

**Sydney & Albany Properties Limited (formerly
Stanix 22 Limited)**

**Directors' report and financial
statements**

Registered number SC215839

31 March 2002



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Directors' report

The directors present their report and the audited financial statements for the fourteen month period ended 31 March 2002.

Principal activities

The principal activity of the company is property investment.

Business review

The company was incorporated on 15 February 2001 and changed its name from Stanix 22 Limited on 14 March 2001. The results for the fourteen month period ended 31 March 2002 are set out on page 4.

Dividends and transfers to reserves

The profit for the financial period was £34,756. The directors do not recommend the payment of a dividend, leaving the surplus transferred to reserves.

Directors and directors' interests

The directors who held office during the period were as follows:

RJ Anning	(appointed 13 March 2001)
WJ Curtis	(appointed 13 March 2001)
D Gross (Mexican)	(appointed 13 March 2001)
SJ Childs	(appointed 13 March 2001)
Atholl Incorporations Limited	(appointed and resigned 13 March 2001)

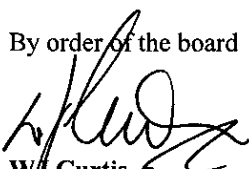
D Gross is a director of Sydney & London Properties Limited. D Gross has interests in the shares of one of the shareholders of Sydney & London Properties Limited, in whose accounts that interest is shown.

The remaining directors had no interest in the shares of group undertakings throughout the period.

Auditor

KPMG Audit Plc was appointed auditor during the period and a resolution for its reappointment will be proposed at the forthcoming Annual General Meeting.

By order of the board


WJ Curtis
Director

15 Atholl Crescent
Edinburgh
EH3 8HA

28 October 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 and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE
United Kingdom

Report of the independent auditors to the members of Sydney & Albany Properties Limited (formerly Stanix 22 Limited)

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report, and as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with 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 31 March 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

*Chartered Accountants
Registered Auditor*

29th October 2002

Profit and loss account
for the period from incorporation to 31 March 2002

	<i>Note</i>	Period ended 31 March 2002 £
Turnover	2	279,857
Administrative expenses		(35,262)
Operating profit		244,595
Interest receivable and similar income		196
Interest payable and similar charges	6	(210,035)
Profit on ordinary activities before and after taxation being profit for the financial period	3-7	34,756
Balance brought forward		-
Balance carried forward		34,756

The above results relate entirely to acquired activities.

Statement of total recognised gains and losses

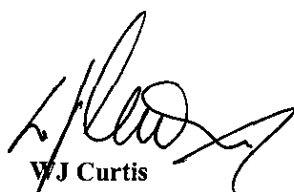
for the period from incorporation to 31 March 2002

	Period ended 31 March 2002 £
Profit for the financial period	34,756
Unrealised surplus on revaluation of properties	91,873
Total recognised gains and losses relating to the financial period	126,629

Balance sheet
at 31 March 2002

	<i>Note</i>	31 March 2002	
		£	£
Fixed assets			
Investment properties	8		4,260,000
Current assets			
Cash		1,926	
Creditors: amounts falling due within one year	9	(4,135,296)	
Net current liabilities			(4,133,370)
Net assets			126,630
Capital and reserves			
Share capital	10		1
Investment property revaluation reserve	12		91,873
Profit and loss account	12		34,756
Total shareholders' funds	11		126,630

These financial statements were approved by the board of directors on 28 October 2002 and were signed on its behalf by:


WJ Curtis
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules, modified to include the revaluation of investment properties, and in accordance with applicable accounting standards and with the Companies Act 1985 except as noted under "Investment Properties" below.

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to present a cash flow statement on the grounds that a parent undertaking includes the company in its own published financial statements.

The financial statements have been prepared on a going concern basis as the ultimate parent company, Sydney & London Properties Limited, has indicated its willingness to continue to support the company for the foreseeable future.

Turnover and profit on sale of investment properties

Turnover, which is stated net of VAT, consists of rental income earned from properties held for investment purposes. Proceeds from the sale of investment properties are not included in turnover, and the related profit or loss is calculated with reference to the carrying amount in the balance sheet. Acquisitions and disposals of investment properties are normally recognised when exchanged contracts become unconditional.

Investment properties

Design and construction management expenses together with interest incurred in respect of investment properties in the course of development are capitalised until the building is effectively completed and available for letting. Thereafter they are charged to the profit and loss account.

