

Company Number: 3519669

Grantchester Properties (Catford) Limited

Report and Financial Statements

15 Month Period Ended

31 December 2002



Grantchester Properties (Catford) Limited

Report and financial statements for the 15 month period ended 31 December 2002

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Directors

D J Atkins
M J Baker
J A Bywater
P W B Cole
N A S Hardie
I F S Harris
G H Wright

Secretary and registered office

S J Haydon, 100 Park Lane, London, W1K 7AR

Company number

3519669

Auditors

Deloitte & Touche LLP, London

Grantchester Properties (Catford) Limited

Report of the directors for the period ended 31 December 2002

The directors present their report together with the audited financial statements for the 15 month period ended 31 December 2002. The accounting reference date was changed from 30 September to 31 December to be consistent with the ultimate parent company.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the period.

The directors do not recommend the payment of a final dividend (2001: £nil).

Principal activities, review of business and future developments

The principal activity of the Company is that of property investment in the United Kingdom.

On 19 September 2002, the Company's ultimate parent company, Grantchester Holdings plc, was acquired by Hammerson plc.

The directors are satisfied with the performance of the Company during the 15 month period under review and do not anticipate any significant changes in activity in the forthcoming year.

Directors

The directors of the Company throughout the period, except as noted, were:

D J Atkins	(appointed 28 March 2003)
M J Baker	(appointed 23 September 2002)
J A Bywater	(appointed 23 September 2002)
P W B Cole	(appointed 23 September 2002)
N A S Hardie	(appointed 23 September 2002)
I F S Harris	(appointed 23 September 2002)
G H Wright	(appointed 23 September 2002)
N B T Alford	(appointed 20 November 2001, resigned 23 September 2002)
C M S Evans	(resigned 31 March 2002)
A N Hewson	(resigned 23 September 2002)
P L Huberman	(resigned 23 September 2002)
T P Walton	(resigned 23 September 2002)

No director had any interest in the share capital of the Company during or at the end of the period. The interests of Messrs Bywater and Cole in the share capital of the ultimate parent company, Hammerson plc, are disclosed in the financial statements of that company. The interests, if any, of the remaining directors in the share capital of Hammerson plc or any other group undertaking, are disclosed in the financial statements of Hammerson UK Properties plc, a fellow group undertaking.

Other than as set out above, no director had any interest in the share capital of any other group undertaking during or at the end of the period.

Grantchester Properties (Catford) Limited

Report of the directors for the period ended 31 December 2002 (*Continued*)

Directors' responsibilities

United Kingdom 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 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; and
- 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 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.

Company secretary

The company secretaries of the Company during the period were:

S J Haydon (appointed 23 September 2002)
I M Hollocks (resigned 23 September 2002)

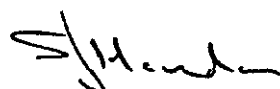
Auditors

The auditors, BDO Stoy Hayward, resigned on 18 November 2002 and on the same date Deloitte & Touche LLP were appointed in their place.

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

Deloitte & Touche LLP have indicated their willingness to continue in office.

By order of the board



S J Haydon 27/10/03
Secretary

Grantchester Properties (Catford) Limited

Report of the independent auditors

To the members of Grantchester Properties (Catford) Limited

We have audited the financial statements of Grantchester Properties (Catford) Limited for the 15 month period ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 15. These financial statements have been prepared under 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 on page 2 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 United Kingdom legal and regulatory requirements and 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.

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.

Grantchester Properties (Catford) Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2002 and of its profit for the 15 month period ended 31 December 2002 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

*Chartered Accountants
and Registered Auditors*
London

29 October 2003

Grantchester Properties (Catford) Limited**Profit and loss account for the 15 months ended 31 December 2002**

	Note	15 months ended 31 December 2002 £	Year ended 30 September 2001 £
Turnover	1	1,670,690	1,272,621
Cost of sales		(62,500)	(54,251)
Gross profit and operating profit		1,608,190	1,218,370
Taxation on profit on ordinary activities	5	(65,000)	-
Retained profit on ordinary activities after taxation	12	1,673,190	1,218,370

All amounts relate to continuing activities.

