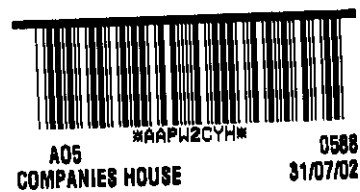


Argent St George Limited

**Directors' report and financial
statements**

Registered number 3965242

31 December 2001



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors to the members of Argent St George Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their annual report and the audited financial statements for the nine months ended 31 December 2001. The company has changed its year end from 31 March to 31 December during the period.

Principal activities

The principal activity of the company is property development.

Business review, results and dividends

On 4 September 2001, the company entered into an agreement with, inter alia, Argent Group PLC and St. George Plc (part of Berkley Group) to act as developer of Kings Cross Central, London, N1.

The company made a post tax profit of £409. No dividends are proposed and none have been paid during the period (*prior year: £nil*).

Directors and directors' interests

The directors who held office during the period were as follows:

GJ Fry	(resigned 14 May 2001)
RN Madelin	
DJG Partridge	
PG Freeman	(appointed 4 September 2001)
AJS Prower	(appointed 5 September 2001)

None of the directors held directly any shares in the company at either 31 December 2001 or 31 March 2001. All of the directors at 31 December 2001 had an indirect interest in the company by way of their participation in a partnership with the Argent Group PLC group.

Political and charitable contributions

The company made no political contributions or charitable donations during the period (*prior year: £nil*).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



DJG Partridge

Director

5 Albany Courtyard
Piccadilly
London
W1J 0HF

23 July 2002

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the independent auditors to the members of Argent St George 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 directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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.


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 as at 31 December 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditors
London

23 July 2002

Profit and loss account
for the period ended 31 December 2001

		1 April to 31 December 2001 £	12 months 31 March 2001 £
	Note		
Operating profit		-	-
Interest receivable and similar income	2	585	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		585	-
Tax on profit on ordinary activities	5	(176)	-
		<hr/>	<hr/>
Profit for the financial period	10	409	-
		<hr/>	<hr/>

The company has no recognised gains or losses other than the profit for the period.

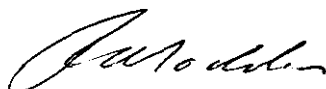
There is no difference between the results as stated and those on a historical cost basis.

All amounts derive from continuing operations.

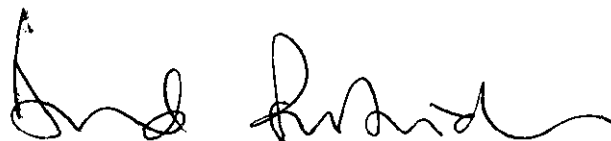
Balance sheet
at 31 December 2001

	<i>Note</i>	31 December 2001 £	31 March 2001 £
Current assets			
Stocks	6	1,715,220	-
Debtors	7	200,524	1
Cash at bank and in hand		585	-
		<hr/>	<hr/>
		1,916,329	1
Creditors: amounts falling due within one year	8	(1,915,820)	-
		<hr/>	<hr/>
Net current assets		509	1
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	100	1
Profit and loss account	10	409	-
		<hr/>	<hr/>
Total shareholders' funds		509	1
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 23 July 2002 and were signed on its behalf by:



RN Madelin
Director



DJG Partridge
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under FRS 1 Cash Flow Statements (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary of another UK undertaking.

Stocks

Property stocks, which represent properties and developments held for resale, are included at the lower of cost and net realisable value. Full provision is made in the profit and loss account for anticipated losses.

Cost of property includes costs of acquisition and development to date, including directly attributable fees, expenses and finance charges.

For this purpose, the interest rate applied to funds provided for property development is arrived at by reference, where appropriate, to the actual rate payable on borrowings raised specifically for a development or the average rate paid on funding the assets employed by the company.

2 Interest receivable and similar income

	1 April to 31 December 2001 £	12 months to 31 March 2001 £
Bank and other interest receivable	585	-

3 Remuneration of directors

None of the directors received any emoluments from the company during the period (*prior year: £nil*).

4 Staff numbers and costs

The company did not employ any staff during the period (*prior year: nil*).

Notes (continued)

5 Tax on profit on ordinary activities

	1 April to 31 December 2001	12 months to 31 March 2001 £
UK corporation tax at 30% (<i>prior year: 30%</i>)	176	-
	<u>176</u>	<u>-</u>

6 Stocks

	31 December 2001	31 March 2001 £
Development in progress	1,715,220	-
	<u>1,715,220</u>	<u>-</u>

7 Debtors

	31 December 2001 £	31 March 2001 £
VAT repayable	14,208	-
Other debtors	186,316	1
	<u>200,524</u>	<u>1</u>

8 Creditors: amounts falling due within one year

	31 December 2001 £	31 March 2001 £
Amounts owed to parent undertaking	75,425	-
Corporation tax	176	-
Other creditors	1,837,719	-
Accruals and deferred income	2,500	-
	<u>1,915,820</u>	<u>-</u>

Notes (continued)

9 Called up share capital

Ordinary shares of £1 each.

	Authorised			Called up and fully paid		
	31 December	31 March		31 December	31 March	
Number	2001	2001	Number	2001	2001	
	£	£		£	£	
Ordinary shares	-	-	-	-	-	1
Voting 'A' ordinary shares	1,000	1,000	50	50	-	-
Convertible non-voting shares	1,000	1,000	50	50	-	-
	<u>2,000</u>	<u>2,000</u>	<u>100</u>	<u>100</u>		<u>1</u>

On 5 September 2001, the company adopted revised Articles of Association and increased its authorised share capital to 2000 shares, split into 1,000 'A' ordinary shares of £1 each and 1,000 Convertible non-voting shares of £1 each. The sole ordinary share in issue was converted to an 'A' ordinary share. On the same date, 49 additional 'A' ordinary shares were issued to Argent Estates Limited and 50 Convertible non-voting shares of £1 each were issued to St George (King's Cross) Limited.

10 Profit and loss account

	£
At 1 April 2001	-
Profit for the period	409
At 31 December 2001	<u>409</u>

11 Related party transactions

Since the company is controlled by Argent Estates Limited (via its shareholding of 50 voting 'A' ordinary shares), the company has taken advantage of the exemption in FRS8 Related Party Disclosures and has not disclosed related party transactions with group companies.

12 Ultimate holding company

The company is a subsidiary undertaking of the BT Pension Scheme.

The largest company in which the results of the company are consolidated is that headed by BriTel Property Acquisitions Limited incorporated in England. The smallest group in which they are consolidated is that headed by Argent Estates Limited incorporated in England.

The consolidated financial statements of BriTel Property Acquisitions Limited may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ. The consolidated financial statements of Argent Estates Limited may be obtained from 5 Albany Courtyard, Piccadilly, London, W1J 0HF.