

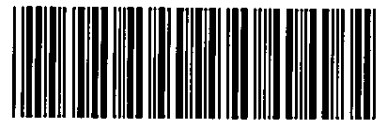
Company Number 3691887

**GRANTCHESTER PROPERTIES (LUTON) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2007

TUESDAY



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## **GRANTCHESTER PROPERTIES (LUTON) LIMITED**

### **REPORT OF THE DIRECTORS** **Year ended 31 December 2007**

#### **1 PRINCIPAL ACTIVITIES**

The principal activity of the Company is property investment in the United Kingdom. The directors do not anticipate any significant change in the principal activity in the foreseeable future.

#### **2 RESULTS AND DIVIDENDS**

The profit for the year after tax was £771,000 (2006 £124,000 loss). The directors do not recommend the payment of a dividend (2006 £nil).

#### **3 REVIEW OF ACTIVITIES AND FUTURE PROSPECTS**

It is expected that the Company will continue to hold its investment properties for the foreseeable future.

The Company, as a small company, is exempt from the requirement to report an Enhanced Business Review as required by s246 (4) of the Companies Act 1985.

#### **4 DIRECTORS**

- a) Mr D J Atkins, Mr P W B Cole, Mr J M Emery, Mr N A S Hardie and Mr A J G Thomson were directors of the Company throughout the year.
- b) Mr J A Bywater resigned as a director of the Company on 31 March 2007.
- c) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation.
- d) No director has any interest in contracts entered into by the Company.
- e) This directors' report does not contain a statement as to director's interests, debentures or options over shares in the Company, the ultimate parent of the Company or any other body corporate in the same group following the repeal of paragraphs 2, 2A and 2B of schedule 7 to the Companies Act 1985. These paragraphs ceased to be in force on 6 April 2007 in relation to accounts approved following that date by the Companies Act 2006 (Commencement No 2, Consequential Amendments, Transitional Provisions and Savings) order 2007 (SI 2007/1093).

#### **5 SECRETARY**

Mr S J Haydon was Secretary of the Company throughout the year.

#### **6 INDEMNITY**

The Company's ultimate parent company Hammerson plc, has made qualifying third party indemnity provisions for the benefit of the Company's directors which were in place throughout the year and which remain in place at the date of this report.

## **GRANTCHESTER PROPERTIES (LUTON) LIMITED**

### **REPORT OF THE DIRECTORS**

Year ended 31 December 2007

#### **7 AUDITORS**

The Company has elected to dispense with the obligations to appoint auditors annually. Deloitte & Touche LLP will resign from office on 1 March 2008 and BDO Stoy Hayward LLP shall be deemed to be appointed as auditors.

BDO Stoy Hayward LLP have indicated their willingness to be appointed in office.

#### **8 PROVISION OF INFORMATION TO AUDITORS**

In accordance with Section 234ZA of the Companies Act 1985, those persons who are directors of the Company at the date of approval of this report have confirmed that

- (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board



S J Haydon  
Secretary

Registered Office  
10 Grosvenor Street  
London, W1K 4BJ  
Registered in England and Wales No 3691887

28 AUG 2008

## **GRANTCHESTER PROPERTIES (LUTON) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

United Kingdom 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 as at the end of the financial year and of the profit or loss of the Company for that year

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently, make judgments 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

## **GRANTCHESTER PROPERTIES (LUTON) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF GRANTCHESTER PROPERTIES (LUTON) LIMITED**

We have audited the financial statements of Grantchester Properties (Luton) Limited for the year ended 31 December 2007, which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholder's funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *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.

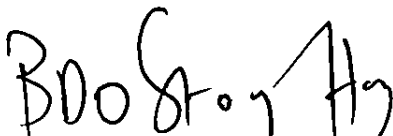
**GRANTCHESTER PROPERTIES (LUTON) LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF GRANTCHESTER PROPERTIES (LUTON) LIMITED**

*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 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and,
- the information given in the Directors' Report is consistent with the financial statements



**BDO STOY HAYWARD LLP**

Chartered Accountants and Registered Auditors  
Epsom

Date 2 September 2008

**GRANTCHESTER PROPERTIES (LUTON) LIMITED****PROFIT AND LOSS ACCOUNT**Year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Gross rental income		1,987	1,398
Rents payable and other property outgoings		(32)	-
Net rental income		1,955	1,398
Administration expenses	2	(176)	(160)
<b>Operating profit</b>		1,779	1,238
Net cost of finance	3	(1,008)	(830)
<b>Profit on ordinary activities before taxation</b>		771	408
Taxation	4	-	(532)
<b>Profit/(loss) on ordinary activities after taxation</b>		771	(124)

