Company Registration No. 4183921 (England and Wales)

KENTON BUSINESS CENTRES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

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KENTON BUSINESS CENTRES LIMITED

COMPANY INFORMATION

Directors	E R Sorsky H J Sorsky R Williams R M Harris
Secretary	H J Sorsky
Company number	4183921
Registered office	Gable House, 239 Regents Park Road London N3 3LF
Auditors	FW Stephens 10 Charterhouse Square London EC1M 6LQ

KENTON BUSINESS CENTRES LIMITED

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KENTON BUSINESS CENTRES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2003

The directors present their report and financial statements for the year ended 30 June 2003.

Principal activities
The principal activity of the company continued to be that of property investment.

Directors
The following directors have held office since 1 July 2002:

E R Sorsky
H J Sorsky
R Williams
R M Harris

Directors' interests
The directors who served during the year are listed above. No director has any beneficial interest in the share capital of the company. The directors' interests in the share capital of Sherm Properties Limited and Cardinal Holdings Limited, each of whom own 50% of the issued share capital of the immediate parent company, are disclosed in the accounts of those companies.

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that FW Stephens be reappointed as auditors of the company will be put to the Annual General Meeting.

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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

.....

H J Sorsky
Director
14 November 2003

KENTON BUSINESS CENTRES LIMITED

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF KENTON BUSINESS CENTRES LIMITED

We have audited the financial statements of Kenton Business Centres Limited on pages 3 to 8 for the year ended 30 June 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 of the 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 on page 1 the company's directors are responsible for the preparation of the 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 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 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

FW Stephens
Chartered Accountants
Registered Auditor

10 Charterhouse Square
London
EC1M 6LQ

KENTON BUSINESS CENTRES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Year ended 30 June 2003 £	Period ended 30 June 2002 £
Turnover		143,477	127,441
Cost of sales		(36,251)	(25,985)
Gross profit		107,226	101,456
Administrative expenses		(24,403)	(41,729)
Operating profit	2	82,823	59,727
Other interest receivable and similar income		1	-
Interest payable and similar charges		(69)	-
Profit on ordinary activities before taxation		82,755	59,727
Tax on profit on ordinary activities	3	(17,150)	(11,829)
Profit on ordinary activities after taxation	8	65,605	47,898

KENTON BUSINESS CENTRES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2003

	Year ended 30 June 2003 £	Period ended 30 June 2002 £
Profit for the financial year	65,605	47,898
Unrealised (deficit)/surplus on revaluation of properties	-	356,685
Total recognised gains and losses relating to the year	65,605	404,583

KENTON BUSINESS CENTRES LIMITED

BALANCE SHEET
AS AT 30 JUNE 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	4		1,200,000		1,200,000
Current assets					
Debtors	5	62,630		55,291	
Cash at bank and in hand		8,249		48,296	
		70,879		103,587	
Creditors: amounts falling due within one year	6	(799,691)		(898,004)	
Net current liabilities			(728,812)		(794,417)
Total assets less current liabilities			471,188		405,583
Capital and reserves					
Called up share capital	7		1,000		1,000
Revaluation reserve	8		356,685		356,685
Profit and loss account	8		113,503		47,898
Shareholders' funds			471,188		405,583

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 17 November 2003

R M Harris
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1 Accounting policies

1 .1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1 .2 Turnover

Turnover represents amounts receivable for rent and services.

1 .3 Tangible fixed assets and depreciation

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), it is a departure from the general requirement of the Companies Act 1985 for all tangible fixed assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the general requirement of the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

2 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	2,500	2,000

3 Taxation

	2003	2002
	£	£
Domestic current year tax		
U.K. corporation tax	16,748	11,829
Adjustment for prior years	402	-
Current tax charge	17,150	11,829

4 Tangible fixed assets

	Investment properties
	£
Cost or valuation	
At 1 July 2002 & at 30 June 2003	1,200,000

The investment property was valued by the directors at 30th June 2003 on the basis of open market capital value.

The potential tax liability on the sale of the property at the value included in the balance sheet amounts to £97,000 (2002: £105,000) for the company. No provision has been made for this liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2003

5 Debtors	2003 £	2002 £
Trade debtors	40,092	38,924
Other debtors	22,538	16,367
	62,630	55,291

6 Creditors: amounts falling due within one year	2003 £	2002 £
Trade creditors	34,005	74,830
Taxation and social security	25,735	14,428
Other creditors	739,951	808,746
	799,691	898,004

7 Share capital	2003 £	2002 £
Authorised		
1,000 Ordinary Shares of £ 1 each	1,000	1,000
Allotted, called up and fully paid		
1,000 Ordinary Shares of £ 1 each	1,000	1,000

8 **Statement of movements on reserves**

	Revaluation reserve £	Profit and loss account £
Balance at 1 July 2002	356,685	47,898
Retained profit for the period	-	65,605
Balance at 30 June 2003	356,685	113,503

9 **Control**

The immediate parent company is SCL Holdings Limited, who holds 100% of the issued share capital. The ultimate controlling companies are jointly Sherm Properties Limited and Cardinal Holdings Limited, who each own 50% of the issued share capital of the immediate parent company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2003

10 Related party transactions

During the year the company repaid loans of £40,000 (2002: received loans of £55,000) to both Sherm Properties Limited and Cardinal Holdings Limited, its ultimate parent companies. At the year end both companies were owed £15,000 (2002: £55,000) each. These balances are included within "Creditors: amounts due within one year". These loans bear no interest and are repayable on demand.

The company also received a loan of £4,000 (2002: £657,794) from Wembley Business Centres Limited, a company under the same common control. At the year end the balance of £661,794 (2002: £657,794) was outstanding and is included within "Creditors: amounts due within one year".

The company paid expenses on behalf of Stadium (London) Limited, a company under the same common control, amounting to £6,171 (2002: £16,367). At the year end the balance of £22,538 (2002: £16,367) was outstanding and is included within other debtors.

During the year the company paid consultancy fees of £13,000 (2002: £11,000) to E R Sorsky, a director of the company.