

Key Property Investments (Number Five) Limited

Report and Accounts

30 November 2002

Registered Number 4434716



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COMPANIES HOUSE

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16/07/03

Key Property Investments (Number Five) Limited

DIRECTORS

C C A Glossop (appointed 14 May 2002)
D K S Bushe (appointed 14 May 2002)
N S Doyle (appointed 14 May 2002)
R L Froggatt (appointed 14 May 2002)
A Al Usaimi (appointed 14 May 2002)
G Alnafisi (appointed 14 May 2002)

SECRETARY

W A Oliver

AUDITORS

Ernst & Young LLP
One Colmore Row
Birmingham
B3 2DB

REGISTERED OFFICE

1st Floor
Lyndon House
58/62 Hagley Road
Edgbaston
Birmingham
B16 8PE

Key Property Investments (Number Five) Limited

DIRECTORS' REPORT

The directors present their first report and accounts for the twenty-nine week period ended 30 November 2002.

RESULTS AND DIVIDENDS

The Company was formed on 9 May 2002.

The profit for the period, after taxation, amounted to £405,000. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY

The principal activity of the company is property investment and development.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The directors are pleased with the results and activities for the period and look forward to capitalising on future development and investment opportunities.

DIRECTORS AND THEIR INTERESTS

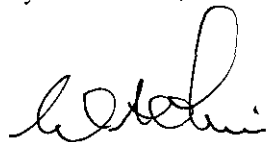
Details of the directors during the year are included on page 1.

None of the directors had any interests in the share capital of the company.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board



W A Oliver
Secretary

Date 11/7/03

Key Property Investments (Number Five) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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; and
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEY PROPERTY INVESTMENTS (NUMBER FIVE) LTD

We have audited the company's financial statements for the period ended 30 November 2002 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared on the basis of 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 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 United Kingdom law and 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 affairs of the company as at 30 November 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Birmingham

Ernst & Young LLP

Date:

11 July 2003

Key Property Investments (Number Five) Limited

PROFIT AND LOSS ACCOUNT for the period ended 30 November 2002

		<i>29 weeks to 30 November 2002 £'000</i>
	<i>Notes</i>	
TURNOVER	2	1,058
Cost of sales		(268)
Gross profit	2	790
Revaluation deficit on investment property		(8)
Administrative & other operating expenses		(200)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	582
Taxation on profit on ordinary activities	6	(177)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		405

A statement of the movement in reserves is set out in note 14.

Key Property Investments (Number Five) Limited

BALANCE SHEET at 30 November 2002

	Notes	2002 £'000
FIXED ASSETS		
Tangible Assets	7	30,500
		<u>30,500</u>
CURRENT ASSETS		
Debtors	8	258
CREDITORS: amounts falling due within one year	9	(30,331)
NET CURRENT LIABILITIES		<u>(30,073)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		427
PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation	10	(22)
NET ASSETS		<u>405</u>
CAPITAL AND RESERVES		
Called up share capital	11	-
Profit and loss account	12	405
EQUITY SHAREHOLDERS' FUNDS		<u>405</u>

The Report and Accounts were approved by the board of directors on

Signed on behalf of the board of directors

D K S Bushe)
C C A Glossop) Directors

D K S Bushe 11/7/03
C C A Glossop 11/7/03

Key Property Investments (Number Five) Limited

NOTES TO THE ACCOUNTS

for the year ended 30 November 2002

1. ACCOUNTING POLICIES

Accounting Policies

The accounts and notes have been prepared in accordance with applicable accounting standards. The particular policies adopted are described below.

Accounting convention

The accounts have been prepared under the historical cost convention, modified by the revaluation of investment properties.

Turnover and profit recognition

Turnover represents rental income receivable and proceeds from the sale of properties held for resale, exclusive of Value Added Tax, in the UK.

Investment properties

In accordance SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount, which might otherwise have been shown, cannot be separately identified or quantified.

Deferred taxation

Under FRS19, deferred taxation is provided at the rate ruling at the balance sheet date on timing differences which arise from the recognition of income and expenditure in different periods for taxation and accounting purposes. Under this policy no provision has been made for the potential further liability to taxation which would arise in the event of the realisation of investment properties included at the values attributed to them in the accounts.

