

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 2003



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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	35 Dover Street London W1S 4NQ
Business address	35 Dover Street London W1S 4NQ
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
Solicitors	Richards Butler Beaufort House 15 St Botolph Street London EC3A 7EE Spratt Endicott 52-54 The Green Banbury Oxfordshire OX16 9AB

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 - 11

KENMORE COMMERCIAL PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2003

The directors present their report and accounts for the year ended 31 July 2003.

Principal activities

The principal activity of the company continues to be that of property investment. The company changed its name to Aggmore Commercial Properties Limited on 12 November 2003.

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 loss for the year after taxation amounted to £245,328 .

Directors and their interests

The directors at 31 July 2003 and their beneficial interests in the shares of the company were:

	Ordinary shares of £ 1 each	
	31 July 2003	1 August 2002
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: 12/3/04

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 2003 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.

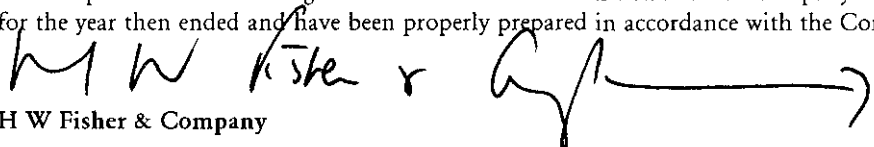
Basis of audit opinion

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


H W Fisher & Company

Chartered Accountants

Registered Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

Dated: 19/3/04

KENMORE COMMERCIAL PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2003

	Notes	2003 £	2002 £
Turnover	2	929,541	935,821
Cost of sales		(35,253)	(45,327)
Gross profit		894,288	890,494
Administrative expenses		(159,677)	(157,525)
Operating profit	3	734,611	732,969
Profit on sale of investment properties		(30,291)	39,695
Profit on ordinary activities before interest		704,320	772,664
Other income	4	63,839	5,161
Interest payable and similar charges	5	(1,013,487)	(671,213)
(Loss)/profit on ordinary activities before taxation		(245,328)	106,612
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit on ordinary activities after taxation		(245,328)	106,612
Retained profit brought forward		404,332	357,637
Transfers from revaluation reserve		128,018	(59,917)
Retained profit carried forward		287,022	404,332

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 2003

	2003	2002
	£	£
(Loss)/profit for the financial year	(245,328)	106,612
Unrealised surplus on revaluation of properties	830,000	1,521,564
Total recognised gains and losses relating to the year	<u>584,672</u>	<u>1,628,176</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2003	2002
	£	£
Reported (loss)/profit on ordinary activities before taxation	(245,328)	106,612
Realisation of property revaluation gains of previous years	128,018	(59,917)
Historical cost (loss)/profit on ordinary activities before taxation	<u>(117,310)</u>	<u>46,695</u>
Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends	<u>(117,310)</u>	<u>46,695</u>

KENMORE COMMERCIAL PROPERTIES LIMITED

BALANCE SHEET AS AT 31 JULY 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	7		10,040,000		9,570,000
Current assets					
Debtors	8	48,623		151,448	
Cash at bank and in hand		17,535		18,522	
		<u>66,158</u>		<u>169,970</u>	
Creditors: amounts falling due within one year	9	<u>(280,878)</u>		<u>(206,326)</u>	
Net current liabilities			<u>(214,720)</u>		<u>(36,356)</u>
Total assets less current liabilities			9,825,280		9,533,644
Creditors: amounts falling due after more than one year	10		<u>(7,116,035)</u>		<u>(7,409,071)</u>
			<u>2,709,245</u>		<u>2,124,573</u>
Capital and reserves					
Called up share capital	11		2		2
Revaluation reserve	12		2,422,221		1,720,239
Profit and loss account			287,022		404,332
Shareholders' funds - all equity interests	13		<u>2,709,245</u>		<u>2,124,573</u>

The accounts were approved by the Board on 12/3/04

C W Marsden
Director

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2003

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.

