

MWB Liberty Investments Limited

**Directors' report and financial
statements**

Registered number 2504796

30 June 2001



Directors' report and financial statements

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Directors' report

The directors present their report and the financial statements for the year ended 30 June 2001.

Principal activities

On 3 July 2000, the Company acquired an effective 68% interest in Liberty Plc through its subsidiary, Retail Stores Plc, an AIM listed company.

The Company continued to act as a holding company for its investments.

Dividends

The directors do not recommend the payment of a dividend (2000: £nil).

Directors and directors' interests

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

RG Balfour-Lynn
JW Harrison
JS Shashou
AF Blurton
J Singh
MA Bibring

None of the directors had any interest in the share capital of the Company. The interests of the directors in the share capital of the ultimate holding company, Marylebone Warwick Balfour Group Plc, are disclosed in the financial statements of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Gail Robson-Skeete
Secretary

1 West Garden Place
Kendal Street
London W2 2AQ

22nd April

2002

Statement of 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 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

PO Box 695
8 Salisbury Square
London EC4Y 8BB

Report of the auditors to the members of MWB Liberty Investments Limited

We have audited the financial statements on pages 4 to 10.

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. 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 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 30 June 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

30 April 2002

Profit and loss account
for the year ended 30 June 2001

	<i>Note</i>	2001 £	2000 £
Administrative expenses		(149,229)	(2,619)
Operating loss		(149,229)	(2,619)
Net interest payable	2	(1,740,680)	-
Loss on ordinary activities before taxation	3	(1,889,909)	(2,619)
Tax on loss on ordinary activities	4	-	-
Retained loss for the financial year		(1,889,909)	(2,619)

All amounts relate to continuing activities.

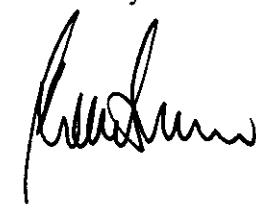
There is no difference between losses as stated and losses on the historical cost basis.

There are no recognised gains or losses other than the loss for the financial year.

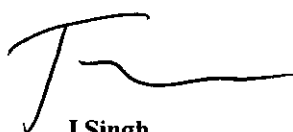
Balance sheet
at 30 June 2001

	Note	2001 £	2000 £
Fixed assets			
Investments	5	45,840,594	672,706
Current assets			
Debtors - due within one year	6	100	2,039
Debtors - due after more than one year	6	-	250,454
		<hr/>	<hr/>
		100	252,493
Creditors: amounts falling due within one year	7	(47,733,341)	(927,937)
		<hr/>	<hr/>
Net current liabilities		(47,733,241)	(675,444)
		<hr/>	<hr/>
Total assets less current liabilities		(1,892,647)	(2,738)
		<hr/>	<hr/>
Net liabilities		(1,892,647)	(2,738)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account	9	(1,892,747)	(2,838)
		<hr/>	<hr/>
Equity shareholders' deficit		(1,892,647)	(2,738)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 22nd April 2002 and were signed on its behalf by:



A. J. Blurton
Director



J Singh
Director

Reconciliation of movements in shareholders' deficit
for the year ended 30 June 2001

	2001 £	2000 £
Loss for the financial year	(1,889,909)	(2,619)
Net reduction in shareholders' funds	(1,889,909)	(2,619)
Opening shareholders' deficit	(2,738)	(119)
Closing shareholders' deficit	(1,892,647)	(2,738)

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 Company has received an assurance from its holding company that it will provide such funds as are necessary in order for the Company to meet its liabilities as they fall due. For this reason the financial statements have been prepared on the going concern basis.

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

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Marylebone Warwick Balfour Group Plc, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Investments

Investments are stated at cost less any provision for impairment.

2 Net interest payable

	2001 £	2000 £
Bank interest	556,499	-
Debt issue costs	1,184,181	-
	<hr/>	<hr/>
	1,740,680	-
	<hr/>	<hr/>

3 Loss on ordinary activities before taxation

	2001 £	2000 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration - as auditors	-	-
	<hr/>	<hr/>

Audit fees are borne by a parent undertaking.

Notes (continued)

4 Tax on loss on ordinary activities

The Company's tax losses have been surrendered to other group members for no consideration.

