

AKELER DEVELOPMENTS LIMITED

Annual report

for the year ended 31 December 2002

Registered Number : 3525212



AKELER DEVELOPMENTS LIMITED

Annual report

for the year ended 31 December 2002

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AKELER DEVELOPMENTS LIMITED

Directors and Advisors for the year ended 31 December 2002

Directors

M J Boret
S J Morgan
P Going
N H Pope
T H Silver
D Okell
M F Perkins

Secretary

N H Pope

Auditors

PricewaterhouseCoopers LLP
32 London Bridge Street
London
SE1 9SY

Registered Office

7 Clifford Street
London
W1S 2WE

Registered Number

3525212

AKELER DEVELOPMENTS LIMITED

Directors' report for the year ended 31 December 2002

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

Principal activities

The principal activity of the company in the year under review was that of property development services.

Review of business

The results for the year are set out in the profit and loss account on page 5.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (2001: £nil).

Directors

The directors of the company at 31 December 2002, all of whom have been directors for the whole of the year ended on that date, are as follows:

T H Silver

M J Boret

P Going

S J Morgan

N H Pope

D Okell (appointed 2 August 2002)

M F Perkins (appointed 2 August 2002) (resigned 3 March 2003)

A D Jeffrey (appointed 19 March 2003)

Directors' interests

During the year none of the directors held any interest in the shares of the company.

Directors' responsibilities statement

Company law requires the directors to prepare financial statements for each financial year 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 confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of the new accounting standards in the year as explained on page 7 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 the prevention and detection of fraud and other irregularities

AKELER DEVELOPMENTS LIMITED

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003 PricewaterhouseCoopers resigned on 10 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

By order of the Board



N H Pope

Secretary

7 July 2003

Independent auditors' report to the members of AKELER DEVELOPMENTS LIMITED

We have audited the financial statements which comprise the profit and loss account, balance sheet and the related notes which have been prepared under the historical cost convention.

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 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 responsibility for any other purpose or to any other person to whom this report is shown or in to 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 directors' report.

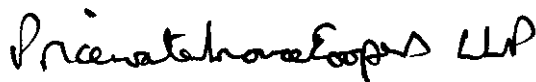
Basis of audit opinion

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 31 December 2002 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

7 July 2003

AKELER DEVELOPMENTS LIMITED

Profit and loss account for the year ended 31 December 2002

	Notes	2002 £	2001 £
Turnover	2	12,965	40,207,445
Cost of sales		(7,460)	(30,460,402)
Gross profit		5,505	9,747,043
Administrative expenses		(2,849,486)	(3,666,694)
Operating (loss)/profit		(2,843,981)	6,080,349
Interest receivable and similar income	5	1,239,539	1,229,632
Interest payable and similar charges	6	(1,598,024)	(2,282,206)
(Loss)/profit on ordinary activities before taxation	7	(3,202,466)	5,027,775
Taxation	8	988,484	(1,619,789)
Retained (loss)/profit for the financial year	15	(2,213,982)	3,407,986

All amounts relate to continuing activities.

The company had no gains or losses other than those included in the profit and loss account above. Therefore no separate statement of total recognised gains and losses has been presented.

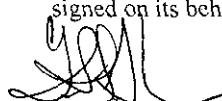
There is no difference between the (loss)/profit on ordinary activities before taxation and (loss)/profit for the year stated above and their historical cost equivalents.

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Balance sheet as at 31 December 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible fixed assets	9	121,355	124,915
Investments in Joint Venture	10	275,899	5
		<u>397,254</u>	<u>124,920</u>
Current assets			
Work in progress	11	13,973,829	6,555,744
Debtors	12	4,164,758	31,394,757
Cash at bank and in hand		18,950	250,356
		<u>18,157,537</u>	<u>38,200,857</u>
Creditors: amounts falling due within one year	13	(14,614,806)	(34,361,810)
Net current assets		<u>3,542,731</u>	<u>3,839,047</u>
Creditors: amounts falling due within more than one year		(2,190,000)	-
Net assets		<u>1,749,985</u>	<u>3,963,967</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	1,749,984	3,963,966
Equity shareholders' funds	16	<u>1,749,985</u>	<u>3,963,967</u>