All amounts relate to continuing activities

# GRANTCHESTER PROPERTIES (LUTON) LIMITED

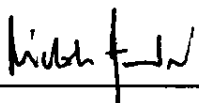
## BALANCE SHEET At 31 December 2007

	Notes	2007		2006 Restated*	
		£'000	£'000	£'000	£'000
<b>Tangible fixed assets</b>					
Investment properties	5		30,820		35,080
Fixed asset investments	6		-		-
<b>Current assets</b>					
Debtors	7	1,861		1,736	
<b>Creditors: amounts falling due within one year</b>	8	(16,014)		(16,142)	
<b>Net current liabilities</b>			(14,153)		(14,406)
<b>Total assets less current liabilities</b>			16,667		20,674
Creditors amounts falling due after one year	9		-		(351)
<b>Net assets</b>			16,667		20,323
			=====		=====
<b>Capital and Reserves</b>					
Called up share capital	10		-		-
Revaluation reserve	11		8,576		13,003
Profit and loss account	11		8,091		7,320
<b>Shareholder's funds</b>			16,667		20,323
			=====		=====

\* Restated for change in accounting policies (see note 1(a))

These financial statements were approved and authorised for issue by the Board of Directors on 28 AUG 2008

Signed on behalf of the Board of Directors



**GRANTCHESTER PROPERTIES (LUTON) LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**Year ended 31 December 2007

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Profit/(loss) for the financial year	771	(124)
Unrealised (deficit)/surplus on revaluation of properties	(4,427)	2,972
	<hr/>	<hr/>
Total recognised gains and losses for the year	(3,656)	2,848
	<hr/>	<hr/>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS/DEFICIT**Year ended 31 December 2007

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Profit/(loss) for the financial year	771	(124)
Unrealised (deficit)/surplus on revaluation of properties	(4,427)	2,972
	<hr/>	<hr/>
Net movement in shareholder's funds	(3,656)	2,848
Shareholder's funds at 1 January	20,323	17,475
	<hr/>	<hr/>
Shareholder's funds at 31 December	16,667	20,323
	<hr/>	<hr/>

## GRANTCHESTER PROPERTIES (LUTON) LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2007

#### 1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current and preceding years, except as explained in note 1(a)

##### a) Changes in accounting policy

Comparative figures have been restated to reflect two changes in accounting policies, which the directors consider gives a more appropriate presentation of the Company's operations

- i Lease incentives and costs associated with entering into tenant leases are added to the cost of property and amortised over the period to the first break option or, if the probability that the break option will be exercised is considered low, over the lease term. Previously, lease incentives were amortised over the period to the earlier of the first rent review, the first break option, or the end of the lease
- ii Marketing costs are expensed in the profit and loss account as incurred. Previously, marketing costs were capitalised to the cost of property where they were deemed to enhance the value of that property

As a result, comparative figures for the year ended 31 December 2006 have been adjusted as follows

	Profit and loss account £'000	Revaluation reserve £'000
As previously reported	7,323	13,000
Effect of the change in accounting policies	(3)	3
As restated	7,320	13,003
	=====	=====

Following the changes in accounting policy explained above, the operating profit for the year ended 31 December 2007 remains unchanged and there is no effect on shareholder's funds at 31 December 2007

##### b) Basis of accounting

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

## **GRANTCHESTER PROPERTIES (LUTON) LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2007**

#### **1. ACCOUNTING POLICIES (Continued)**

##### **c) Net rental income**

Rental income from properties leased out under an operating lease is recognised in the profit and loss account on a straight-line basis over the lease term. Contingent rents, such as turnover rents, rent reviews and indexation are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Lease incentives and costs associated with entering into tenant leases are added to the costs of property and are amortised over the period to the first break option or, if the probability that the break option will be exercised is considered low, over the lease term.

Property operating expenses are accounted for on an accruals basis and any property operating expenditure not recovered from tenants through service charges is charged to the profit and loss account.

##### **d) Deferred tax**

In accordance with Financial Reporting Standard 19 "Deferred Tax", deferred tax is provided in respect of all timing differences that may give rise to an obligation to pay more or less tax in the future.

##### **e) Investment properties**

Properties held for the long term are valued at the balance sheet date at market value. Surpluses and deficits arising from revaluation are taken to the revaluation reserve.

All costs directly associated with the purchase and construction of a development property are capitalised. A property is regarded as being in the course of development until ready for its intended use.

##### **f) Depreciation**

In accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of freehold properties or leasehold properties with over twenty 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 amongst 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.

