

Company Registration No. 3760666 (England and Wales)

COMPANIES HOUSE COPY

MILTENHALL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003



MILTENHALL LIMITED

COMPANY INFORMATION

Directors

D A Pearlman
M Simmons
S J Brody
P Colvin

Secretary

P Colvin

Company number

3760666

Registered office

St Alphage House
2 Fore Street
London
EC2Y 5DH

Auditors

UHY Hacker Young
St Alphage House
2 Fore Street
London
EC2Y 5DH

Business address

3rd Floor
9 White Lion Street
London
N1 9PD

Bankers

National Westminster Bank Plc
20 Amhurst Road
London
E8 1QZ

Anglo Irish Bank Corporation Plc
55 Gracechurch Street
London
EC3V 0EE

Solicitors

Eversleys
Percy House
363 Liverpool Road
London
N1 1NL

MILTENHALL LIMITED

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MILTENHALL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2003

The directors present their report and financial statements for the year ended 30 September 2003.

Principal activities and review of the business

The principal activity of the company continues to be that of property investment.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 3.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 October 2002:

D A Pearlman
M Simmons
S J Brody
P Colvin

Directors' interests

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that UHY Hacker Young, formerly Hacker Young, 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



D A Pearlman
Director
15 July 2004

MILTENHALL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MILTENHALL LIMITED

We have audited the financial statements of Miltenhall Limited on pages 3 to 10 for the year ended 30 September 2003 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements 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 auditor's report and for no other purpose. To the fullest extent permitted by the 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

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

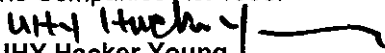
Basis of audit opinion

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 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 as at 30 September 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


UHY Hacker Young
Chartered Accountants
Registered Auditor

15 July 2004
St Alphage House
2 Fore Street
London
EC2Y 5DH

MILTENHALL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2003

		Year ended 30 September 2003 £	Year ended 30 September 2002 £
	Notes		
Turnover	2	281,469	177,140
Cost of sales		(147,294)	(84,881)
Gross profit		134,175	92,259
Administrative expenses		(9,272)	(20,891)
Operating profit	3	124,903	71,368
Other interest receivable and similar income		180	289
Interest payable and similar charges	4	(469,521)	(487,417)
Loss on ordinary activities before taxation		(344,438)	(415,760)
Tax on loss on ordinary activities	5	183,285	219,000
Loss on ordinary activities after taxation	11	(161,153)	(196,760)

The company's operation in the year continued unchanged; no operations were disposed of or acquired.

MILTENHALL LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 2003

	2003 £	2002 £
Loss for the financial year	(161,153)	(196,760)
Unrealised surplus on revaluation of properties	793,654	993,410
Total recognised gains and losses relating to the year	<u>632,501</u>	<u>796,650</u>

MILTENHALL LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	6	11,600,000		10,350,000	
Current assets					
Debtors	7	433,424		261,602	
Cash at bank and in hand		66,131		25,066	
		<u>499,555</u>		<u>286,668</u>	
Creditors: amounts falling due within one year	8	<u>(10,652,141)</u>		<u>(9,779,888)</u>	
Net current liabilities		(10,152,586)		(9,493,220)	
Total assets less current liabilities		<u>1,447,414</u>		<u>856,780</u>	
Capital and reserves					
Called up share capital	10		2		2
Revaluation reserve	11	2,047,624		1,295,837	
Profit and loss account	11	<u>(600,212)</u>		<u>(439,059)</u>	
Shareholders' funds - equity interests	12	<u>1,447,414</u>		<u>856,780</u>	

The financial statements were approved by the Board on 15 July 2004


D/A Pearlman
Director


M Simmons
Director

MILTENHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

1 Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company made a loss in the period and at 30 September 2003 had net current liabilities of £10,152,586. Current liabilities include £3,763,317 owing to the company's shareholders. The directors are confident of continuing support from the shareholders and that the company will be profitable in the future. On this basis the accounts have been drawn up on a going concern basis.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents rents and service charges receivable net of VAT.

1.3 Tangible fixed assets and depreciation

Freehold investment properties are revalued annually by the directors. The aggregate surplus or deficit arising from such revaluation is transferred to the revaluation reserve unless a deficit (or its reversal) on an individual property is expected to be permanent, in which case it is charged (or credited) to the profit and loss account.

