

PICASSO STOCKLEY PARK OFFICES LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

Bessler Hendrie
Chartered Accountants
Registered Auditor
Albury Mill
Mill Lane
Chilworth
Guildford
Surrey
GU4 8RT



PICASSO STOCKLEY PARK OFFICES LIMITED

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for the year ended 31 December 2004

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PICASSO STOCKLEY PARK OFFICES LIMITED

COMPANY INFORMATION

for the year ended 31 December 2004

DIRECTORS:

S C Loggie
C P Oliver
N M L Hill
B Porter

SECRETARY:

C P Oliver

REGISTERED OFFICE:

43 Dover Street
Mayfair
London
W1S 4NU

REGISTERED NUMBER:

4680323

AUDITORS:

Bessler Hendrie
Chartered Accountants
Registered Auditor
Albury Mill
Mill Lane
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PICASSO STOCKLEY PARK OFFICES LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 December 2004**

The directors present their report with the financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of letting of serviced offices and provision of conference facilities.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2004.

DIRECTORS

The directors during the year under review were:

S C Loggie

C P Oliver

A J Pettit

- resigned 1.4.04

N M L Hill

W Lee

- appointed 1.4.04

- resigned 15.7.04

B Porter

- appointed 15.7.04

The directors holding office at 31 December 2004 did not hold any beneficial interest in the issued share capital of the company at 1 January 2004 (or date of appointment if later) or 31 December 2004.

The directors interests in the shares of the ultimate holding company are disclosed in that company's accounts.

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 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.

PICASSO STOCKLEY PARK OFFICES LIMITED

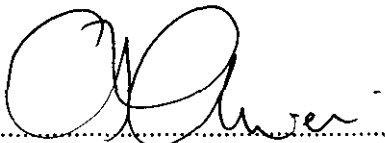
REPORT OF THE DIRECTORS

for the year ended 31 December 2004

AUDITORS

The auditors, Bessler Hendrie, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'C P Oliver', written over a dotted line.

C P Oliver - Director

Date: 19 October 2005.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF PICASSO STOCKLEY PARK OFFICES LIMITED

We have audited the financial statements of Picasso Stockley Park Offices Limited for the year ended 31 December 2004 on pages six to thirteen. These financial statements have been prepared under the historical cost convention 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 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 on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
PICASSO STOCKLEY PARK OFFICES LIMITED**

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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bessler Hendrie

Bessler Hendrie
Chartered Accountants
Registered Auditor
Albury Mill
Mill Lane
Chilworth
Guildford
Surrey
GU4 8RT

Date: *19 October 2005*

PICASSO STOCKLEY PARK OFFICES LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2004

		Year Ended 31.12.04 £	Period 27.2.03 to 31.12.03 £
	Notes		
TURNOVER		347,260	202,766
Cost of sales		<u>(53,206)</u>	<u>(48,456)</u>
GROSS PROFIT		294,054	154,310
Administrative expenses		<u>(299,742)</u>	<u>(195,404)</u>
OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(5,688)	(41,094)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(5,688)</u>	<u>(41,094)</u>
DEFICIT FOR THE YEAR		<u><u>(5,688)</u></u>	<u><u>(41,094)</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous period.

PICASSO STOCKLEY PARK OFFICES LIMITED

BALANCE SHEET

31 December 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	5	1,030	1,083
CURRENT ASSETS			
Debtors	6	74,363	84,060
Cash at bank and in hand		89,444	33,230
		<u>163,807</u>	<u>117,290</u>
CREDITORS			
Amounts falling due within one year	7	(211,519)	(159,367)
NET CURRENT LIABILITIES		<u>(47,712)</u>	<u>(42,077)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(46,682)</u>	<u>(40,994)</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	(46,782)	(41,094)
SHAREHOLDERS' FUNDS	15	<u>(46,682)</u>	<u>(40,994)</u>

ON BEHALF OF THE BOARD:



C P Oliver - Director

Approved by the Board on 19 October 2005

The notes form part of these financial statements

PICASSO STOCKLEY PARK OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33% on cost

Deferred tax

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	Year Ended 31.12.04 £	Period 27.2.03 to 31.12.03 £
Wages and salaries	53,933	37,244
Social security costs	4,959	3,385
Other pension costs	1,000	907
	<u>59,892</u>	<u>41,536</u>

The average monthly number of employees during the year was as follows:

	Year Ended 31.12.04	Period 27.2.03 to 31.12.03
Management and administration	<u>7</u>	<u>7</u>

PICASSO STOCKLEY PARK OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	Year Ended 31.12.04 £	Period 27.2.03 to 31.12.03 £
Depreciation - owned assets	695	541
Auditors remuneration	3,250	3,250
Operating lease rentals: Land and buildings	10,256	6,944
Operating lease income	<u>(172,625)</u>	<u>(97,576)</u>
Directors' emoluments	<u>-</u>	<u>-</u>

4. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2004 nor for the period ended 31 December 2003.