Grantchester Properties (Catford) Limited

Statement of total recognised gains and losses for the period ended 31 December 2002

	Note	15 months ended 31 December 2002 £	Year ended 30 September 2001 £
Profit for the financial period		1,673,190	1,218,370
Unrealised surplus/(deficit) on revaluation of investment properties	13	3,182,416	(847,104)
Total recognised gains and losses for the financial period		4,855,606	371,266

Grantchester Properties (Catford) Limited

Balance sheet at 31 December 2002

	Note	31 December 2002 £	31 December 2002 £	30 September 2001 As restated* £	30 September 2001 As restated* £
Fixed assets					
Investment properties	6		29,000,000		26,000,000
Investments in subsidiary undertakings	7		2		-
			<u>29,000,002</u>		<u>26,000,000</u>
Current assets					
Debtors	8	-		1	
Creditors: amounts falling due within one year	9	(15,914,994)		(17,705,599)	
Net current liabilities			<u>(15,914,994)</u>		<u>(17,705,598)</u>
Total assets less current liabilities			13,085,008		8,294,402
Provision for liabilities and charges	10		(85,000)		(150,000)
Net assets			<u>13,000,008</u>		<u>8,144,402</u>
Capital and reserves					
Called up share capital	11		1		1
Revaluation reserve	12		9,503,015		6,320,599
Profit and loss account	12		3,496,992		1,823,802
Equity shareholders' funds			<u>13,000,008</u>		<u>8,144,402</u>

* Comparative figures have been restated following the change in accounting policies referred to in note 1.
The financial statements were approved by the Board on

Director

Kishan Patel
27/12/03

Director

Michael Baker

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties and in accordance with applicable United Kingdom accounting standards. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated.

Changes in accounting policies during the period

On 19 September 2002 the Company's ultimate parent company, Grantchester Holdings plc was acquired by Hammerson plc. Following the acquisition, the directors undertook a review of the Company's accounting policies to identify whether any changes in policy were required in order to be consistent with those applied by Hammerson plc.

The principal change in policy required, relates to the accounting treatment of operating lease incentives. Previously, lease incentives such as rent free periods, reverse premia or contributions to fitting out costs were included within debtors and the balance sheet carrying values of the Company's investment properties excluded any amounts attributable to any such separately disclosed asset. This policy has been changed such that any accrued rent receivable or similar asset is now capitalised into the historical cost of the relevant property.

The results for the year ended 30 September 2001 have been amended accordingly. The financial effects of this change in policy on both the current period and the preceding year, are set out in notes 6 and 8.

Basis of non-consolidation

Grantchester Properties (Catford) Limited is exempt from preparing group accounts under section 228 of the Companies Act 1985 as it is itself a subsidiary undertaking and its ultimate parent company prepares consolidated accounts.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment.

Valuation of properties

Completed investment properties are revalued by external professional valuers on the basis of market value, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors, net of purchaser's costs. The aggregate surplus or deficit arising from revaluation is transferred to the revaluation reserve.

Substantially completed investment properties under development are stated at estimated market value on completion, as provided by external professional valuers, less estimated costs to complete. Other investment properties under development are stated at cost which, in the opinion of the directors, equates to market value.

Costs include capitalised interest and other outgoings, excluding overheads, less any attributable rental income. Lease incentives which enhance the property are added to the cost of the property.

1 Accounting policies (continued)

Capitalised interest

Interest is capitalised gross of any tax relief in accordance with FRS 15. For this purpose, the interest rate applied is either the actual rate paid on specific borrowings or, if financed out of general funds, the average rate paid to fund the Company's assets. Interest is capitalised on investment properties under development from the date of commencement of the development to the date of practical completion.

Depreciation

In accordance with Statement of Standard Accounting Practice No. 19 "Accounting for investment properties", no depreciation is provided in respect of freehold investment properties or leasehold properties with over 20 years to expiry. This is a departure from the requirements of the Companies Act 1985 which requires all properties to be depreciated. Such properties are not held for consumption, but for investment, and the directors consider that to depreciate them would not give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The directors consider that this policy results in the accounts giving a true and fair view.

