

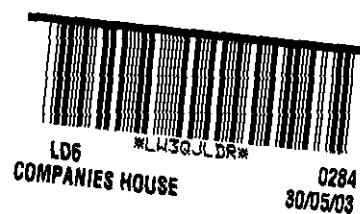
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Company Registration No. 03504792 (England and Wales)

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**KENMORE COMMERCIAL PROPERTIES
LIMITED**

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2002



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

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KENMORE COMMERCIAL PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2002

The directors present their report and accounts for the year ended 31 July 2002.

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 £106,612.

Directors and their interests

The directors at 31 July 2002 and their beneficial interests in the shares of the company were:

	Ordinary shares of £ 1 each	
	31 July 2002	1 August 2001
W G R Thomson	-	-
C W Marsden	-	-
J A B Kennedy	-	-

W G R Thomson and J A B Kennedy are directors 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, J A B Kennedy and C W Marsden are directors of Aggmore 2 Limited.

Auditors

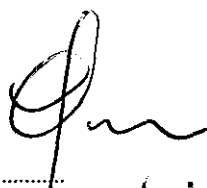
A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board

C W Marsden

Director

Dated:


22/8/03

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 2002 set out on pages 4 to 11. 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.

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

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 2002 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: 27 May 2003

KENMORE COMMERCIAL PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2002

	Notes	2002 £	2001 £
Turnover	2	935,821	1,060,995
Cost of sales		(45,327)	(74,459)
Gross profit		890,494	986,536
Administrative expenses		(157,525)	(187,797)
Operating profit	3	732,969	798,739
Profit on sale of investment properties		39,695	99,870
Profit on ordinary activities before interest		772,664	898,609
Other income	4	5,161	9,373
Interest payable and similar charges	5	(671,213)	(692,541)
Profit on ordinary activities before taxation		106,612	215,441
Tax on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation		106,612	215,441
Dividends	7	-	(375,000)
Retained profit/(net deficit) for the financial year		106,612	(159,559)
Retained profit brought forward		357,637	446,972
Transfers from revaluation reserve		(59,917)	70,224
Retained profit carried forward		404,332	357,637

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 2002

	2002	2001
	£	£
Profit for the financial year	106,612	215,441
Unrealised surplus/(deficit) on revaluation of properties	1,521,564	(250,000)
Total recognised gains and losses relating to the year	1,628,176	(34,559)

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2002	2001
	£	£
Reported profit on ordinary activities before taxation	106,612	215,441
Realisation of property revaluation gains of previous years	(59,917)	70,224
Historical cost profit on ordinary activities before taxation	46,695	285,665
Historical cost profit/(loss) for the year retained after taxation, extraordinary items and dividends	46,695	(89,335)

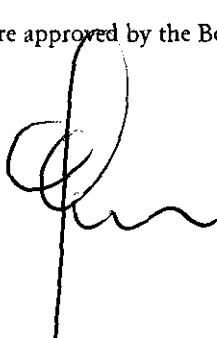
KENMORE COMMERCIAL PROPERTIES LIMITED

BALANCE SHEET AS AT 31 JULY 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	8		9,570,000		8,138,741
Current assets					
Debtors	9	151,448		85,510	
Cash at bank and in hand		18,522		14,610	
		<u>169,970</u>		<u>100,120</u>	
Creditors: amounts falling due within one year	10	(206,326)		(205,313)	
Net current liabilities			<u>(36,356)</u>		<u>(105,193)</u>
Total assets less current liabilities			<u>9,533,644</u>		<u>8,033,548</u>
Creditors: amounts falling due after more than one year	11		<u>(7,409,071)</u>		<u>(7,537,151)</u>
			<u>2,124,573</u>		<u>496,397</u>
Capital and reserves					
Called up share capital	12		2		2
Revaluation reserve	13		1,720,239		138,758
Profit and loss account			404,332		357,637
Shareholders' funds - all equity interests	14		<u>2,124,573</u>		<u>496,397</u>

The accounts were approved by the Board on 27/5/03

CW Marsden
Director



KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2002

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 tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.5 Change in comparatives

Prior year other income relating to an insurance recharge has been re-categorised within turnover.

