

SCENETOWER LIMITED

Directors' Report and Financial Statements

For The Period Ended 31 August 2002

WESTON KAY
CHARTERED ACCOUNTANTS

73/75 Mortimer Street
London W1W 7SQ



SCENETOWER LIMITED

COMPANY INFORMATION

Directors	P R Klimt
	G A Naggar
	I P Besley
Secretary	M J Langridge
Company number	4416639
Registered office	15 Grosvenor Gardens
	London SW1W 0BD
Auditors	Weston Kay
	73/75 Mortimer Street
	London W1W 7SQ
Bankers	National Westminster Bank plc
	63 Piccadilly
	London W1A 2AG
Solicitors	Klimt & Co
	49 Welbeck Street
	London W1M 7HE

SCENETOWER LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2002

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SCENETOWER LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the period ended 31 August 2002.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing the 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; and
- prepare the financial statements on a 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.

PRINCIPAL ACTIVITIES

The company was incorporated on 15th April 2002 and commenced its business activities on 1st May 2002.

The principal activity of the company during the period was that of property investment.

DIRECTORS AND THEIR INTERESTS

The following directors have held office since 15th April 2002:

P R Klimt	(Appointed 1 st May 2002)
G A Naggar	(Appointed 1 st May 2002)
I P Besley	(Appointed 1 st May 2002)
Instant Companies Limited	(Appointed 15 th April 2002 & resigned 1 st May 2002)

The beneficial interests of the directors in the share capital of this company's ultimate holding company, Starlight Investments Limited, are reflected in the financial statements of that company.

AUDITORS

Weston Kay were appointed as auditors to the company and the company has an elective resolution to dispense with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore Weston Kay, will be deemed to be reappointed for each succeeding financial year.

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

Approved by the Board of Directors
and signed on behalf of the Board



M J Langridge
Secretary
28th February 2003

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SCENETOWER LIMITED

We have audited the financial statements of Scenetower Limited for the period ended 31 August 2002 on pages 3 to 10 which have been prepared 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 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 in the statement of directors' responsibilities, 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 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 for the above period and consider the implications for our report if we become aware of any apparent misstatements within it.

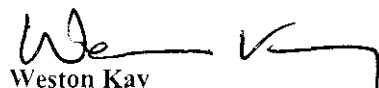
Basis of audit opinion

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 at 31 August 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Weston Kay
Chartered Accountants
Registered Auditors
73-75 Mortimer Street
London W1W 7SQ
28th February 2003

SCENETOWER LIMITED

PROFIT AND LOSS ACCOUNT For The Period Ended 31 August 2002

	Note	2002 £
TURNOVER	2	576,471
Administrative expenses		(309,741)
OPERATING PROFIT	3	266,730
Other interest receivable and similar income		23,130
Interest payable and similar charges		(550,606)
Proceeds from lease surrender		1,950,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,689,254
Tax on profit on ordinary activities	4	(510,185)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,179,069

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

SCENETOWER LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For The Period Ended 31 August 2002

	2002 £
Profit for the financial period	1,179,069
Unrealised surplus arising on revaluation of fixed assets	<u>263,857</u>
Total recognised gains relating to the period	<u>1,442,926</u>

SCENETOWER LIMITED

BALANCE SHEET As At 31 August 2002

	Note	£	2002 £
TANGIBLE FIXED ASSETS	5		20,115,000
CURRENT ASSETS			
Debtors	6	131,248	
		<u>131,248</u>	
CREDITORS: amounts falling due within one year	7	(2,547,930)	
NET CURRENT LIABILITIES			<u>(2,416,682)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			17,698,318
CREDITORS: amounts falling due after more than one year	8		(15,745,765)
Provisions for liabilities and charges	9		<u>(509,626)</u>
NET ASSETS			<u>1,442,927</u>
CAPITAL AND RESERVES			
Called up share capital	10		1
Revaluation reserve	11		263,857
Profit and loss account	11		<u>1,179,069</u>
EQUITY SHAREHOLDERS' FUNDS	12		<u>1,442,927</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the Board of Directors on 28th February 2003

Signed on behalf of the Board of Directors

G A Naggar
Director

SCENETOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Period Ended 31 August 2002

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 include the results of the company's operations as indicated in the directors' report, all of which are continuing.

1.2 Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.3 Tangible fixed assets and depreciation

Investment property is valued annually and the aggregate surplus or deficit is transferred to reserves. No depreciation is provided in respect of investment property; this constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their economical useful lives and is necessary to enable the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount, which might otherwise have been shown, cannot be separately identified or quantified.

1.4 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The company does not intend to discount deferred tax balances where they arise.

2. TURNOVER

Turnover represents amounts receivable for rent and arises wholly in the United Kingdom.