Turnover

Turnover arises from activities within the United Kingdom and comprises rents receivable from investment properties.

Rent increases arising from rent reviews are taken into account when such reviews have been agreed with tenants. Where a lease incentive does not enhance the property, it is amortised over the period to the earlier of the first rent review, the first break option, or the end of the lease term. On new leases with rent free periods, rental income is allocated evenly over the period from the date of lease commencement to the date of the first rent review.

Differences between property operating expenditure incurred and that recovered from tenants through service charges are included in cost of sales.

Profits on sale of properties

Profits on sale of properties are taken into account on the completion of contract. Profits arising from the sale of trading properties acquired with a view to resale are included in the profit and loss account as part of the operating profit of the Company. Profits or losses arising from the sale of investment properties are calculated by reference to book value at the end of the previous year, adjusted for subsequent capital expenditure, and treated as exceptional items.

Deferred taxation

Deferred tax is provided on all timing differences and is reduced by available tax losses. Deferred tax balances are not discounted. No provision is made for taxation that may arise on the future disposal of the Company's properties.

Grantchester Properties (Catford) Limited

Notes forming part of the financial statements for the period ended 31 December 2002 (Continued)

1 Accounting policies (continued)

Cash flow statement

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 1 "Cash Flow Statements (Revised 1996)" not to prepare a cash flow statement as a consolidated cash flow statement is included in the financial statements of its ultimate parent company.

2 Auditors' remuneration

The auditors' remuneration is borne by the Company's ultimate parent company in the current period and prior year.

3 Employees

The average number of employees during the period, excluding directors, was nil (2001 - nil).

4 Directors

The directors did not receive any remuneration for services to the Company in both the current period and preceding financial year.

5 Taxation on profit on ordinary activities

	15 months ended 31 December 2002 £	Year ended 30 September 2001 £
<i>Deferred tax</i>		
Origination and reversal of profit and loss account timing differences	65,000	-

5 Taxation on profit on ordinary activities (Continued)

The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are explained below:

	15 months ended 31 December 2002 £	Year ended 30 September 2001 £
Profit on ordinary activities before tax	1,608,190	1,218,370
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 - 30%)	482,457	365,511
Effect of:		
Capital allowances for the period	(28,982)	(32,499)
Group relief surrendered without payment	(472,225)	(477,357)
Prior year profit restated	-	129,370
Other items	18,750	14,975
Current tax charge for period	-	-

No taxation arises on the profit on ordinary activities for the current period (2001 - £nil).

The only significant reconciling item to the assumed taxation charge or credit that would have arisen at the current UK corporation tax rate, is the impact on the Company of the utilisation of tax losses available within the group.

Grantchester Properties (Catford) Limited

Notes forming part of the financial statements for the period ended 31 December 2002 (*Continued*)

6 Investment properties

	Completed freehold properties at external valuation £
<i>Cost or valuation</i>	
At 1 October 2001 as originally stated	25,423,940
Prior year adjustments - change in accounting policy (note 8)	576,060
	<hr/>
At 1 October 2001 as restated	26,000,000
Additions at cost	24,484
Revaluation movement in the period	3,182,416
Amortisation of lease incentives	(206,900)
	<hr/>
At 31 December 2002	29,000,000
	<hr/>
At 30 September 2001 as restated	26,000,000
	<hr/>

The completed property is stated at market value at 31 December 2002, valued by professionally qualified external valuers, Donaldsons, Chartered Surveyors.

The historical cost of the Company's property is £19,496,985 (2001: £19,679,401 as restated).

Capitalised interest included within the above figure amounts to £468,000 (2001: £468,000).

At 31 December 2002 the Company's investment property was subject to a first legal charge in respect of a syndicated bank loan facility provided to Grantchester Securities Limited, a fellow subsidiary undertaking.

Should the property be disposed of at book value the tax liability which would arise would not exceed £2,700,000 (2001: £1,758,000).