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

	2002	2001
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	3,250	3,000

4 Other income

	2002	2001
	£	£
Interest receivable and similar income	5,161	9,373

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2002

5	Interest payable and similar charges	2002 £	2001 £
	Interest payable on:		
	Bank loans and overdrafts	<u>671,213</u>	<u>692,541</u>
6	Tax on profit on ordinary activities		
	No corporation tax has been charged due to the availability of losses.		
7	Dividends	2002 £	2001 £
	Ordinary interim paid	<u>-</u>	<u>375,000</u>

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2002

8 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 August 2001	8,138,741
Revaluation	1,521,564
Disposals	(90,305)
At 31 July 2002	9,570,000
Depreciation	
At 1 August 2001 and at 31 July 2002	-
Net book value	
At 31 July 2002	9,570,000
At 31 July 2001	8,138,741

The net book value of land and buildings comprises:

	2002 £	2001 £
Freeholds	7,505,000	6,288,741
Long leaseholds (over 50 years)	2,065,000	1,850,000
	9,570,000	8,138,741

The freehold and leasehold land and buildings were valued on an existing use basis by King Sturge, chartered surveyors, on 25 June 2002. The freehold and leasehold land and buildings are held as long term investments with no plans for disposal of these properties. Accordingly, no provision has been made for deferred tax in respect of the revaluation.

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

	£
Cost	
Historical cost at 1 August 2001	7,926,275
Disposals	(76,514)
Historical cost at 31 July 2002	7,849,761
Depreciation based on cost	
At 1 August 2001	528,917
Charge for the year	156,995
Disposals	(5,101)
At 31 July 2002	680,811
Net book values	
At 31 July 2002	7,168,950
At 31 July 2001	7,397,358

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2002

9 Debtors	2002	2001
	£	£
Trade debtors	140,036	85,510
Other debtors	11,412	-
	<u>151,448</u>	<u>85,510</u>
 10 Creditors: amounts falling due within one year	 2002	 2001
	£	£
Trade creditors	8,245	7,487
Taxes and social security costs	23,329	37,126
Other creditors	17,248	11,334
Accruals and deferred income	157,504	149,366
	<u>206,326</u>	<u>205,313</u>
 11 Creditors: amounts falling due after more than one year	 2002	 2001
	£	£
Amounts owed to group undertakings	7,409,071	7,537,151
	<u>7,409,071</u>	<u>7,537,151</u>
At 31 July 2002, the amounts owed to group undertakings included £7,160,292 (2001: £7,487,406) due to Aggmore 2 Limited. Included in the balance due to Aggmore 2 Limited is a loan of £7,407,596 (2001: £7,587,596) due to Anglo Irish Bank Corporation (see note 15). 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 15). At 31 July 2002, the amounts owed to group undertakings included £248,779 (2001: £49,745) due to Aggmore Properties Limited, including the management recharge for the year of £110,000 (2001:£49,745).		
12 Share capital	2002	2001
	£	£
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
 Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2002

13 Statement of movements on reserves

	Revaluation reserve £
Balance at 1 August 2001	138,758
Excess revaluation surplus on properties disposed of, taken to profit and loss account as a realised ordinary item in previous year, less surplus realised as an ordinary item in current year.	59,917
Revaluation during the year	1,521,564
Balance at 31 July 2002	1,720,239

14 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	106,612	215,441
Dividends	-	(375,000)
	106,612	(159,559)
Other recognised gains and losses	1,521,564	(250,000)
	1,628,176	(409,559)
Net addition to/(depletion in) shareholders' funds	496,397	905,956
Opening shareholders' funds	2,124,573	496,397
Closing shareholders' funds	2,124,573	496,397

15 Related party transactions

During the year ended 31 July 2002, Aggmore 2 Limited charged the company management fees of £719 (2001: £50,079) plus a further £671,213 (2001: £491,377) to cover ongoing interest on the Anglo Irish Bank Corporation loans. At 31 July 2002, Kenmore Commercial Properties Limited owed Aggmore 2 Limited £7,160,292 (2001: £7,487,406).

At 31 July 2002, Kenmore Commercial Properties Limited owed Aggmore Properties Limited £248,779 (2001: £49,745) including management recharges of £110,000 (2001: £49,745) for the year.

16 Controlling parties

The ultimate controlling party and ultimate parent undertaking is Aggmore Properties Limited.