

STATUTORY COPY

Company Registration No. 03504792 (England and Wales)

**KENMORE COMMERCIAL PROPERTIES
LIMITED**

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2001



KENMORE COMMERCIAL PROPERTIES LIMITED

COMPANY INFORMATION

Directors	W G R Thomson C W Marsden J A B Kennedy
Secretary	A Bradburn
Company number	03504792
Registered office	36 Albemarle Street London W1S 4JE
Business address	36 Albemarle Street London W1S 4JE
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
Solicitors	Harbottle & Lewis Hanover House 14 Hanover Square London W1R 0BE

KENMORE COMMERCIAL PROPERTIES LIMITED

CONTENTS

	Page
Directors' report	1
Statement of directors' responsibilities	2
Auditors' report	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Balance sheet	6
Notes to the accounts	7 - 12

KENMORE COMMERCIAL PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2001

The directors present their report and accounts for the year ended 31 July 2001.

Principal activities

The principal activity of the company continues to be that of property investment.

Review of business

Both the level of business and the year end financial position were as expected in the light of current trading conditions and the directors do not anticipate any material changes in the present level of activity.

Results and dividends

The profit for the year after taxation amounted to £215,441.

Directors and their interests

The directors at 31 July 2001 and their beneficial interests in the shares of the company were:

	Ordinary shares of £ 1 each	
	31 July 2001	1 August 2000
W G R Thomson	-	-
C W Marsden	-	-
J A B Kennedy	-	-

R W M Brook, J K Brown and A E White resigned as directors on 20 November 2000. C W Marsden was appointed director on 20 November 2000.

W G R Thomson is a director of Kenmore Investments Limited, which has an interest in Aggmore 2 Limited, the holding company of Kenmore Commercial Properties Limited. Furthermore, W G R Thomson and C W Marsden are directors of Aggmore 2 Limited.

Auditors

H W Fisher & Company were appointed auditors to the company and a resolution proposing that they be reappointed will be put to the members at the next Annual General Meeting.

On behalf of the Board



C W Marsden

Director

Dated: 3 May 2002

KENMORE COMMERCIAL PROPERTIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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.

KENMORE COMMERCIAL PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Kenmore Commercial Properties Limited for the year ended 31 July 2001 set out on pages 4 to 12. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 July 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

H W Fisher & Company

H W Fisher & Company

Chartered Accountants

Registered Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

Dated:

8 May 2002

KENMORE COMMERCIAL PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2001

	Notes	2001 £	as restated 2000 £
Turnover	2	1,008,849	1,020,730
Cost of sales		(74,459)	(74,816)
Gross profit		934,390	945,914
Administrative expenses		(187,797)	(30,149)
Operating profit	3	746,593	915,765
Profit/(loss) on sale of investment properties		99,870	(59,175)
Profit on ordinary activities before interest		846,463	856,590
Other income	4	61,519	57,228
Interest payable and similar charges	5	(692,541)	(642,237)
Profit on ordinary activities before taxation		215,441	271,581
Tax on profit on ordinary activities	6	-	(1,818)
Profit on ordinary activities after taxation		215,441	269,763
Dividends	7	(375,000)	(500,000)
Net deficit for the financial year		(159,559)	(230,237)
STATEMENT OF RESERVES			
Retained profit brought forward			
As previously reported		264,669	314,839
Prior year adjustment	8	182,303	99,963
As restated		446,972	414,802
Net deficit for the financial year		(159,559)	(230,237)
Transfers from revaluation reserve		70,224	262,407
Retained profit carried forward		357,637	446,972

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

KENMORE COMMERCIAL PROPERTIES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2001

	2001 £	2000 £ as restated
Profit for the financial year	215,441	269,763
Unrealised deficit on revaluation of properties	(250,000)	(509,927)
Total recognised gains and losses relating to the year	(34,559)	(240,164)
Prior year adjustment	182,303	99,963
Total gains and losses recognised since last accounts	147,744	(140,201)

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2001 £	2000 £
Reported profit on ordinary activities before taxation	215,441	271,581
Realisation of property revaluation gains of previous years	70,224	262,407
Historical cost profit on ordinary activities before taxation	285,665	533,988
Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends	(89,335)	32,170

KENMORE COMMERCIAL PROPERTIES LIMITED

BALANCE SHEET AS AT 31 JULY 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	9		8,138,741		8,650,000
Current assets					
Debtors	10	85,510		144,011	
Cash at bank and in hand		14,610		38,943	
		100,120		182,954	
Creditors: amounts falling due within one year	11	(205,313)		(315,752)	
Net current liabilities			(105,193)		(132,798)
Total assets less current liabilities			8,033,548		8,517,202
Creditors: amounts falling due after more than one year	12		(7,537,151)		(7,611,246)
			496,397		905,956
Capital and reserves					
Called up share capital	13		2		2
Revaluation reserve	14		138,758		458,982
Profit and loss account			357,637		446,972
Shareholders' funds - all equity interests	15		496,397		905,956

The accounts were approved by the Board on 3 May 2002

C W Marsden
Director

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2001

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention and on a going concern basis, the validity of which is dependent upon the support of its shareholders and certain creditors.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT.

1.3 Tangible fixed assets and depreciation

In accordance with Statement of Standard Accounting Practice No. 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold properties. It is the opinion of the directors that, as these properties are held for investment purposes and not for consumption, a systematic annual charge for depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is one of several factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately quantified.

