

FC025976

2.4

**DELANCEY REAL ESTATE PARTNERS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2005**



# DELANCEY REAL ESTATE PARTNERS LIMITED

## COMPANY INFORMATION

---

### Directors

J W J Ritblat  
P J Goswell  
C B Wagman

### Company numbers

505059	British Virgin Islands
FC25976 BR8206	England & Wales

### Registered office

Craigmuir Chambers  
PO Box 71  
Road Town  
Tortola  
British Virgin Islands

### Auditors

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### Business address

Lansdowne House  
Berkeley Square  
London  
W1J 6ER

---

# DELANCEY REAL ESTATE PARTNERS LIMITED

## CONTENTS

---

	<i>Page</i>
Directors' report	1
Statement of director's responsibilities	2
Independent auditors' report	3
<i>Profit and loss account</i>	4
Balance sheets	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 16

---

# DELANCEY REAL ESTATE PARTNERS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

---

The directors present their report and financial statements for the year ended 31 March 2005.

### Principal activities

The principal activity of the group is that of the provision of advisory services to real estate companies.

### Results and dividends

The profit for the year, after taxation, amounted to £755,999.

The directors do not recommend payment of an ordinary dividend.

### Directors and their interests

The following directors have held office since 1 April 2004:

B Craine	(Resigned 24 August 2004)
J W J Ritblat	(Appointed 24 August 2004)
J Hendriks	(Resigned 24 August 2004)
P J Goswell	(Appointed 24 August 2004)
F Schonenberg	(Resigned 24 August 2004)
C B Wagman	(Appointed 24 August 2004)

### Directors' interests

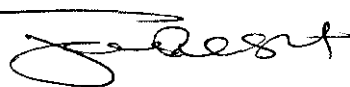
The directors' interests in the shares of the company were as stated below:

Director	At date of appointment and 31 March 2005
J W J Ritblat	2,818 'B' ordinary shares of £1 each
P J Goswell	368 'B' ordinary shares of £1 each

### Auditors

A resolution proposing that Ernst & Young LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board



J W J Ritblat  
Director  
19 January 2006

# **DELANCEY REAL ESTATE PARTNERS LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2005**

---

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 group and of the profit or loss of the group 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 group 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 the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# DELANCEY REAL ESTATE PARTNERS LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF DELANCEY REAL ESTATE PARTNERS LIMITED

We have audited the group's financial statements for the year ended 31 March 2005 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and Group Cash Flow Notes, and the related notes 1 to 15. These financial statements have been prepared under 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 the 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 group 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.

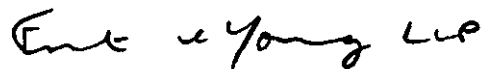
#### Basis of audit opinion

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 group'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 and group as at 31 March 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

30 January 2006.

# DELANCEY REAL ESTATE PARTNERS LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Turnover	2	6,614,311	4,368,739
Administrative expenses		(5,519,170)	(3,201,290)
Operating profit	3	1,095,141	1,167,449
Provision for diminution in value of fixed asset investments	7	(22,350)	-
Profit on ordinary activities before interest		1,072,791	1,167,449
Other interest receivable and similar income		43,858	5,878
Profit on ordinary activities before taxation		1,116,649	1,173,327
Tax on profit on ordinary activities	4	(360,650)	(365,636)
Profit on ordinary activities for the year	11	755,999	807,691

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# DELANCEY REAL ESTATE PARTNERS LIMITED

## BALANCE SHEETS AS AT 31 MARCH 2005

	Notes	Group		Company	
		2005 £	2004 £	2005 £	2004 £
<b>Fixed assets</b>					
Tangible assets	6	127,928	114,736	-	-
Investments	7	27,850	50,000	1	1
		<u>155,778</u>	<u>164,736</u>	<u>1</u>	<u>1</u>
<b>Current assets</b>					
Debtors	8	860,178	527,024	10,000	10,000
Cash at bank and in hand		2,017,314	1,713,700	-	-
		<u>2,877,492</u>	<u>2,240,724</u>	<u>10,000</u>	<u>10,000</u>
<b>Creditors: amounts falling due within one year</b>	9	(1,459,580)	(1,587,769)	(1)	(1)
<b>Net current assets</b>		<u>1,417,912</u>	<u>652,955</u>	<u>9,999</u>	<u>9,999</u>
<b>Total assets less current liabilities</b>		<u>1,573,690</u>	<u>817,691</u>	<u>10,000</u>	<u>10,000</u>
<b>Capital and reserves</b>					
Called up share capital	10	10,000	10,000	10,000	10,000
Profit and loss account	11	1,563,690	807,691	-	-
<b>Shareholders' funds - equity interests</b>	12	<u>1,573,690</u>	<u>817,691</u>	<u>10,000</u>	<u>10,000</u>

