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CP (Oasis Property) Limited

Report and Financial Statements

31 December 2004



CP (Oasis Property) Limited

Registered No: 4379582

Directors

M N Jonas

E A C Spencer Churchill

Secretary

A P Bradshaw

Auditors

Ernst & Young LLP

No.1 Colmore Square

Birmingham

B4 6HQ

Bankers

National Westminster Bank Plc

PO Box 12258

1 Princes Street

London

EC2R 8PA

Solicitors

Clifford Chance LLP

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E14 5JJ

Registered office

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Wenman Road

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OX9 3XA

Directors' report

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

Results and dividends

The profit for the year amounted to £137,668 (2003: loss of £297,018). The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the year was that of a property investment company.

The directors reviewed the valuation of the investment property. No reduction in the valuation is considered necessary. An external valuation is in the process of being performed, the result of which will be incorporated into the 31 December 2005 financial statements.

At 31 December 2004 the company had net current liabilities and net liabilities. The company's forecasts for the coming years indicate that it will continue to make profits and the parent company has confirmed it will support CP (Oasis Property) Limited for the next twelve months. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Directors

The directors who served the company during the year were as follows:

M N Jonas

E A C Spencer Churchill

The interests of M N Jonas and E A C Spencer Churchill in the share capital of the ultimate parent company are disclosed in the financial statements of that company.

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

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



Director

26th April, 2005

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period 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; and
- 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.

Independent auditors' report to the members of CP (Oasis Property) Limited

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of 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 financial statements in accordance with applicable United Kingdom law and 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 affairs of the company 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.



Ernst & Young LLP
Registered Auditor
Birmingham

26 APRIL 2005

Profit and loss account

for the year ended 31 December 2004

		Year ended 31 December 2004	Year ended 31 December 2003
	Notes	£	£
Turnover	2	11,701,270	10,332,016
Administrative expenses		(902,951)	(867,438)
Other operating income		12,853	31,910
Operating profit	3	10,811,172	9,496,488
Interest payable	5	(10,648,888)	(9,890,759)
Profit/(loss) on ordinary activities before taxation		162,284	(394,271)
Tax on profit/(loss) on ordinary activities	6	(24,616)	97,253
Profit/(loss) retained for the financial year	14	137,668	(297,018)

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £137,668 (2003: loss of £297,018) attributable to the shareholders for the year ended 31 December 2004.

Balance sheet

at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	7	138,580,254	133,913,741
Current assets			
Debtors	8	4,300,925	3,684,056
Creditors: amounts falling due within one year	9	(6,721,968)	(6,157,339)
Net current liabilities		(2,421,043)	(2,473,283)
Total assets less current liabilities		136,159,211	131,440,458
Creditors: amounts falling due after more than one year	10	(136,266,140)	(131,783,616)
Provisions for liabilities and charges			
Deferred tax	6	(98,561)	-
		<u>(205,490)</u>	<u>(343,158)</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	(205,491)	(343,159)
Equity shareholders' deficit	14	<u>(205,490)</u>	<u>(343,158)</u>

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Director

26th April, 2005

Notes to the financial statements

at 31 December 2004

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties.

At 31 December 2004 the company had net current liabilities and net liabilities. The company's forecasts for the coming years indicate that it will continue to make profits and the parent company has confirmed it will support CP (Oasis Property) Limited for the next twelve months. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned subsidiary of an ultimate parent company which itself publishes a consolidated cash flow statement.

Related parties transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" from disclosing related party transactions between companies which are 90% owned by the ultimate parent company, Sun CP Topco Limited.

Fixed assets

All fixed assets are initially recorded at cost.

Investment properties

Certain of the company's properties are held for long-term investment. Investment properties are accounted for in accordance with SSAP 19, as follows:

- investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, 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
- no depreciation is provided in respect of leasehold investment properties where the lease has 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 in order for the financial statements to give a true and fair view, since the current value of investment properties, and 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 annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements

at 31 December 2004

1. Accounting policies (continued)

Deferred taxation (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Derivative instruments – Interest rate swaps

The company uses interest rate swaps to hedge interest rate exposures.

The company considers its derivative instruments qualify for hedge accounting when the following criteria are met:

- the instrument must be related to an asset or a liability; and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

Interest differentials are recognised by accruing the net interest payable. Interest rate swaps are not revalued to fair value or shown on the company balance sheet at the year end. If they are terminated early, the gain/ loss is spread over the remaining maturity of the original instrument.

Issue costs of loans

The issue cost recognised in the profit and loss account in respect of capital instruments is allocated to periods over the terms of the instruments at a constant rate on the carrying amount.

2. Turnover

Turnover, which is stated net of value added tax and trade discounts, is attributable to the principal continuing activity.

An analysis of turnover by geographical market is given below:

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2003 £</i>
United Kingdom	<u>11,701,270</u>	<u>10,332,016</u>

3. Operating profit

The auditors' remuneration is borne by Sun CP Properties Limited, a fellow group company.

4. Staff costs

No salaries or wages have been paid to employees, including the directors, during the year.