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.12.04 £	Period 27.2.03 to 31.12.03 £
Loss on ordinary activities before tax	<u>(5,688)</u>	<u>(41,094)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	(1,706)	(12,328)
Effects of:		
Tax losses brought forward	(11,135)	-
Disallowed expenditure	44	1,518
Depreciation in excess of/(less than) capital allowances	131	(325)
Tax losses carried forward	<u>12,666</u>	<u>11,135</u>
Current tax charge	<u>-</u>	<u>-</u>

The company has trading losses available to carry forward of £42,220 (2003: £37,116).

PICASSO STOCKLEY PARK OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

5. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1 January 2004	1,624
Additions	642
	<u>2,266</u>
At 31 December 2004	
DEPRECIATION	
At 1 January 2004	541
Charge for year	695
	<u>1,236</u>
At 31 December 2004	
NET BOOK VALUE	
At 31 December 2004	<u>1,030</u>
At 31 December 2003	<u>1,083</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade debtors	30,603	30,152
Amounts owed by group undertakings	23,242	29,024
Other debtors	1,275	-
Prepayments and accrued income	19,243	24,884
	<u>74,363</u>	<u>84,060</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank loans and overdrafts (see note 8)	-	2,500
Trade creditors	48,086	23,452
Amounts owed to group undertakings	108,163	81,258
Social security and other taxes	2,473	7,826
Other creditors	41,817	33,551
Accruals and deferred income	10,980	10,780
	<u>211,519</u>	<u>159,367</u>

PICASSO STOCKLEY PARK OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

8. LOANS

An analysis of the maturity of loans is given below:

	2004 £	2003 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	2,500
	<u> </u>	<u> </u>

9. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

		Land and buildings
	2004 £	2003 £
Expiring:		
Between one and five years	10,000	10,000
	<u> </u>	<u> </u>

10. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2004 £	2003 £
1,000	Ordinary Share Capital	£1	1,000	1,000
			<u> </u>	<u> </u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2004 £	2003 £
100	Ordinary Share Capital	£1	100	100
			<u> </u>	<u> </u>

11. RESERVES

	Profit and loss account £
At 1 January 2004	(41,094)
Deficit for the year	(5,688)
	<u> </u>
At 31 December 2004	(46,782)
	<u> </u>

PICASSO STOCKLEY PARK OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2004

12. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Picasso Investments 1 Limited, a company registered in England and Wales. The ultimate parent company and controlling party is Cube Real Estate Limited, a company also registered in England and Wales.

13. CONTINGENT LIABILITIES

The company is part of a VAT group along with the other trading companies within the group. All group companies are all liable to the group VAT creditor.

14. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions provided by Financial Reporting Standard No. 8 : Related Party Disclosures, and has not disclosed transactions with fellow group undertakings on the basis that more than 90% of the company's voting rights are controlled within the group.

During the year Cube Real Estate Limited, a company in which S C Loggie and C P Oliver are both directors, invoiced Picasso Stockley Park Offices Limited £9,635 in relation to management fees and a balance of £9,635 was still due as at 31 December 2004. These were made on an arms length basis.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Loss for the financial year	(5,688)	(41,094)
New share capital subscribed	-	100
	<hr/>	<hr/>
Net reduction of shareholders' funds	(5,688)	(40,994)
Opening shareholders' funds	(40,994)	-
	<hr/>	<hr/>
Closing shareholders' funds	(46,682)	(40,994)
	<hr/>	<hr/>
Equity interests	(46,682)	(40,994)
	<hr/>	<hr/>

PICASSO STOCKLEY PARK OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

16. DEFERRED TAX ASSET

No deferred tax asset has been recognised in these Accounts in respect of losses carried forward. This is on the basis that there is insufficient evidence when the asset will be recoverable, which depends upon the company's future taxable profits.

	Amount unprovided	
	£ 2004	£ 2003
Tax losses carried forward	12,666	11,135
	<hr/>	<hr/>
	<u>12,666</u>	<u>11,115</u>