The financial statements on pages 5 to 13 were approved by the board of directors on 7 July 2003 and were signed on its behalf by:



T H Silver
Director

AKELER DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31 December 2002

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Accounting policies

The accounting policies and estimation techniques selected for use in the preparation of the financial statements are the most appropriate to give a true and fair view for the company's particular circumstances as required by FRS 18

Cash flow statement

The company has taken advantage of exemptions under the provisions of Financial Reporting Standard No 1 for subsidiary undertakings and not prepared a cash flow statement.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal rates used for this purpose are:

Freehold land and buildings	3.33%
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Work in progress

Work in progress is stated at the lower of cost and net realisable value. Project overheads and legal and professional fees are included in the cost of work in progress. Profits on disposal are recognised when there is a legally binding sale agreement which has become unconditional and irrevocable by the date of the accounts, subject to any provisions necessary to cover residual commitments relating to the property.

Joint Venture

A Joint Venture, Ask/Akeler Developments Ltd was established in July 2001 between Akeler developments ltd and Ask Property developments Ltd. Both parties own equal shares and voting rights and have committed equal funds to the Joint Venture. At the year-end, Akeler Developments Ltd had committed funds of £275,899 these will be recoverable on completion of the project. The Joint venture has been included at cost on the balance sheet less any impairment.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Taxation

Corporation tax payable is provided at the current rate.

Deferred taxation

Financial Reporting Standard 19 – Deferred Tax, effective for accounting periods ending on or after 23 January 2002 has been adopted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or right

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to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom from the provision of property development services and sales of property developments.

3 Employees

The company did not employ any staff in the year ended 31 December 2002 (2001: nil).

4 Directors emoluments

	2002 £	2001 £
Aggregate emoluments	1,149,134	732,364
Aggregate amounts (including receivable under long term incentive schemes)	382,319	519,703
	<u>1,531,453</u>	<u>1,252,067</u>

Highest paid director:

The above amounts of remuneration include £694,276 (2001: £621,110) in respect of the highest paid director.

Seven directors (2001: seven) were members of a defined contribution group company pension scheme and £60,418 (2001: £74,515) contributions to the pension scheme were made on their behalf by a fellow subsidiary.

5 Interest receivable and similar income

	2002 £	2001 £
Bank interest receivable	3,918	10,961
Other interest receivable	-	192,028
Group interest receivable	1,235,621	1,026,643
	<u>1,239,539</u>	<u>1,229,632</u>

6 Interest payable and similar charges

	2002 £	2001 £
Bank interest payable	8,056	1,916,766
Bank charges	16,830	472
Group interest payable	1,573,018	362,617

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Other interests	120	2,351
	<u>1,598,024</u>	<u>2,282,206</u>

7 (Loss)/profit on ordinary activities before taxation

	2002 £	2001 £
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year	3,561	3,561
Amortisation of loan arrangement fees	16,830	1,667
Auditors' remuneration		
- audit services	<u>7,500</u>	<u>5,500</u>

8 Taxation on (loss)/profit on ordinary activities

	2002 £	2001 £
Current tax:		
UK corporation tax on (loss)/profits of the period	(988,484)	1,663,704
Prior year adjustment	-	(43,915)
Total current tax	<u>(988,484)</u>	<u>1,619,789</u>

The adoption of FRS 19 during the year did not result in a deferred tax asset or liability.

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	2002 £	2001 £
(Loss)/Profits on ordinary activities before tax	(3,202,466)	5,027,775
(Loss)/Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30% (2001:30%)	<u>(960,740)</u>	<u>1,508,333</u>
Effects of:		
Carry back of losses to prior year	(27,744)	-
Expenses not deductible for tax purposes	-	111,456
Current tax credit/(charge) for the period	<u>(988,484)</u>	<u>1,619,789</u>

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9 Tangible fixed assets

	Freehold land and buildings £
Cost	
At 1 January 2002	<u>133,520</u>
Depreciation	
At 1 January 2002	8,605
Charge for year	<u>3,561</u>
At 31 December 2002	<u>12,165</u>
Net book value	
At 31 December 2002	<u>121,355</u>
At 31 December 2001	<u>124,915</u>

10 Investments in group undertakings

	2002 £	2001 £
Investment in subsidiaries	3	5
Investment in Joint Venture	<u>275,896</u>	<u>-</u>
	<u>275,899</u>	<u>5</u>

Investments in group undertakings are stated at cost.

