

Industrious Loan Partner UK Limited

**Directors' report and financial
statements**

Registered number 4543372

For the year ended 31 December 2004



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Directors' report

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

Principal activities and business review

The company has not traded during the year.

The company's principal activity was that of investment in Jersey limited partnerships.

The company's results for the year are set out on page 4.

Dividends

The directors do not recommend the payment of a final dividend. An interim dividend of of £3,400,453 was paid on 9 August 2004 (2003: £Nil).

Directors

The directors who served during the year were as follows:

RW Carey
JSP Keogan
IC Melia

Directors' interests

The notifiable interests of Messrs RW Carey, JSP Keogan and IC Melia in group undertakings have been disclosed in the directors' report and financial statements of Chamberflame, a UK intermediate parent company.

This report was approved by the board of directors on 26 October 2005 and signed on its behalf by:



JSP Keogan
Director

The Gables
Kenilworth Road
Leamington Spa
Warwickshire
CV32 6JX

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.



KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Industrious Loan Partner UK Limited

We have audited the financial statements on pages 4 to 9.

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 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

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

26 October 2005

Profit and loss account
for the year ended 31 December 2004

	<i>Note</i>	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Interest receivable from group undertakings		145,749	290,052
Interest payable to group undertakings		(284)	(163,487)
Profit on ordinary activities before taxation	3	145,465	126,565
Tax on profit on ordinary activities	4	(50,511)	(19,205)
Profit on ordinary activities after taxation		94,954	107,360
Equity dividends paid	5	(3,400,453)	-
Retained (loss)/profit for the year/period	9	(3,305,499)	107,360


The results set out above relate to discontinued businesses.

There were no recognised gains or losses in the year or prior period, other than the results set out above.

Balance sheet
at 31 December 2004

	<i>Note</i>	2004 £	2003 £
Current assets			
Debtors: Amounts owed by group undertakings		826,546	3,755,101
Creditors: Amounts falling due within one year	6	(409,597)	(212,653)
Net assets		<u>416,949</u>	<u>3,542,448</u>
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	416,948	3,542,447
Equity shareholders' funds		<u>416,949</u>	<u>3,542,448</u>

These financial statements were approved by the board of directors on 26 October 2005 and were signed on its behalf by:


JSP Keogan
Director

Movement in equity shareholders' funds
for the year ended 31 December 2004

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
(Loss)/profit for the financial year/period	(3,305,499)	107,360
Capital contribution	180,000	-
Net (decrease)/increase in shareholders' funds	(3,125,499)	107,360
Equity shareholders' funds brought forward	3,542,448	3,435,088
Equity shareholders' funds carried forward	416,949	3,542,448

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 accounting

The financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention.

Cash flow statement

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Chamberflame and its results are included in that company's consolidated financial statements.

Related party disclosures

Under FRS8, the company is exempt from the requirement to disclose transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of Chamberflame and its results are included in that company's consolidated financial statements.

2 Staff numbers and costs

No persons, apart from the directors, were employed by the company (2003: Nil) and no staff costs or directors' emoluments were incurred (2003: £Nil).

3 Profit on ordinary activities before taxation

The audit fees in the year ended 31 December 2004 were paid by Industrious Asset Management Limited (*period ended 31 December 2003: Industrious Asset Management Limited*), a fellow group undertaking.

4 Tax on profit on ordinary activities

(a) Charge for the year/period

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Current tax		
UK corporation tax	43,640	19,205
Adjustments in respect of prior periods	6,871	-
	<hr/>	<hr/>
Total current tax	50,511	19,205
	<hr/>	<hr/>
Tax on profit on ordinary activities	50,511	19,205
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Notes (continued)

4 Tax on profit on ordinary activities (continued)

(b) Factors affecting the charge for the year/period

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

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Profit on ordinary activities before taxation	145,465	126,565
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	43,640	37,969
Group relief	-	(18,764)
Adjustments in respect of prior periods	6,871	-
Current tax charge for the year/period	50,511	19,205

5 Dividends

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Interim dividend payable of £34,004.53 per share (31 December 2003: £Nil)	3,400,453	-

6 Creditors: Amounts falling due within one year

	2004 £	2003 £
Amounts owed to group undertakings	185,957	-
Other creditors	180,000	180,000
Corporation tax	43,640	32,653
	409,597	212,653

7 Share capital

	2004 £	2003 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
1 ordinary share of £1	1	1

Notes *(continued)*

8 Profit and loss account

	£
At beginning of year	3,542,447
Retained loss for the year	(3,305,499)
Capital contribution	180,000
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At end of year	416,948
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9 Ultimate parent company

As at 31 December 2004, the directors consider Morgan Stanley Real Estate Fund IV, a discretionary real estate private investment opportunity fund sponsored by a member of the Morgan Stanley Group, to be the ultimate controlling party by virtue of its shareholding in Industrious Holdings (Jersey) Limited, incorporated in Jersey, of whom Chamberflame is a wholly owned subsidiary. On 31 May 2005, Industrious Holdings (Jersey) Limited was put into liquidation and consequently, Morgan Stanley Real Estate Fund IV now has a direct shareholding in Pinstripe (Jersey) Limited.

The results of the company are consolidated in the UK group headed by Chamberflame. The consolidated financial statements of this company are available to the public and can be obtained from The Gables, Kenilworth Road, Leamington Spa, Warwickshire CV32 6JX.