No depreciation is provided in respect of freehold investment properties, although it is a departure from the general requirement of the Companies Act 1985 to provide depreciation in respect of fixed assets having a limited useful economic life. These properties are not held for consumption but for investment and the directors consider that systematic depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.4 Deferred taxation

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. The deferred tax balance has not been discounted.

Deferred tax is not provided on timing differences arising from the revaluations of fixed assets, where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

2 Turnover

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

3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	3,000	3,000

MILTENHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

4	Interest payable	2003 £	2002 £
	On bank loans and overdrafts	336,176	351,871
	Other interest	133,345	135,546
		<u>469,521</u>	<u>487,417</u>
5	Taxation	2003 £	2002 £
	Current tax charge	-	-
	Deferred tax		
	Deferred tax charge/credit current year	<u>(183,285)</u>	<u>(219,000)</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(344,438)</u>	<u>(415,760)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002 : 30.00%)	<u>(103,331)</u>	<u>(124,728)</u>
	Effects of:		
	Non deductible expenses	5,674	2,532
	Capital allowances	(34,068)	(6,900)
	Tax losses utilised	144,285	129,096
	Other tax adjustments	<u>(12,560)</u>	<u>-</u>
		<u>103,331</u>	<u>124,728</u>
	Current tax charge	<u>-</u>	<u>-</u>

MILTENHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

6 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 October 2002	10,350,000
Additions	456,346
Revaluation	793,654
At 30 September 2003	<u>11,600,000</u>

The investment properties were valued on an open market basis by the directors at 30 September 2003.

7 Debtors	2003 £	2002 £
Deferred tax asset	402,285	219,000
Other debtors	28,628	36,962
Prepayments and accrued income	2,511	5,640
	<u>433,424</u>	<u>261,602</u>

The movement in the company's deferred tax assets shown above is as follows:

	£
At 1 October 2002	219,000
Credit to the profit and loss account	183,285
At 30 September 2003	<u>402,285</u>

Deferred tax assets are in respect of the following:

	£
Tax losses available	<u>402,285</u>

MILTENHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

8 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts (secured)	5,675,099	5,675,099
Amounts owed to participating interests	3,763,317	3,518,784
Other creditors	1,033,948	481,742
Accruals and deferred income	179,777	104,263
	<u>10,652,141</u>	<u>9,779,888</u>

Creditors includes £492,500 (2002: Debtor £35,460) owed to Vedawell Limited and £538,650 (2002: £481,500) owed to Myloworld Limited, both being companies which are owned and controlled by the same parties as Miltenhall Limited.

In respect of amounts owed to participating interests interest is charged at 1.5% over base rate on the difference between the amount of capital introduced by the controlling parties and their connected interests. These amounts have no fixed repayment terms.

The bank loans are secured on the company's investment properties.

9 Provisions for liabilities and charges

There is a potential deferred tax liability of £419,007 (2002:£258,671) arising from the surplus on revaluation of investment properties. There is a potential liability of £97,012 (2002:£24,420) arising from accelerated capital allowances.

10 Share capital	2003 £	2002 £
Authorised		
1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>
Allotted and called up		
2 Ordinary shares of £ 1 each	<u>2</u>	<u>2</u>

11 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 October 2002	1,295,837	(439,059)
Retained loss for the year	-	(161,153)
Revaluation during the year	751,787	-
Balance at 30 September 2003	<u>2,047,624</u>	<u>(600,212)</u>

MILTENHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

12 Reconciliation of movements in shareholders' funds	2003 £	2002 £
Loss for the financial year	(161,153)	(196,760)
Other recognised gains and losses	751,787	993,410
	<hr/>	<hr/>
Net addition to shareholders' funds	590,634	796,650
Opening shareholders' funds	856,780	60,130
	<hr/>	<hr/>
Closing shareholders' funds	1,447,414	856,780
	<hr/>	<hr/>

13 Employees

Number of employees

There were no employees during the year apart from the directors.

14 Control

The company is jointly controlled by Shelana Investments Limited, a company in which M Simmons has a material interest and Fitzrovia Property Investments Limited, a company in which D A Pearlman and S J Brody have a material interest.