3. OPERATING PROFIT

Operating profit is stated after charging:

	2002 £
Auditors' remuneration	<u>3,000</u>

SCENETOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Period Ended 31 August 2002

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of the charge in year	2002 £
U. K. current year taxation	
U. K. corporation tax at 30%	559
	559
Deferred taxation	509,626
	510,185

(b) Factors affecting tax charge for the period

The tax charged assessed is lower than that resulting from applying the standard rate of corporation tax in the U. K. 30%. The differences are explained below:

	2002 £
Profit on ordinary activities before taxation	1,689,254
Tax at 30% thereon	506,776
Plus/(less) the effects of:	
Chargeable gains	(509,626)
Permanent timing differences	3,512
Rate differences	(103)
	559

5. TANGIBLE FIXED ASSETS

	Investment properties £
Cost or valuation	
Additions	49,876,187
Revaluations	263,857
Disposals	(30,025,044)
At 31 August 2002	20,115,000

The valuation of the investment properties was made as at 31 August 2002 by the directors of the company, on an open market basis. No depreciation is provided in respect of these properties.

On an historical cost basis the properties would have been included at an original cost of £19,851,143.

SCENETOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Period Ended 31 August 2002

6. DEBTORS

	2002 £
Trade debtors	80,728
Other debtors	50,520
	131,248

7. CREDITORS : amounts falling due within one year

	2002 £
Overdraft	381,497
Secured loans	212,766
Trade creditors	2,930
Amounts owed to group undertakings	1,635,856
Other creditors & accruals	314,881
	2,547,930

8. CREDITORS : amounts falling due after one year

	2002 £
Secured loan from insurance company	15,745,765
Analysis of secured loans:	
Not wholly repayable within five years by instalments:	4,283,193
Not wholly repayable within five years other than by instalments:	10,760,761
Wholly repayable within five years:	914,577
	15,958,531
Included in current liabilities	(212,766)
	15,745,765
Loan maturity analysis:	
Due between one and two years	249,334
Due between two and five years	452,477
Due in five years or more	15,043,954
	15,745,765

The aggregate amount of creditors for which security has been given amounted to £15,958,531.

SCENETOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Period Ended 31 August 2002

9. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax at 30% on timing differences both provided and not provided in the financial statements is as follows:

	Provided 2002 £
Charge to profit and loss account	509,626
At 31 August 2002	<u>509,626</u>

The amounts of deferred tax provided is as follows:

	Provided 2002 £
Chargeable gains	509,626
	<u>509,626</u>

If the properties held at the year end were to be sold, this would result in an additional tax charge of £70,311.

10. CALLED UP SHARE CAPITAL

	2002 £
Authorised:	
1,000 ordinary shares of £1 each	1,000
Allotted, issued and fully paid:	
1 ordinary share of £1 each	<u>1</u>

During the period one ordinary share of £1 was issued and fully paid for at par.

11. STATEMENT OF MOVEMENT ON RESERVES

	Revaluation reserve £	Profit and loss account £	Total £
As at 1 st May 2002	-	-	-
Revaluation of fixed assets	263,857	-	263,857
Profit for the financial period	-	1,179,069	1,179,069
As at 31 August 2002	<u>263,857</u>	<u>1,179,069</u>	<u>1,442,926</u>

NOTES TO THE FINANCIAL STATEMENTS
For The Period Ended 31 August 2002

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £
Profit for the financial period	1,179,069
Proceeds from the issue of shares	1
Revaluation of fixed assets	263,857
Net increase in shareholders' funds	1,442,927
Opening shareholders' funds	-
Closing shareholders' funds	<u>1,442,927</u>

13. CONTINGENT LIABILITIES

The company has cross guarantees in place with other group companies to secure group loans against their investment properties.

14. TRANSACTIONS WITH DIRECTORS

P R Klimt is a consultant to Klimt & Co, Solicitors, who provide legal services to the company on normal commercial terms.

15. CONTROL

The ultimate parent company is Starlight Investments Limited a company incorporated in England and Wales.

The ultimate controlling parties are P R Klimt and G A Naggar.

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with group undertakings, on the grounds that 100% of its voting rights are controlled within the group and the consolidated financial statements of Starlight Investments Limited are publicly available.

Property Management fees of £194,949 are payable to Dawnay Day Property Management Limited.

Included in accruals is £49,949 in respect of property management fees for Dawnay Day Property Management Limited.

P R Klimt and G A Naggar have material interests in the above company.

SCENETOWER LIMITED

MANAGEMENT INFORMATION DETAILED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2002

		Period ended 31 August 2002 £
TURNOVER		
Rent receivable		576,471
Administrative expenses		
Property expenses	8,657	
Property management fees	194,949	
Legal & professional fees	103,050	
Audit	3,000	
Bank charges	85	
Administrative expenses		(309,741)
OPERATING PROFIT		266,730
Proceeds from lease surrender		1,950,000
Other interest receivable and similar income		
Other interest received		23,130
Interest payable and similar charges		
Interest on loans payable after five years		(550,606)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,689,254