The financial statements were approved by the Board on 19 January 2006

  
C B Wagman  
Director

  
J W J Ritblat  
Director



# DELANCEY REAL ESTATE PARTNERS LIMITED

## GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	£	2005 £	£	2004 £
<b>Net cash inflow from operating activities</b>		614,348		-
<b>Returns on investments and servicing of finance</b>				
Interest received	43,858		5,878	
<b>Net cash inflow from returns on investments and servicing of finance</b>		43,858		5,878
<b>Taxation</b>		(269,000)		-
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible assets	(85,392)		(137,836)	
Payments to acquire investments	(200)		(50,000)	
<b>Net cash outflow from capital expenditure and financial investment</b>		(85,592)		(187,836)
<b>Increase in cash in the year</b>		303,614		1,713,800

# DELANCEY REAL ESTATE PARTNERS LIMITED

## NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

### 1 Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	1,095,141	1,167,449
Depreciation of tangible assets	52,721	23,100
Loss on disposal of tangible assets	19,479	-
Increase in debtors	(321,005)	(517,024)
(Decrease)/Increase in creditors within one year	(231,988)	1,222,133
<b>Net cash inflow from operating activities</b>	<b>614,348</b>	<b>1,895,658</b>

### 2 Analysis of net funds

	1 April 2004	Cash flow 31 March 2005	
	£	£	£
Net cash:			
Cash at bank and in hand	1,713,700	303,614	2,017,314
Net funds	1,713,700	303,614	2,017,314

### 3 Reconciliation of net cash flow to movement in net funds

	2005 £	2004 £
Increase in cash in the year	303,614	1,713,700
<b>Movement in net funds in the year</b>	<b>303,614</b>	<b>1,713,700</b>
Opening net funds	1,713,700	-
<b>Closing net funds</b>	<b>2,017,314</b>	<b>1,713,700</b>

# DELANCEY REAL ESTATE PARTNERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

---

### 1 Accounting policies

#### 1.1 Basis of preparation

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in accordance with applicable accounting standards.

#### 1.2 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking drawn up to 31 March each year.

The results of subsidiaries acquired or sold during the year are included in the profit and loss account from, or up to, the date control passes. As provided by s230 of the Companies Act 1985 no profit and loss account is presented for the company.

#### 1.3 Turnover

Turnover represents fees receivable for services provided, net of VAT.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	over 2 to 5 years
Motor vehicles	over 5 years

Impairment reviews are undertaken when indications of possible impairment are noted.

#### 1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

The carrying values of investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

#### 1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

# DELANCEY REAL ESTATE PARTNERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

### 1 Accounting policies

(continued)

#### 1.7 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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;

- provision is made for deferred tax that would arise on remittance of the retained earnings of joint ventures and subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

- 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 profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the 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.

### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	52,721	23,100
Loss on disposal of tangible fixed assets	19,479	-
Auditors' remuneration	6,000	5,000
Remuneration of auditors for non-audit work	2,000	1,000

# DELANCEY REAL ESTATE PARTNERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

### 4 Taxation

	2005 £	2004 £
<b>UK corporation tax</b>		
Current tax on income for the year	360,650	365,636
<b>Current tax charge</b>	<u>360,650</u>	<u>365,636</u>
<b>Factors affecting the current year tax charge for the year</b>		
Profit on ordinary activities before taxation	<u>1,116,649</u>	<u>1,173,327</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	<u>334,995</u>	<u>351,998</u>
Effects of:		
Non deductible expenses	20,085	13,638
Depreciation add back	5,570	-
	<u>25,655</u>	<u>13,638</u>
<b>Current tax charge</b>	<u>360,650</u>	<u>365,636</u>

### 5 Profit on ordinary activities after taxation

The company made neither a profit nor a loss after taxation.

# **DELANCEY REAL ESTATE PARTNERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2005**

### **6 Tangible fixed assets**

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Group</b>			
<b>Cost</b>			
At 1 April 2004	72,274	65,562	137,836
Additions	85,392	-	85,392
Disposals	(23,924)	-	(23,924)
	<hr/>	<hr/>	<hr/>
At 31 March 2005	133,742	65,562	199,304
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2004	13,266	9,834	23,100
On disposals	(4,445)	-	(4,445)
Charge for the year	40,210	12,511	52,721
	<hr/>	<hr/>	<hr/>
At 31 March 2005	49,031	22,345	71,376
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 March 2005	84,711	43,217	127,928
	<hr/>	<hr/>	<hr/>
At 31 March 2004	59,008	55,728	114,736
	<hr/>	<hr/>	<hr/>

The company has no tangible fixed assets.

# DELANCEY REAL ESTATE PARTNERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

### 7 Fixed asset investments

	Unlisted investments £
<b>Group</b>	
<b>Cost</b>	
At 1 April 2004	50,000
Additions	200
	<hr/>
At 31 March 2005	50,200
	<hr/>
<b>Provisions for diminution in value</b>	
At 1 April 2004	-
Movement for year	22,250
	<hr/>
At 31 March 2005	22,350
	<hr/>
<b>Net book value</b>	
At 31 March 2005	27,850
	<hr/>
At 31 March 2004	50,000
	<hr/>

Unlisted investments comprise investments in companies engaged in management services and property investment. During the year, the group acquired two further investments at a combined cost of £200.

