

LEADENHALL RESIDENTIAL II LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2005



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06/07/2006

Company Registration Number 2791820

LEADENHALL RESIDENTIAL II LIMITED

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OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors

Matthew R. S. Royer-Kennedy
Jeremy J. Robinson

Company Secretary

Matthew R. S. Royer-Kennedy

Registered Office

Second Floor
14 Nicholas Lane
London
EC4N 7BN

Auditors

Solomon Hare Audit LLP
Chartered Accountants
Registered Auditors
Oakfield House
Oakfield Grove
Clifton
Bristol
BS8 2BN

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company has not traded in the year.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend (2004: £nil).

FINANCIAL RISK MANAGEMENT

The directors have not established any formal financial risk management objectives and policies due to the fact that the company has not been active in the year.

DIRECTORS

The directors who served the company during the year were as follows:

Matthew R. S. Royer-Kennedy

Jeremy J. Robinson

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the ultimate parent company.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

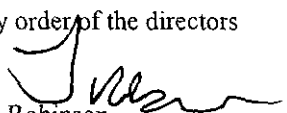
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

During the year Solomon Hare LLP changed its name to Solomon Hare Audit LLP.

A resolution to re-appoint Solomon Hare Audit LLP as the Auditors and to authorise the Directors to agree their remuneration will be proposed at the Annual General Meeting.

Signed by order of the directors


Jeremy J. Robinson
Director

Approved by the directors on 23.6.06

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LEADENHALL RESIDENTIAL II LIMITED

We have audited the financial statements of Leadenhall Residential II Limited, which comprise the Profit and Loss Account and the Balance Sheet, and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005; and
- have been properly prepared in accordance with the Companies Act 1985.

Solomon Hare Audit LLP
Chartered Accountants
Registered Auditors

Oakfield House
Oakfield Grove
Clifton

Bristol
BS8 2BN

Date:

23 June 2006

Solomon Hare Audit LLP

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

		2005	2004
	Note	£	£
Turnover	2	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	1
Operating profit	3	-	1
Interest receivable	5	-	337,809
Profit on ordinary activities before taxation		-	337,809
Tax on profit on ordinary activities	6	-	(320,452)
Retained profit for the financial year		-	17,357
Balance brought forward		490,988	473,631
Balance carried forward		490,988	490,988

All of the activities of the company are discontinued.

The company has no recognised gains or losses other than the results for the year as set out above.

LEADENHALL RESIDENTIAL II LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

		2005	2004
	Note	£	£
Current assets			
Debtors	7	4,843,190	4,847,262
Creditors: amounts falling due within one year	8	-	(4,072)
Net current assets		<u>4,843,190</u>	<u>4,843,190</u>
Net assets		<u>4,843,190</u>	<u>4,843,190</u>
Capital and reserves			
Called-up equity share capital	10	2,315,002	2,315,002
Share premium account		2,037,200	2,037,200
Profit and loss account		<u>490,988</u>	<u>490,988</u>
Equity shareholders' funds	11	<u>4,843,190</u>	<u>4,843,190</u>

These financial statements were approved by the directors on 23.6.06 and are signed on their behalf by:



Jeremy J. Robinson
Director

The notes on pages 6 to 8 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005**

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Cash flow statement

The cash flows of the company are included in the cash flow statement prepared by Leadenhall Holdings Limited. Accordingly, the company has taken advantage of the exemption in paragraph 5(a) of FRS1 (Revised 1996), "Cash Flow Statement", and published its own cash flow statement.

Turnover

The basis for turnover is detailed in Note 2.

Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred taxation balance has not been discounted.

2 TURNOVER

Turnover represents the gross rental turnover in respect of the company's properties and proceeds from sales of those properties. Turnover and pre tax profits, all of which arise in the UK, are attributable to one activity, residential property investment.

3 OPERATING PROFIT

Audit fees for 2005 and 2004 were paid on the company's behalf by a related company, Leadenhall UK Limited.

4 PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year (2004 - £nil).

The company does not have any employees (2004 - nil).

5 INTEREST RECEIVABLE

	2005	2004
	£	£
Interest from group undertakings	-	337,808

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
UK corporation tax based on the results for the year at 30% (2004 – 100%)	-	320,452
Total current tax	-	320,452

(b) Factors affecting current tax charge

	2005	2004
	%	%
The standard rate of corporation tax in the UK	30.0	30.0
Effects of:		
Small companies rate	-	(0.7)
Additional payment for group relief claimed	-	65.6
Effective rate of current tax charge for period	30.0	94.9

7 DEBTORS

	2005	2004
	£	£
Amounts owed by group undertakings	4,843,190	4,847,262

8 CREDITORS: Amounts falling due within one year

	2005	2004
	£	£
Corporation tax	-	4,072

9 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided by FRS8 not to disclose transactions with group companies on the basis that it is a 100% owned subsidiary and consolidated accounts in which it is included are publicly available.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

10 SHARE CAPITAL

Authorised share capital:

	2005	2004
	£	£
6,000,000 Ordinary shares of £0.50 each	3,000,000	3,000,000

Allotted, called up and fully paid:

	2005	2004
	£	£
4,630,003 Ordinary shares of £0.50 each	2,315,002	2,315,002

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Profit for the financial year	-	17,357
Opening shareholders' equity funds	4,843,190	4,825,833
Closing shareholders' equity funds	4,843,190	4,843,190

12 ULTIMATE PARENT COMPANY

The ultimate parent company and controlling entity is Leadenhall Holdings Limited, a company incorporated in Great Britain, which is also the smallest and largest group in which results of the company are consolidated.

The financial statements of Leadenhall Holdings Limited can be obtained from Second Floor, 14 Nicholas Lane, London EC4N 7BN.