ordinary share capital of European Land & Property Corporation (KC & UMDS) Limited.

#### **15 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

During the year professional fees of £72,413 (2001: £nil) were payable to Neill & Co., a firm controlled by a director. The balance due to Neill & Co. at the year end was £3,193 (2001: £nil).