	Shares in group undertakings £
<b>Company</b>	
<b>Cost and net book value</b>	
At 1 April 2004 and 31 March 2005	1
	<hr/>

The principal subsidiaries of which the company holds 100% of the issued ordinary share capital are as follows:

#### Company

##### Subsidiary undertakings

Delancey Real Estate Asset Management Ltd	Metro Shopping Ltd
Delancey Real Estate Asset Management Group Ltd	Metro Shopping Fund GP Ltd
Delancey Estate Agents Ltd	Metro Shopping Fund Management Ltd
Delancey Properties Ltd	Metro Shopping Management Ltd
Delancey Retail Ltd	Metro Shopping Estates Ltd
Delancey Ltd	Metro Shopping Plaza Ltd
Delancey Developments Ltd	Portsmouth Advisory Services Ltd
Delancey Associates Ltd	Mount Provincial Development Ltd
DV5 Ltd	Cortex Ltd
DV6 Ltd	Speciality Shops Management Ltd
DV7 Ltd	Equation Ltd

Other than Delancey Real Estate Asset Management Ltd itself, shares in all subsidiaries are held directly by that company.

# **DELANCEY REAL ESTATE PARTNERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2005**

All companies are incorporated in England and Wales. Delancey Real Estate Asset Management Ltd provides advisory services to real estate companies. All other companies were dormant throughout the year.

8 Debtors	Group		Company	
	2005 £	2004 £	2005 £	2004 £
<b>Group and company</b>				
Trade debtors	300,453	385,728	-	-
Called up share capital not paid	10,000	10,000	10,000	10,000
Other debtors	25,833	9,309	-	-
Prepayments and accrued income	523,892	121,987	-	-
	<u>860,178</u>	<u>527,024</u>	<u>10,000</u>	<u>10,000</u>

9 Creditors: amounts falling due within one year	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Trade creditors	121,053	76,798	-	-
Amounts owed to subsidiary undertakings	-	-	1	1
Corporation tax	457,286	365,636	-	-
Other taxes and social security costs	742,534	287,969	-	-
Other creditors	200	101	-	-
Accruals and deferred income	138,507	857,265	-	-
	<u>1,459,580</u>	<u>1,587,769</u>	<u>1</u>	<u>1</u>



# DELANCEY REAL ESTATE PARTNERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

10 Share capital	2005 £	2004 £
<b>Authorised</b>		
5,100 'A' ordinary shares of £1 each	5,100	5,100
3,186 'B' ordinary shares of £1 each	3,186	3,186
1,714 'C' ordinary shares of £1 each	1,714	1,714
	<u>10,000</u>	<u>10,000</u>
 <b>Allotted and called up</b>		
5,100 'A' ordinary shares of £1 each	5,100	5,100
3,186 'B' ordinary shares of £1 each	3,186	3,186
1,714 'C' ordinary shares of £1 each	1,714	1,714
	<u>10,000</u>	<u>10,000</u>

The 'A' ordinary shares carry no right to vote except pursuant to a meeting to vary class rights.

Each of the 'B' and 'C' ordinary shares carry the right to one vote per share, except that no 'C' share shall entitle the holder thereof to vote on any resolution in connection with the appointment or removal of a B director and no 'B' share shall entitle the holder thereof to vote on any resolution in connection with the appointment or removal of a C director.

The 'B' and 'C' shares have the right to participate pari passu with one another in the assets of the company.

### 11 Statement of movements on profit and loss account

	Profit and loss account £
<b>Group</b>	
Balance at 1 April 2004	807,691
Retained profit for the year	755,999
	<u>1,563,690</u>
 <b>Balance at 31 March 2005</b>	
<b>Company</b>	
Balance at 1 April 2004 and 31 March 2005	-

# DELANCEY REAL ESTATE PARTNERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

12 Reconciliation of movements in shareholders' funds	2005 £	2004 £
<b>Group</b>		
Profit for the financial year	755,999	807,691
Proceeds from issue of shares	-	9,900
Net addition to shareholders' funds	755,999	817,591
Opening shareholders' funds	817,691	100
Closing shareholders' funds	1,573,690	817,691
<b>Company</b>		
Proceeds from issue of shares	-	9,900
Net addition to shareholders' funds	-	9,900
Opening shareholders' funds	10,000	100
Closing shareholders' funds	10,000	10,000
<b>13 Directors' emoluments</b>	<b>2005 £</b>	<b>2004 £</b>
Emoluments for qualifying services	805,823	-
Company pension contributions to money purchase schemes	26,433	-
	832,256	-
The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2004- 0).		
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	341,965	-
Company pension contributions to money purchase schemes	12,865	-

# DELANCEY REAL ESTATE PARTNERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

---

### 14 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Administrative	<u>31</u>	<u>28</u>
<b>Employment costs</b>		
	£	£
Wages and salaries	3,591,407	2,158,976
Social security costs	435,962	333,999
Other pension costs	<u>233,909</u>	<u>103,780</u>
	<u>4,261,278</u>	<u>2,596,755</u>

### 15 Control

The ultimate controlling party is J W J Ritblat.