5 Fixed assets investments

	Trade investment £	Subsidiary undertakings £	Total £
At 1 July 2000	629,008	43,698	672,706
Acquisition	-	45,167,888	45,167,888
Transfer to investment in subsidiaries	(629,008)	629,008	-
At 30 June 2001	-	45,840,594	45,840,594

The subsidiary undertakings of the Company at 30 June 2001, were as follows:

Held by Company	Class of issued share capital held	Holding of shares	Nature of Activities
Retail Stores Plc	Ordinary	68.31%	Holding company

Principal interests held by subsidiaries

Liberty Public Limited Company	Ordinary	68.31%	Retail operations
Liberty Investment Limited	Ordinary	68.31%	Retail operations
Liberty Japan Co. Limited (incorporated in Japan)	Ordinary	34.16%	Retail operations
Liberty of London Prints Limited	Ordinary	68.31%	Retail operations
Liberty Retail Limited	Ordinary	68.31%	Retail operations

The shares of Retail Stores Plc are listed on AIM. The market value of the Company's holding at 30 June 2001 was £42.5 million.

Notes *(continued)*

6 Debtors: amounts falling due within one year

	2001 £	2000 £
Amounts due from group undertakings	100	100
Other debtors	-	1,939
	<hr/>	<hr/>
	100	2,039
	<hr/>	<hr/>
Amounts falling due after more than one year		
Prepayments	-	250,454
	<hr/>	<hr/>

7 Creditors: amounts falling due within one year

	2001 £	2000 £
Amounts owed to group undertakings	47,733,341	925,779
Other creditors	-	2,158
	<hr/>	<hr/>
	47,733,341	927,937
	<hr/>	<hr/>

8 Called up share capital

	2001 £	2000 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

Notes *(continued)*

9 Profit and loss account

£

At 1 July 2000	(2,838)
Retained loss for the year	(1,889,909)
	<hr/>
At 30 June 2001	(1,892,747)
	<hr/> <hr/>

10 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Marylebone Warwick Balfour Group Plc, which is registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by Marylebone Warwick Balfour Group Plc. The consolidated financial statements are available to the public and may be obtained from the Company Secretary, City Group Limited, 25 City Road, London EC1Y 1BQ.

MWB Project Management Holdings Limited

Directors' report and financial
statements

Registered number: 4129288

30 June 2001

Directors' report and financial statements

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Directors' report

The directors present their report and the audited financial statements for the period from 18 December 2000, being the date of incorporation to 30 June 2001.

The Company was incorporated as MWB (Hotel GP Shareholder) Limited and changed its name to MWB Project Management Holdings Limited on 27 November 2001.

Principal activities

The Company did not trade during the period and accordingly no profit and loss account has been prepared.

The Company started to act as a holding company after the period end.

Dividends

The directors do not recommend the payment of a dividend.

Directors and directors' interests

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

Filex Nominees Limited	(appointed 18 December 2000, resigned 29 January 2001)
RG Balfour-Lynn	(appointed 29 January 2001)
JW Harrison	(appointed 29 January 2001)
JS Shashou	(appointed 29 January 2001)
AF Blurton	(appointed 29 January 2001)
J Singh	(appointed 29 January 2001)
MA Bibring	(appointed 29 January 2001)

None of the directors had any interest in the share capital of the Company. The interests of the Directors in the share capital of the ultimate holding company, Marylebone Warwick Balfour Group Plc, are disclosed in the financial statements of that company.

Auditors

The directors appointed KPMG Audit Plc as auditors during the period.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Gail Robson-Skeete
Secretary

1 West Garden Place
Kendal Street
London W2 2AQ

22nd April

2002

Statement of 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 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

PO Box 695
8 Salisbury Square
London EC4Y 8BB

Report of the auditors to the members of MWB Project Management Holdings Limited

We have audited the financial statements on page 4 to 5.

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 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 30 June 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor


30 April 2002

Balance sheet
at 30 June 2001

	<i>Note</i>	2001 £
Debtors	2	2
Net assets		2
Capital and reserves		
Called up share capital	3	2
Equity shareholders' funds		2

These financial statements were approved by the board of directors on *22nd April* 2002 and were signed on its behalf by:


AF Blurton
Director


J Singh
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 in accordance with applicable accounting standards and under the historical cost accounting rules.

As the Company is a wholly owned subsidiary of Marylebone Warwick Balfour Group Plc, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

2 Debtors

	2001 £
Amounts owed by group undertakings	2
	<hr/>

3 Called up share capital

	2001 £
<i>Authorised</i>	
1,000 ordinary shares of £1 each	1,000
	<hr/>
<i>Allotted, called up and fully paid</i>	
2 ordinary shares of £1 each	2
	<hr/>

4 Profit and loss account

During the financial year the Company did not trade, it received no income and incurred no expenditure.

5 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Marylebone Warwick Balfour Group Plc, which is registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by Marylebone Warwick Balfour Group Plc. The consolidated financial statements are available to the public and may be obtained from the Company Secretary, City Group Limited, 25 City Road, London EC1Y 1BQ.