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

	2003	2002
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	3,250	3,250

4 Other income

	2003	2002
	£	£
Interest receivable and similar income	63,839	5,161

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

5	Interest payable and similar charges	2003	2002
		£	£
	Interest payable on:		
	Bank loans and overdrafts	<u>1,013,487</u>	<u>671,213</u>

6 Tax on (loss)/profit on ordinary activities

No corporation tax has been charged due to the availability of losses.

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

7 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 August 2002	9,570,000
Revaluation	830,000
Disposals	(360,000)
At 31 July 2003	10,040,000
Depreciation	
At 1 August 2002 and at 31 July 2003	-
Net book value	
At 31 July 2003	10,040,000
At 31 July 2002	9,570,000

The net book value of land and buildings comprises:	2003 £	2002 £
Freeholds	7,920,000	7,505,000
Long leaseholds (over 50 years)	2,120,000	2,065,000
	10,040,000	9,570,000

The properties were valued on an existing use basis by King Sturge, chartered surveyors, on 18 August 2003.

The properties are held as longterm investments with no plans for disposal. 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 2002	7,849,761
Disposals	(231,982)
Historical cost at 31 July 2003	7,617,779
Depreciation based on cost	
At 1 August 2002	680,811
Charge for the year	152,356
Disposals	(23,198)
At 31 July 2003	809,968
Net book values	
At 31 July 2003	6,807,811
At 31 July 2002	7,168,950

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

8 Debtors	2003	2002
	£	£
Trade debtors	20,832	140,036
Other debtors	26,450	11,412
Prepayments and accrued income	1,341	-
	<u>48,623</u>	<u>151,448</u>
9 Creditors: amounts falling due within one year	2003	2002
	£	£
Trade creditors	29,269	8,245
Taxes and social security costs	78,069	23,329
Other creditors	20,597	17,248
Accruals and deferred income	152,943	157,504
	<u>280,878</u>	<u>206,326</u>
10 Creditors: amounts falling due after more than one year	2003	2002
	£	£
Amounts owed to group undertakings	7,116,035	7,409,071
	<u>7,116,035</u>	<u>7,409,071</u>
At 31 July 2003, the amounts owed to group undertakings included £6,826,120 (2002: £7,160,292) due to Aggmore 2 Limited. Included in the balance due to Aggmore 2 Limited is a loan of £8,873,156 (2002: £7,407,596) due to Anglo Irish Bank Corporation (see note 14). 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 14). At 31 July 2003, the amounts owed to group undertakings included £289,915 (2002: £248,779) due to Aggmore Properties Limited, including the management recharge for the year of £32,000 (2002: £110,000).		
11 Share capital	2003	2002
	£	£
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

KENMORE COMMERCIAL PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

12 Statement of movements on reserves

	Revaluation reserve £
Balance at 1 August 2002	1,720,239
Revaluation during the year	830,000
Revaluation surplus on properties disposed of, taken to profit and loss account as a realised ordinary item	(128,018)
Balance at 31 July 2003	2,422,221

13 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
(Loss)/profit for the financial year	(245,328)	106,612
Other recognised gains and losses	830,000	1,521,564
Net addition to shareholders' funds	584,672	1,628,176
Opening shareholders' funds	2,124,573	496,397
Closing shareholders' funds	2,709,245	2,124,573

14 Related party transactions

During the year ended 31 July 2003, Aggmore 2 Limited charged the company management fees of £62,328 (2002: £719) plus a further £1,013,487 (2002: £671,213) to cover ongoing interest on the Anglo Irish Bank Corporation loans. At 31 July 2003, Kenmore Commercial Properties Limited owed Aggmore 2 Limited £6,826,120 (2002: £7,160,292).

At 31 July 2003, Kenmore Commercial Properties Limited owed Aggmore Properties Limited £289,915 (2002: £248,779) including management recharges of £32,000 (2002: £110,000) for the year.

15 Controlling parties

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