In accordance with Statement of Standard Accounting Practice No 19:

- investment properties are revalued annually and surpluses or deficits are transferred to a revaluation reserve unless a deficit on an individual property is considered permanent. In this case the deficit is charged to the profit and loss account and any subsequent reversal is credited to the profit and loss account in the period in which it arises; and
- no depreciation is provided in respect of freehold investment properties or leasehold interests with an unexpired term of more than 20 years.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts 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.

Notes (continued)

Investments properties (continued)

Independent professional valuations for investment properties are obtained by the directors periodically.

When not independently valued the investment properties are valued at the period end, on the same basis as the independent valuations, by a director who is a Fellow of the Royal Institution of Chartered Surveyors.

Taxation

Provision is made for corporation tax payable at current rates on profits as adjusted for tax purposes. Full provision for deferred tax on timing differences is made (without discounting) in accordance with Financial Reporting Standard 19: Deferred tax, at rates in force at the balance sheet date except in the cases specified in FRS 19, most notably timing differences relating to revaluation of investment properties for which there is no binding sale agreement.

In the case of investment properties, where a binding sale agreement has been entered into before the balance sheet date and the company has recognised the gains and losses expected to arise on sale, deferred tax is provided based on the taxation which would arise on the disposal of such properties at their book valuation. The provision is charged to the profit and loss account or, to the extent that it relates to the investment property valuation reserve, against that reserve.

Related party transactions

The exemption under Financial Reporting Standard 8 from the requirement to disclose transactions with group companies has been adopted.

2 Turnover

All turnover and profit on ordinary activities before taxation is derived from the UK and arises solely from the principal activity of the company.

3 Profit on ordinary activities before taxation

**Period ended
31 March 2002
£**

Profit on ordinary activities before taxation is stated after charging:

Auditor's remuneration	
Audit fees	1,000
Management charge (note 14)	33,534

4 Remuneration of directors

No director received any remuneration during the period.

5 Staff number and costs

The company has no employees. Certain expenses of the company are paid, and services are provided, by Gross Hill Management Services Limited, for which the company pays a management charge.

Notes (continued)

6 Interest payable and similar charges

	Period ended 31 March 2002 £
On bank and institutional loans and overdrafts	446
On other loans	209,589
	210,035

7 Taxation

Factors affecting the tax charge for the period

	Period ended 31 March 2002 £
Profit on ordinary activities before tax	34,756
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	10,427
Effects of: Utilisation of losses surrendered from other group companies free of charge	 (10,427)
Current tax charge for the period	-

If the investment property is subsequently sold at its current book value, no taxable gain is expected to arise due to the utilisation of group loss relief surrendered free of charge.

Notes (continued)

8 Investment properties

	Freehold £
At beginning of period	-
Additions in the period	4,168,127
Surplus on revaluation	91,873
At end of period	4,260,000

At 31 March 2002, the company's investment property was subject to a mortgage as security for borrowings of the parent undertaking of £3,557,800.

The historical cost of investment properties was:	2002 £
At end of period	4,168,127
At beginning of period	-

Open market valuation of the investment property was prepared as at 31 March 2002 by DTZ Debenham Tie Leung, acting as external valuers. The valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

9 Creditors: amounts falling due within one year

	2002 £
Amounts owed to group undertakings	4,035,191
Management fee payable to related party (note 14)	33,534
Other taxes and social security	66,571
	4,135,296

Notes *(continued)*

10 Called up share capital

	2002
	£
<i>Authorised</i>	
100 ordinary shares of £1 each	100
<i>Allotted, called up and fully paid</i>	
1 ordinary shares of £1 each	1

On incorporation one £1 ordinary share was issued for cash.

11 Reconciliation of movements in shareholders' funds

	Period ended
	31 March 2002
	£
At start of period	-
Profit for the financial period	34,756
Surplus on revaluation of investment property	91,873
Issue of share capital	1
Closing shareholders' funds	126,630

12 Reserves

	Investment property revaluation reserve £	Profit and loss account £
At start of period	-	-
Revaluation surplus	91,873	-
Profit for the financial period	-	34,756
At end of period	91,873	34,756

Notes (continued)

13 Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary undertaking of Sydney & London Properties Limited, registered in England and Wales, which heads the largest and only group in which the results of the company are consolidated and has control of the company.

The consolidated financial statements of the group are available to the public and may be obtained from Park House, Greyfriars Road, Cardiff CF1 3AF.

14 Related party transactions

Party	Relationship	Transaction	Value £	Balance at 31 March 2002 due (to)/from related party
Gross Hill Management Services Limited	Subsidiary of Gross Hill Properties Limited	Management fee payable	33,534	(33,534)

Gross Hill Properties Limited is a joint venture investor in Sydney & London Properties Limited.