1.4 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

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

3 Operating profit

	2001	2000
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	3,000	1,600

4 Other income

	2001	2000
	£	£
Interest receivable and similar income	61,519	57,228

5 Interest payable and similar charges

	2001	2000
	£	£
Interest payable on:		
Bank loans and overdrafts	692,541	642,237

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2001

6	Tax on profit on ordinary activities	2001	2000
		£	£
	U.K. Current year taxation		
	U.K. Corporation tax at 0% (2000 - 20%)	-	1,818
		<u> </u>	<u> </u>
7	Dividends	2001	2000
		£	£
	Ordinary interim paid	375,000	500,000
		<u> </u>	<u> </u>
8	Prior period adjustment		

The prior period adjustment relates to the overstatement of corporation tax liabilities included in the financial statements for the year ended 31 July 1999 and also the following year, resulting from the omission of group relief with Kenmore Investments Limited Group.

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2001

9 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 August 2000	8,650,000
Revaluation	(250,000)
Disposals	(261,259)
At 31 July 2001	8,138,741
Depreciation	
At 1 August 2000 and at 31 July 2001	-
Net book value	
At 31 July 2001	8,138,741
At 31 July 2000	8,650,000

The net book value of land and buildings comprises:

	2001 £	2000 £
Freeholds	6,288,741	6,872,000
Long leaseholds (over 50 years)	1,850,000	1,778,000
	8,138,741	8,650,000

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
Historical cost at 1 August 2000	8,191,018
Disposals	(191,035)
Historical cost at 31 July 2001	7,999,983
Depreciation based on cost	
At 1 August 2000	382,247
Charge for the year	163,820
Disposals	(12,736)
At 31 July 2001	533,331
Net book values	
At 31 July 2001	7,466,652
At 31 July 2000	7,808,771

In the opinion of the directors, the open market value is not materially different from the book value at 31 July 2001.

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2001

10 Debtors	2001 £	2000 £
Trade debtors	85,510	42,315
Amounts owed by group undertakings	-	45,009
Corporation tax	-	54,503
Other debtors	-	2,184
	<u>85,510</u>	<u>144,011</u>
11 Creditors: amounts falling due within one year	2001 £	2000 £
Trade creditors	7,487	10,784
Taxes and social security costs	37,126	111,570
Other creditors	11,334	9,916
Accruals and deferred income	149,366	183,482
	<u>205,313</u>	<u>315,752</u>

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2001

12 Creditors: amounts falling due after more than one year	2001 £	2000 £
Bank loans	-	7,061,088
Amounts owed to group undertakings	7,537,151	550,158
	<u>7,537,151</u>	<u>7,611,246</u>
Analysis of loans		
Not wholly repayable within five years by instalments:	-	7,061,088
	<u>-</u>	<u>7,061,088</u>
Loan maturity analysis		
In five years or more	-	7,061,088
	<u>-</u>	<u>7,061,088</u>

At 31 July 2001, the amounts owed to group undertakings included £7,487,406 due to Aggmore 2 Limited. Included in the balance due to Aggmore 2 Limited is a loan of £7,182,465 due to Anglo Irish Bank Corporation (see note 16) which was transferred to this company on 27 November 2000. This loan is fully secured by a cross collateralised and cross defaulted first mortgage over all the properties owned by Kenmore Commercial Properties Limited, a first mortgage over a rental deposit account into which rentals are paid and a first floating charge over the assets of Kenmore Commercial Properties Limited. No interest is due on the balance with Aggmore 2 Limited, other than that charged as management fees, to cover the interest charged on the Anglo Irish bank loan (see note 16).

At 31 July 2001, the amounts owed to group undertakings included £49,745 due to Aggmore Properties Limited, being the management recharge for the year.

13 Share capital	2001 £	2000 £
Authorised		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2001

14 Statement of movements on reserves

	Revaluation reserve £
Balance at 1 August 2000 as previously reported	458,982
Revaluation surplus on properties disposed of, taken to profit and loss account as a realised ordinary item	(70,224)
Revaluation during the year	(250,000)
Balance at 31 July 2001	138,758

15 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the financial year	215,441	269,763
Dividends	(375,000)	(500,000)
	(159,559)	(230,237)
Other recognised gains and losses	(250,000)	(509,928)
Net depletion in shareholders' funds	(409,559)	(740,165)
Opening shareholders' funds	905,956	1,646,121
Closing shareholders' funds	496,397	905,956

Opening shareholders' funds were originally £723,653 before adding prior year adjustments of £182,303.

16 Related party transactions

Aggmore 2 Limited acquired the entire share capital of the company on 27 November 2000 from Kenmore Investments Limited.

On 27 November 2000 a loan with Anglo Irish Bank Corporation of £7,182,465 was transferred to Aggmore 2 Limited. Additionally, Aggmore 2 Limited charged the company management fees of £50,079 plus a further £491,377 to cover ongoing interest on these loans. At 31 July 2001, Kenmore Commercial Properties Limited owed Aggmore 2 Limited £7,487,406.

During the year, Aggmore 2 Limited repaid a loan due from Kenmore Commercial Properties to Kenmore Investments Limited of £904,645. At 31 July 2001, the full loan balance remained outstanding, which is included in the above balance.

At 31 July 2001, Kenmore Commercial Properties Limited owed Aggmore Properties Limited £49,745 in respect of management recharges for the year.

17 Controlling parties

The ultimate controlling party is Aggmore Properties Limited.