Grantchester Properties (Catford) Limited

Notes forming part of the financial statements for the period ended 31 December 2002 (*Continued*)

7 Fixed asset investments

	Investments in subsidiary undertakings £
<i>Cost</i>	
At 1 October 2001	-
Additions	2
	<hr/>
<i>Net book value</i>	
At 31 December 2002	2
	<hr/>
At 30 September 2001	-
	<hr/>

Subsidiary undertakings

Details of the Company's principal subsidiary undertakings as at the period end, which are wholly owned are as follows:

Name	Class of share capital held	Nature of business
Grantchester Nominees (Catford 1) Limited	Ordinary	Property investment
Grantchester Nominees (Catford 2) Limited	Ordinary	Property investment

All the subsidiary undertakings are incorporated in Great Britain.

The subsidiary undertakings jointly hold the legal title to an investment property for which the beneficial ownership is held in trust for the Company.

Grantchester Properties (Catford) Limited**Notes forming part of the financial statements for the period ended 31 December 2002 (Continued)****8 Debtors**

	31 December 2002	30 September 2001
	£	As restated £
Amounts owed by group undertakings	-	1

All amounts shown under debtors fall due for payment within one year.

As a result of the change in accounting policy referred to in note 1, unamortised lease incentive costs amounting to £576,060 as at 30 September 2001, have been reclassified from prepayments and accrued income to investment properties, as set out in note 6.

As at 31 December 2002, the historical cost of investment properties includes unamortised lease incentive costs of £369,160 which would previously have been included in debtors had there been no change in accounting policy.

9 Creditors: amounts falling due within one year

	31 December 2002	30 September 2001
	£	£
Amounts owed to group undertakings	15,575,128	17,306,987
Accruals and deferred income	339,866	398,612
	15,914,994	17,705,599

Grantchester Properties (Catford) Limited

Notes forming part of the financial statements for the period ended 31 December 2002 (*Continued*)

10 Provision for liabilities and charges

	Deferred taxation £
At 1 October 2001	150,000
Originating timing differences included in taxation in the profit and loss account	(65,000)
	<hr/>
At 31 December 2002	85,000
	<hr/>

Deferred taxation

	31 December 2002 £	30 September 2001 £
Accelerated capital allowances	85,000	-
Capitalised interest	-	150,000
	<hr/>	<hr/>

11 Share capital

	31 December 2002 £	Authorised 30 September 2001 £	Allotted, called up and fully paid 31 December 2002 £	30 September 2001 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	100	100	1	1
	<hr/>	<hr/>	<hr/>	<hr/>

12 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 October 2001	6,320,599	1,823,802
Revaluation surplus	3,182,416	-
Profit for the financial period	-	1,673,190
	<hr/>	<hr/>
At 31 December 2002	9,503,015	3,496,992
	<hr/>	<hr/>

Grantchester Properties (Catford) Limited

Notes forming part of the financial statements for the period ended 31 December 2002 (Continued)

13 Reconciliation of movements in shareholders' funds

	15 months ended 31 December 2002 £	Year ended 30 September 2001 £
Profit for the financial period	1,673,190	1,218,370
Unrealised surplus/(deficit) on revaluation of investment properties during the period	3,182,416	(847,104)
Net additions to shareholders' funds	4,855,606	371,266
Opening shareholders' funds	8,144,402	7,773,136
Closing shareholders' funds	13,000,008	8,144,402

14 Related party transactions

The Company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Disclosures", not to disclose details of all of its related party transactions with other group companies.

In the opinion of the directors there are no other related party transactions to be disclosed in the current period or preceding year.

15 Ultimate parent company

At 31 December 2002 the Company's ultimate parent company was Hammerson plc, which is incorporated in Great Britain and is the parent undertaking of the smallest and largest group to consolidate these financial statements.

At 31 December 2002 the Company's immediate parent company was Grantchester Securities Limited.

Copies of the consolidated financial statements of Hammerson plc are available from the Company Secretary, 100 Park Lane, London, W1K 7AR.