Cash flow statement

The company is a wholly owned subsidiary of Key Property Investments Limited, and its cash flows are included in that company's consolidated cash flow statement. Consequently, the company is exempt from the requirement of Financial Reporting Standard 1 (Revised) to prepare a cash flow statement.

Key Property Investments (Number Five) Limited

NOTES TO THE ACCOUNTS

for the year ended 30 November 2002

2. TURNOVER

Turnover, which is stated net of value added tax and trade discounts, represents amounts receivable from third parties for the period.

The company operates solely in the UK.

The contributions to turnover and gross profit by each of the principal activities of the company were as follows:

	<i>Turnover</i>	<i>Gross Profit</i>
	<i>2002</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>
Rental Income	1,058	790
	<u>1,058</u>	<u>790</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's audit fee has been borne by a fellow subsidiary company.

4. DIRECTORS' EMOLUMENTS

None of the Directors received any remuneration.

5. EMPLOYEES

The company has no full time employees. The company is operated on a day to day basis by Redman Heenan Properties Ltd, a subsidiary of St Modwen Properties PLC. Under an arms length management agreement Redman Heenan Properties Ltd receive 2% of income received for managing the property portfolio.

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<i>2002</i>
	<i>£'000</i>
<i>(a) Analysis of Charge in period</i>	
UK Corporation tax	
UK Corporation tax on profits of the period	155
Total Current tax	<u>155</u>
Deferred tax	
Originating and reversal of timing differences	22
Tax on profit on ordinary activities	<u>177</u>

Key Property Investments (Number Five) Limited

NOTES TO THE ACCOUNTS

for the year ended 30 November 2002

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES(CONTINUED)

(b) Factors affecting the tax charge for the period

The tax assessed on the profit of ordinary activities for the period is lower than the standard rate of Corporation tax in the UK. The differences are explained below

	2002
	£'000
Profit on ordinary activities before tax	582
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	174
Effect of:	
Disallowed expenses and non taxable income	3
Capital allowances for the period in excess of depreciation	(22)
Current tax charge (note 6a)	155

7. FIXED ASSETS

	£'000
Additions	30,508
Revaluation deficit	(8)
30 th November 2002	30,500

Freehold and long leasehold investment properties were valued as at 30 November 2002, on the basis of open market value, by Colliers Conrad Ritblat Erdman, Chartered Surveyors.

8. DEBTORS

	2002
	£'000
Trade debtors	258
	258

Key Property Investments (Number Five) Limited

NOTES TO THE ACCOUNTS for the year ended 30 November 2002

9. CREDITORS: amounts falling due within one year

	<i>2002</i> <i>£'000</i>
Loans from parent undertaking	29,442
Trade creditors	4
Accruals and deferred income	544
Other tax and social security	141
	<u>30,131</u>

10. DEFERRED TAX

Deferred tax of £22,000 has been provided in respect of accelerated capital allowances. A deferred tax asset of £2,000 which would arise if the investment properties were sold at their carrying value has not been provided.

11. CALLED UP SHARE CAPITAL

	<i>Number</i>	<i>Authorised 2002 £</i>
Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
		<i>Allotted, called up and fully paid 2002 £</i>
Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

12. RESERVES

	<i>Profit & loss account £'000</i>
Retained profit for the period	405
At 30 November 2002	<u>405</u>

Key Property Investments (Number Five) Limited

NOTES TO THE ACCOUNTS

for the year ended 30 November 2002

13. CAPITAL COMMITMENTS

At 30 November 2002, the company had no contracted capital expenditure of £nil.

14. PARENT UNDERTAKING AND CONTROLLING PARTIES

The company's immediate parent undertaking is Key Property Investments Limited, a company incorporated in the United Kingdom and registered in England and Wales. It has included the company in its group accounts, copies of which are available from its registered office: 1st Floor, Lyndon House, 58/62 Hagley Road, Edgbaston, Birmingham, B16 8PE.

The company's ultimate controlling parties are St Modwen Properties PLC, a company incorporated in the United Kingdom and registered in England and Wales; and Salhia Real Estate Company k.s.c., a company registered in Kuwait.