Subsidiary	Country	Percentage held	Cost	
			2002 £	2001 £
Akeler Brentford Limited	UK	100%	1	1
Akeler (Bridgend) Limited	UK	100%	1	1
Akeler (Merthyr Tydfil) Limited	UK	100%	1	1
Euro Office Solutions Limited	UK	100%	-	2
			<u>3</u>	<u>5</u>

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11 Work in progress

	2002	2001
	£	£
Work in progress	<u>13,973,829</u>	<u>6,555,744</u>

In the opinion of the directors there is no material difference between the net realisable value of work in progress and the amount stated above.

12 Debtors

	2002	2001
	£	£
Amounts falling due within one year		
Trade debtors	12,494	66,134
Amounts due from group undertakings	2,878,975	31,248,559
Other debtors	66,134	58,499
Sundry debtors	-	-
Prepayments	128,262	21,565
VAT	343,194	-
Corporation tax	735,699	-
	<u>4,164,758</u>	<u>31,394,757</u>

The amounts due from group undertakings are unsecured and are repayable on demand. Interest is charged at National Westminster Bank Plc base lending rate plus 1%.

13 Creditors: amounts falling due within one year

	2002	2001
	£	£
Bank overdrafts	39,026	35,682
Amounts due to group undertakings	14,037,039	32,092,754
Trade creditors	497,025	981,799
Corporation tax	-	729,600
Other taxation and social security costs	-	89,038
Accruals and deferred income	41,716	432,937
	<u>14,614,806</u>	<u>34,361,810</u>

The amounts due to group undertakings are unsecured and are repayable on demand. Interest is charged at National Westminster Bank Plc base lending rate plus 1%.

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14 Called up share capital

	2002 £	2001 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

15 Profit and loss account

	2002 £	2001 £
At 1 January 2001	3,963,966	555,980
Retained (loss)/profit for the year	<u>(2,213,982)</u>	<u>3,407,986</u>
At 31 December 2001	<u>1,749,984</u>	<u>3,963,966</u>

16 Reconciliation of movements in equity shareholders' funds

	2002 £	2001 £
Opening shareholders' funds	3,963,967	555,981
(Loss)/profit for the financial year	<u>(2,213,982)</u>	<u>3,407,986</u>
Closing shareholders' funds	<u>1,749,985</u>	<u>3,963,967</u>

17 Ultimate and immediate parent company

Akeler Developments Limited is a wholly owned subsidiary of Akeler Property Investments S.à r.l, a company registered in Luxembourg. Akeler Property Investments S.à r.l is a wholly owned subsidiary of Akeler Holdings SA, a Luxembourg 1929 holding company until 5 December 2002 when it became 99% owned by the same company.

There was a change in ownership of Akeler Holdings S.A on the 31st July 2002.

Prior to this date, the smallest group in which the results of the company to the 31st July 2002 were consolidated was the group of which Security Capital European Realty S.A. was the ultimate parent company. These consolidated accounts may be obtained from 25b Boulevard Royal, L-2449, Luxembourg. Security Capital European Realty S.A. is registered in Luxembourg.

After this date, the smallest group in which the results of the company are consolidated is the group of which Lend Lease Global Properties is the ultimate parent company. These consolidated accounts may be obtained from 69 Route D'Esch L-1470 Luxembourg.

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18 Related party transactions

As a subsidiary undertaking of Security Capital European Realty S.A. until July 31st 2002 and henceforth as a subsidiary of Lend Lease Global Properties, the company has taken advantage of the exemption in FRS8, 'Related Party Disclosures' not to disclose transactions with other members of the group headed by Akeler Holdings S.A and of its relationship with the Ask/Akeler Joint Venture.

At the 31st December 2002 Akeler Developments Limited had an outstanding loan due from Ask/Akeler Developments Limited of £285,207 including interest payable. Ask/Akeler Developments Limited is 50% owned by Akeler Developments Limited.