

**REGISTRAR OF  
COMPANIES**

4500215

**Argyle Street Properties (No 2) Limited**

Report and Financial Statements

Year Ended

31 March 2006



**BDO**

BDO Stoy Hayward  
Chartered Accountants

# **Argyle Street Properties (No 2) Limited**

## **Annual report and financial statements for the year ended 31 March 2006**

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Directors

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### **Directors**

C Price  
D Price  
P Clarke  
K Fawcett

### **Secretary and registered office**

P Clarke, 48 George Street, London, W1U 7DY

### **Company number**

04500275

### **Auditors**

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

## **Argyle Street Properties (No 2) Limited**

### **Report of the directors for the year ended 31 March 2006**

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The directors present their report together with the audited financial statements for the year ended 31 March 2006.

#### **Results**

The profit and loss account is set out on page 5 and shows the loss for the year.

#### **Principal activities, trading review and future developments**

The principal activity of the company in the year under review was that of property investment and there were no significant changes during the year.

Activities are not expected to change in the foreseeable future.

#### **Directors**

The directors of the company during the year were:

C Price  
D Price  
P Clarke  
K Fawcett (appointed 20 July 2005)

The directors holding office at 31 March 2006 did not hold any beneficial interest in the issued share capital of the company at 1 April 2005 (or date of appointment if later) or 31 March 2006.

Mr C Price has interests in the share capital of Progress Property Company Limited, the intermediate parent company. Directors' interests are disclosed in the financial statements of Progress Property Company Limited.

#### **Disclosure of information to auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

## Argyle Street Properties (No 2) Limited

### Report of the directors for the year ended 31 March 2006 (*Continued*)

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#### Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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; 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.

#### Auditors

Sinclairs resigned as auditors during the year and BDO Stoy Hayward LLP were appointed as auditors. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

#### By order of the Board

P Clarke



Secretary

Date

2 August 2006

## **Argyle Street Properties (No 2) Limited**

### **Report of the independent auditors**

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#### **To the shareholders of Argyle Street Properties (No 2) Limited**

We have audited the financial statements of Argyle Street Properties (No 2) Limited for the year ended 31 March 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, note of historical cost profits and losses and reconciliation of movements in shareholders' funds, the balance sheet and the related notes and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Argyle Street Properties (No 2) Limited**

**Report of the independent auditors (*Continued*)**

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*Opinion*

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*BDO Stoy Hayward LLP*

**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors  
London*

2 August 2006

**Argyle Street Properties (No 2) Limited****Profit and loss account for the year ended 31 March 2006**

	Note	2006 £	2005 £
Turnover	2	56,115	5,492
Administrative expenses		(119,478)	(132,275)
<b>Operating loss</b>		<b>(63,363)</b>	<b>(126,783)</b>
Interest receivable and similar income	4	32,641	2,734
Interest payable and similar charges	5	(195,873)	(124,949)
<b>Loss on ordinary activities before taxation</b>		<b>(226,595)</b>	<b>(248,998)</b>
Taxation on loss from ordinary activities	6	-	-
<b>Loss on ordinary activities after taxation</b>		<b>(226,595)</b>	<b>(248,998)</b>

All amounts relate to continuing activities.

The notes on pages 8 to 15 form part of these financial statements.

## Argyle Street Properties (No 2) Limited

### Statement of total recognised gains and losses, note of historical cost profits and losses and reconciliation of movements in shareholders' funds for the year ended 31 March 2006

	2006 £	2005 £
<b>Statement of total recognised gains and losses</b>		
Loss for the year	(226,595)	(248,998)
Unrealised surplus on revaluation of properties	-	1,274,128
	<hr/>	<hr/>
Total recognised gains and losses for the year	<u>(226,595)</u>	<u>1,025,130</u>

### Note of historical cost profits and losses

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

	2006 £	2005 £
<b>Reconciliation of movements in shareholders' funds</b>		
Loss for the year	(226,595)	(248,998)
Other recognised gains and losses relating to the year	-	1,274,128
	<hr/>	<hr/>
	(226,595)	1,025,130
Opening shareholders' funds	<u>1,832,777</u>	<u>807,647</u>
	<hr/>	<hr/>
Closing shareholders' funds	<u>1,606,182</u>	<u>1,832,777</u>

The notes on pages 8 to 15 form part of these financial statements.