# GRANTCHESTER PROPERTIES (LUTON) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2007

### 2. ADMINISTRATION EXPENSES

	2007 £'000	2006 £'000
Management fee payable to fellow group company	165	160
Other administration expenses	11	-
	<u>176</u>	<u>160</u>
	=====	=====

The average number of employees during the year, excluding directors, was nil (2006 nil)

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

Another group company has paid the auditors' remuneration in both the current and preceding financial year Fees for the audit of the Company were £1,300 (2006 £1,900)

### 3. NET FINANCE COST

	2007 £'000	2006 £'000
Interest payable to ultimate parent company	1,010	830
Bank and other interest receivable	(2)	-
	<u>1,008</u>	<u>830</u>
	=====	=====

### 4. TAXATION

#### (a) Tax charge

	2007 £'000	2006 £'000
Entry charge payable on election for UK REIT status	-	702
Deferred tax	-	(170)
	<u>-</u>	<u>532</u>
	=====	=====

## GRANTCHESTER PROPERTIES (LUTON) LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2007

#### 4. TAXATION (continued)

##### (b) UK REIT status

The Company's ultimate parent company, Hammerson plc, elected to be taxed as a UK Real Estate Investment Trust ("UK REIT") from 1 January 2007, and as a consequence, group companies are exempted from UK corporation tax on the profits of a UK property rental business and on the gains on UK investment properties

Group companies remain subject to UK corporation tax on other items but, as the group has surplus tax losses, the group's policy is for these taxable profits and losses to be fully offset by group relief surrendered without payment, so that individual subsidiaries do not bear tax

The Company therefore had no tax charge in the year and this is expected to continue for the foreseeable future. Profits covered by group relief for the year ended 31 December 2007 are nil (2006 as restated £400,000)

The prior year current tax charge represented the provision for the UK REIT entry charge and the deferred tax credit was the related release of deferred tax

#### 5. INVESTMENT PROPERTIES

- |     |  |                           |
|-----|--|---------------------------|
| (a) | The movements in the year on properties were | <b>Freehold<br/>£'000</b> |
|     | <i>At valuation</i>                          |                           |
|     | At 1 January 2007                            | 35,080                    |
|     | Additions at cost                            | 167                       |
|     | Deficit arising on revaluation               | (4,427)                   |
|     |  | -----                     |
|     | At 31 December 2007                          | 30,820<br>=====           |
- (b) The Company's investment property is stated at market value at 31 December 2007, valued by professionally qualified external valuers, DTZ Debenham Tie Leung, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The deficit arising on revaluation has been transferred to the revaluation reserve
- (c) The historical cost of investment property at 31 December 2007 was £22,247,000 (2006 £22,080,000)

# GRANTCHESTER PROPERTIES (LUTON) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2007

### 6. FIXED ASSET INVESTMENTS

Investment in  
subsidiary  
undertakings  
£

*Cost and net book value*

At 1 January 2007 and 31 December 2007

2

=====

#### Subsidiary undertakings

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

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

All the subsidiary undertakings were incorporated in Great Britain

### 7. DEBTORS

	2007 £'000	2006 £'000
Trade debtors	573	561
Other debtors and prepayments	719	867
Amounts owed by group undertakings	569	308
	-----	-----
	1,861	1,736
	=====	=====

All amounts shown under debtors fall due for payment within one year. Amounts due from the ultimate parent company bear interest at variable rates based on LIBOR

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Amounts owed to group undertakings	15,127	15,486
Accruals and deferred income	451	256
Taxation and social security	85	49
UK REIT entry charge payable	351	351
	-----	-----
	16,014	16,142
	=====	=====

Interest is charged on the amount owed to the ultimate parent company at variable rates based on LIBOR

# GRANTCHESTER PROPERTIES (LUTON) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2007

### 9. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2007 £'000	2006 £'000
UK REIT entry charge payable	-	351
	=====	=====

### 10. SHARE CAPITAL

	2007 £	2006 £
<b>Authorised:</b>		
100 (2006 100) ordinary shares of £1 each	100	100
	=====	=====
<b>Allotted, called up and fully paid:</b>		
1 (2006 1) ordinary shares of £1 each	1	1
	=====	=====

### 11. RESERVES

	Revaluation Reserve £'000	Profit and loss account £'000
At 1 January 2007 as previously stated	13,000	7,323
Restatement (see note 1(a))	3	(3)
	-----	-----
	13,003	7,320
Deficit on revaluation of investment properties	(4,427)	-
Profit for the financial year	-	771
	-----	-----
At 31 December 2007	8,576	8,091
	=====	=====

### 12. RELATED PARTY DISCLOSURE AND CASH FLOW STATEMENT

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 or preceding financial year.

As the Company is a wholly owned subsidiary it has taken exemption under the terms of Financial Reporting Standard 1 (revised 1996), "Cash flow statements", from preparing a cash flow statement, as it is included in the consolidated financial statements of Hammerson plc, which are publicly available.

## **GRANTCHESTER PROPERTIES (LUTON) LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2007**

#### **13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

At 31 December 2007, the Company's ultimate parent company was Hammerson plc, which is registered in England and Wales and the parent undertaking of the smallest and largest group to consolidate these financial statements. At 31 December 2007, 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, 10 Grosvenor Street, London, W1K 4BJ.