Notes to the financial statements

at 31 December 2004

5. Interest payable

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2003 £</i>
Bank interest payable	8,734,166	8,154,213
Interest payable to group undertakings	1,914,722	1,736,546
	<u>10,648,888</u>	<u>9,890,759</u>

6. Tax on profit/(loss) on ordinary activities

(a) Tax on profit/(loss) on ordinary activities

The tax charge/(credit) is made up as follows:

	<i>31 December 2004 £</i>	<i>31 December 2003 £</i>
<i>Current tax:</i>		
UK Corporation tax	-	-
Group relief	(73,945)	(95,151)
Overprovision in respect of prior year	-	(2,102)
Current tax credit	<u>(73,945)</u>	<u>(97,253)</u>
Deferred tax	98,561	-
Total tax charge/(credit)	<u>24,616</u>	<u>(97,253)</u>

(b) Factors affecting current tax charge

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 30%. The difference is reconciled below:

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2003 £</i>
Profit/(loss) on ordinary activities before taxation	<u>162,284</u>	<u>(394,271)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	48,685	(118,281)
Capital allowances in excess of depreciation	(695,271)	(791,841)
Tax losses	569,641	814,971
Adjustment in respect of prior year	-	(2,102)
Expenses not deductible for tax purposes	3,000	-
Current tax credit for the year	<u>(73,945)</u>	<u>(97,253)</u>

Notes to the financial statements

at 31 December 2004

6. Tax on loss on ordinary activities (continued)

(c) Deferred tax

Deferred taxation is provided at 30% in the financial statements as follows:

	31 December 2004 £	31 December 2003 £
Capital allowances in advance of depreciation	1,497,214	-
Tax losses not utilised	(1,398,653)	-
	<u>98,561</u>	<u>-</u>
		£
At 1 January 2004		-
Charge to profit and loss account		98,561
At 31 December 2004		<u>98,561</u>

As at 31 December 2003 a deferred tax asset has not been recognised in respect of timing differences relating to excess tax losses carried forward, as there was insufficient evidence that the asset would be recovered. The amount of the asset not recognised was £19,978.

7. Tangible fixed assets

	<i>Investment Properties</i> £
Cost or valuation:	
At 1 January 2004	133,913,741
Additions	4,666,513
At 31 December 2004	<u>138,580,254</u>
Net book value:	
At 31 December 2004	<u>138,580,254</u>
At 31 December 2003	<u>133,913,741</u>

The investment property is held part freehold and part long leasehold, for which the split of book value is £31.7m and £106.9m respectively.

No provision has been made for the capital gains that could arise if the property were to be disposed of at book value. Such tax would only become payable if the property was sold.

8. Debtors

	2004 £	2003 £
Amounts owed by group undertakings	4,300,254	3,663,531
Prepayments and accrued income	671	20,525
	<u>4,300,925</u>	<u>3,684,056</u>

Notes to the financial statements

at 31 December 2004

9. Creditors: amounts falling due within one year

	2004 £	2003 £
Current instalment due on bank loan (note 11)	1,530,670	1,339,173
Other taxation and social security costs	532,646	494,842
Accruals and deferred income	4,658,652	4,323,324
	<u>6,721,968</u>	<u>6,157,339</u>

10. Creditors: amounts falling due after more than one year

	2004 £	2003 £
Loans (note 11)	112,563,302	109,995,502
Amounts owed to group undertakings	20,577,838	18,663,114
Other creditors	3,125,000	3,125,000
	<u>136,266,140</u>	<u>131,783,616</u>

The amount owed to group undertakings is in respect of a loan of £16,667,000 (2003: £16,667,000) and accrued interest from Sun CP Midco Limited, a fellow group undertaking. The terms of the loan state that interest is accrued at 10% per annum, compounding semi-annually. The loan and the accrued interest is fully repayable on 5 November 2017.

The other creditor of £3,125,000 (2003: £3,125,000) is in respect of a rental deposit repayable upon expiration of the lease term. The deposit is interest free.

11. Loans

	2004 £	2003 £
Not wholly repayable within five years:		
£102,464,254 senior bank loan at 7.12% per annum	98,724,700	95,639,310
£16,319,430 mezzanine loan at 10.62% per annum	15,369,272	15,695,365
	<u>114,093,972</u>	<u>111,334,675</u>
Less: included in creditors: amounts falling due within one year	1,530,670	1,339,173
	<u>112,563,302</u>	<u>109,995,502</u>
Amounts repayable:		
In one year or less, or on demand	1,952,003	1,772,630
In more than one year but not more than two years	2,208,480	1,952,003
In more than two years but not more than five years	7,589,786	7,096,574
	<u>11,750,269</u>	<u>10,821,207</u>
In more than five years	104,243,903	102,853,694
	<u>115,994,172</u>	<u>113,674,901</u>
Less: unamortised issue costs	1,900,200	2,340,226
	<u>114,093,972</u>	<u>111,334,675</u>

The senior and mezzanine loans are secured by way of a fixed and floating charge over the assets of the company.

Notes to the financial statements

at 31 December 2004

12. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8 "Related Party Disclosures".

13. Share capital

		<i>Authorised</i> 2004 £	<i>Authorised</i> 2003 £
Ordinary shares of £1 each		<u>100</u>	<u>100</u>

		<i>Allotted, called up and fully paid</i>	
		2004	2003
	<i>No.</i>	£	<i>No.</i>
Ordinary shares of £1 each	1	1	1

14. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Profit and loss</i>	<i>Total share-</i>
	<i>£</i>	<i>account</i>	<i>holders' funds</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 31 December 2002	1	(46,141)	(46,140)
Loss for the year	-	(297,018)	(297,018)
At 31 December 2003	1	(343,159)	(343,158)
Profit for the year	-	137,668	137,668
At 31 December 2004	<u>1</u>	<u>(205,491)</u>	<u>(205,490)</u>

15. Capital commitments

The company has no capital commitments at 31 December 2004 (2003: £nil).

The company has a bank facility available for capital expenditure of £7,000,000. As at 31 December 2004 no drawdown on this facility had been made.

16. Ultimate parent company

The immediate parent company is Carp (Jersey) 2 Limited, a company registered in Jersey.

The ultimate parent company is Sun CP Topco Limited, a company registered in England and Wales. The largest and smallest group of which the Company is a member and for which group accounts are drawn up is that of Sun CP Topco Limited. Copies of these accounts are available from the Registered Office detailed on page 1.