# Argyle Street Properties (No 2) Limited

## Balance sheet at 31 March 2006

	Note	2006 £	2006 £	2005 £	2005 £
<b>Fixed assets</b>					
Tangible assets	7		3,750,000		3,750,000
<b>Current assets</b>					
Debtors - due within one year	8	110,893		4,248	
- due in more than one year	8	437,886		630,539	
Cash at bank		-		110,149	
			548,779	744,936	
<b>Creditors: amounts falling due within one year</b>	9	2,692,597		116,255	
<b>Net current (liabilities)/assets</b>			(2,143,818)		628,681
<b>Total assets less current liabilities</b>			1,606,182		4,378,681
<b>Creditors: amounts falling due after more than one year</b>	10		-		2,545,904
<b>Net assets</b>			1,606,182		1,832,777
<b>Capital and reserves</b>					
Called up share capital	12		1		1
Revaluation reserve	13		2,197,166		2,197,166
Profit and loss account	13		(590,985)		(364,390)
<b>Shareholders' funds</b>			1,606,182		1,832,777

The financial statements were approved by the Board of Directors and authorised for issue on 2 August 2006

C Price

P Clarke

Directors

The notes on pages 8 to 15 form part of these financial statements.

## Argyle Street Properties (No 2) Limited

### Notes forming part of the financial statements for the year ended 31 March 2006

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#### 1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets. The following principal accounting policies have been applied:

##### *Turnover*

Turnover represents rent received from the company's investment property and arises in the United Kingdom.

##### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

##### *Investment properties*

In accordance with SSAP 19 investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

##### *Development costs*

Pre-commitment expenditure incurred in studying the feasibility of potential development and refurbishment schemes is written off to the profit and loss account if it is likely that the related project will be abortive or that the expenditure will be of no benefit to an alternative scheme that is being pursued. Prior to the decision being made as to whether a potential development or refurbishment scheme should proceed or be aborted, pre-commitment costs are carried as a prepayment in the balance sheet.

## Argyle Street Properties (No 2) Limited

### Notes forming part of the financial statements for the year ended 31 March 2006 (Continued)

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#### 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

#### 3 Employees

The company does not employ staff and none of the directors received any remuneration from the company for their services during the year.

#### 4 Interest receivable and similar income

	2006 £	2005 £
Bank interest	949	2,734
Other interest	31,692	-
	<hr/>	<hr/>
	32,641	2,734
	<hr/>	<hr/>

#### 5 Interest payable and similar charges

	2006 £	2005 £
Bank loan interest	194,252	1,600
Group interest	-	115,630
Other interest	1,621	7,719
	<hr/>	<hr/>
	195,873	124,949
	<hr/>	<hr/>

## Argyle Street Properties (No 2) Limited

### Notes forming part of the financial statements for the year ended 31 March 2006 (Continued)

#### 6 Taxation on profit from ordinary activities

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2006 nor for the period ended 31 March 2005.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2006 £	2005 £
Loss on ordinary activities before tax	(226,595)	(248,998)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 – 30%)	(67,979)	(74,699)
Effects of:		
Losses carried forward for future periods	67,332	74,699
Expenses not deductible for tax purposes	647	-
Current tax charge for year	-	-

The company has trading losses of £473,519 on which a deferred tax asset of £142,056 has not been recognised as its recoverability in the foreseeable future is uncertain.

## Argyle Street Properties (No 2) Limited

Notes forming part of the financial statements for the year ended 31 March 2006 (Continued)

### 7 Tangible fixed assets

	Investment properties £
<i>Cost or valuation</i>	
At 1 April 2005 and 31 March 2006	3,750,000
	<u>          </u>
Cost or valuation at 31 March 2006 is represented by:	
Valuation in 2005	1,274,128
Valuation in 2004	923,038
Cost	1,552,834
	<u>          </u>
	3,750,000
	<u>          </u>

If investment properties had not been revalued they would have been included at the following historical cost:

	2006 £	2005 £
Cost	1,552,834	1,552,834
	<u>          </u>	<u>          </u>

The company's freehold property was revalued on an open market value basis by DTZ Debenham Tie Leung in February 2005. The valuation was carried out in accordance with the appraisal and valuation manual by Royal Institution of Chartered Surveyors. The directors have applied the same valuation to the property at 31 March 2006.

There is an estimated unprovided deferred tax liability of £0.7 million which would crystallise if the properties were sold. In accordance with FRS 19 no provision has been made for this amount.

**Argyle Street Properties (No 2) Limited**

**Notes forming part of the financial statements for the year ended 31 March 2006 (Continued)**

**8 Debtors**

	2006 £	2005 £
Amounts falling due within one year:		
Amounts owed by group undertakings	1	1
Prepayments and accrued income	6,683	4,247
Other debtors	104,209	-
	<u>110,893</u>	<u>4,248</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	437,886	630,539
	<u>548,779</u>	<u>634,787</u>
Aggregate amounts		

**9 Creditors: amounts falling due within one year**

	2006 £	2005 £
Trade creditors	-	83
Accruals and deferred income	49,172	9,672
Other creditors	-	106,500
Bank loans	2,643,425	-
	<u>2,692,597</u>	<u>116,255</u>

# Argyle Street Properties (No 2) Limited

## Notes forming part of the financial statements for the year ended 31 March 2006 (Continued)

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

	2006 £	2005 £
Bank loan (see note 11)	-	2,545,904

### Loans

An analysis of the maturity of loans is given below:

	Bank loans 2006 £	Bank loans 2005 £
In on year or less, or on demand	2,643,425	-
In more than one year, but not more than two years	-	2,545,904
	<u>2,643,425</u>	<u>2,545,904</u>

The gross amount of the loan is £2,625,000 (2006 - £2,625,000) plus redemption costs of £18,425 (2005 - less issue costs £79,096).

### 11 Secured debts

The following secured debts are included within creditors:

	2006 £	2005 £
Bank loans	<u>2,643,425</u>	<u>2,545,904</u>

The bank loan is secured by way of a charge on the company's investment property and certain group's investment properties and various unlimited cross guarantees given by those group companies.

The aggregate amount of the bank loan is repayable at the end of the loan period. This bank loan bears interest at 2.50% over LIBOR. Charles Price has given a personal guarantee over the loan.

## Argyle Street Properties (No 2) Limited

Notes forming part of the financial statements for the year ended 31 March 2006 (Continued)

### 12 Share capital

	2006 Number	Authorised 2005 Number	2006 £	2005 £
Ordinary shares of £1 each	100	100	100	100
<hr/>				
	2006 Number	Allotted, called up and fully paid 2005 Number	2006 £	2005 £
Ordinary shares of £1 each	1	1	1	1
<hr/>				

### 13 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2005	2,197,166	(364,390)
Retained loss for the year	-	(226,595)
<hr/>		<hr/>
At 31 March 2006	2,197,166	(590,985)
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### 14 Ultimate parent company

The company is a wholly owned subsidiary company of Argyle Street Properties (No 1) Limited, a company incorporated in England and Wales.

The smallest group in which the results of the company are consolidated is that of Progress Property Company Limited, a company incorporated in England and Wales. The financial statements are available from Companies House.

The directors consider the ultimate parent company to be Wigmore Street Investments Limited, formerly known as Real Estate Property Corporation Limited, a company incorporated in Bermuda. The consolidated financial statements of this company are not available to the public.



## **Argyle Street Properties (No 2) Limited**

**Notes forming part of the financial statements for the year ended 31 March 2006 (Continued)**

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### **15 Related party disclosures**

The company has taken advantage of the exemption under FRS 8 not to disclose related party transactions with group undertakings that are eliminated in the consolidated financial statements of Progress Property Company Limited.

Consultiam Commercial Property Asset Management Limited is considered a related party by virtue of Mr C Price's common control. Consultiam Commercial Property Asset Management Limited provides property management and consultancy services to the company.

During the year the total fees were £32,707 (2005 - £41,407).

### **16 Ultimate controlling party**

The immediate controlling party is Argyle Street Properties (No 1) Limited (parent company) and the ultimate controlling party is the director, Mr C Price, who owns the entire issued share capital of Wigmore Street Investments Limited, formerly known as Real Estate Property Corporation Limited (ultimate parent company), a company incorporated in Bermuda.