

Company Number: 3691887

**GRANTCHESTER PROPERTIES (LUTON) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2004



## GRANTCHESTER PROPERTIES (LUTON) LIMITED

### REPORT OF THE DIRECTORS

Year ended 31 December 2004

#### 1. PRINCIPAL ACTIVITIES

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

#### 2. RESULTS AND DIVIDENDS

The profit and loss account is set out on page 5 and shows the profit for the year. The directors do not recommend the payment of a final dividend (2003: £nil).

#### 3. REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year were satisfactory and the directors do not anticipate any significant changes in activity in the forthcoming year.

#### 4. DIRECTORS

- a) Mr. D.J. Atkins, Mr. M.J. Baker, Mr. J.A. Bywater, Mr. P.W.B. Cole, Mr. N.A.S. Hardie and Mr. G.H. Wright were directors of the Company throughout the year.
- b) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation.
- c) No director had any interests in the share capital of the Company during or at the end of the year. 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 set out above, no director had any interests in the share capital of any other group undertaking during or at the end of the year.
- d) No director has any interests in contracts entered into by the Company.

#### 5. SECRETARY

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

**GRANTCHESTER PROPERTIES (LUTON) LIMITED**

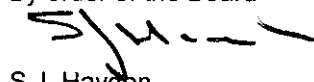
REPORT OF THE DIRECTORS (continued)  
Year ended 31 December 2004

6. AUDITORS

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  
Secretary

**05 JUL 2005**

2005

Registered Office:  
100 Park Lane  
London, W1K 7AR  
Registered in England and Wales No. 3691887

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

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

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; state whether applicable accounting standards have been followed 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 the system of internal control, 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 AUDITORS' REPORT TO THE SOLE MEMBER OF GRANTCHESTER PROPERTIES (LUTON) LIMITED**

We have audited the financial statements of Grantchester Properties (Luton) Limited for year ended 31 December 2004 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 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's member, 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 member 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 member 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 in the statement of directors' responsibilities, 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 year 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 judgments 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 affairs of the Company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Dunith Tanch CCf* 07/07/05

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London

2005

**GRANTCHESTER PROPERTIES (LUTON) LIMITED****PROFIT AND LOSS ACCOUNT**Year ended 31 December 2004

	<b>Notes</b>	<b>2004 £'000</b>	<b>2003 £'000</b>
Gross rental income		1,106	1,110
Other property income		1,610	-
Rents payable and other property outgoings		115	(167)
		-----	-----
Operating profit	1(b)	2,831	943
Net cost of finance	3	(428)	-
		-----	-----
Profit on ordinary activities before taxation		2,403	943
Taxation on profit on ordinary activities	4	(216)	(11)
		-----	-----
Profit on ordinary activities after taxation and retained profit for the financial year		2,187	932
		=====	=====

All amounts relate to continuing activities.

# GRANTCHESTER PROPERTIES (LUTON) LIMITED

## BALANCE SHEET At 31 December 2004

	Notes	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Investment properties	5	19,840	16,978
Fixed asset investments	6	-	-
		<u>19,840</u>	<u>16,978</u>
<b>Current assets</b>			
Debtors	7	161	329
<b>Creditors: amounts falling due within one year</b>	8	<u>(6,658)</u>	<u>(14,340)</u>
<b>Net current liabilities</b>		<u>(6,497)</u>	<u>(14,011)</u>
<b>Total assets less current liabilities</b>		<u>13,343</u>	<u>2,967</u>
Provision for liabilities and charges	9	(164)	(156)
<b>Net assets</b>		<u>13,179</u>	<u>2,811</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Revaluation reserve	11	6,975	(1,206)
Profit and loss account	11	6,204	4,017
<b>Equity shareholder's funds</b>		<u>13,179</u>	<u>2,811</u>

The financial statements were approved by the Board on

**05 JUL 2005**

2005

Signed on behalf of the Board of Directors

*Nick F...*  
*and others*

Directors

**GRANTCHESTER PROPERTIES (LUTON) LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**Year ended 31 December 2004

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
Profit for the financial year	2,187	932
Unrealised surplus/(deficit) on revaluation of investment properties	8,181	(6,575)
	<hr/>	<hr/>
Total recognised gains and losses for the financial period	10,368	(5,643)
	<hr/>	<hr/>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**Year ended 31 December 2004

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
Profit for the financial year	2,187	932
Unrealised deficit on revaluation of investment properties during the financial period	8,181	(6,575)
	<hr/>	<hr/>
Net movement in shareholder's funds	10,368	(5,643)
Opening shareholder's funds	2,811	8,454
	<hr/>	<hr/>
Closing shareholder's funds	13,179	2,811
	<hr/>	<hr/>



## GRANTCHESTER PROPERTIES (LUTON) LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2004

#### 1. ACCOUNTING POLICIES

The particular accounting policies adopted, which have been applied consistently throughout the current and prior year, are set out below.

##### a) 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.

The particular accounting policies adopted, which have been applied consistently throughout the current and prior year, are set out below.

##### b) Net rental income

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 net rental income.

##### c) Basis of non-consolidation

Grantchester Properties (Luton) 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.

##### d) Investments in subsidiary undertakings

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

##### e) 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.

## GRANTCHESTER PROPERTIES (LUTON) LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2004

#### 1. ACCOUNTING POLICIES (continued)

##### e) Valuation of properties (continued)

Lease incentives which enhance the property are added to the cost of the property.

##### f) 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 year 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.

##### g) Deferred taxation

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.

#### 2. ADMINISTRATION EXPENSES

The average number of employees during the period, excluding directors, was nil (2003: 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.

# GRANTCHESTER PROPERTIES (LUTON) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 3. NET COST OF FINANCE

	2004 £'000	2003 £'000
Interest payable on loans from group undertakings	428 =====	- =====

### 4. TAXATION

(a) <u>Tax charge</u>	2004 £'000	2003 £'000
Corporation tax		
Adjustments in respect of previous periods	208	-
Deferred tax	8 -----	11 -----
Total tax charge	216 =====	11 =====

#### (b) Factors affecting current tax charge

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

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	2,403 =====	943 =====
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003: 30%)	721	283
Effect of:		
Adjustments in respect of previous periods	208	-
Group relief surrendered without payment	(713)	(272)
Capital allowances	(8) -----	(11) -----
Current tax charge for period	208 =====	- =====

It is anticipated that for the foreseeable future the Company will not bear current tax, as it is the policy of the Hammerson group to surrender group relief without payment.

# GRANTCHESTER PROPERTIES (LUTON) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 5. INVESTMENT PROPERTIES

(a)	The movements in the year on investment property were:	<b>Freehold £'000</b>
	Cost or valuation	
	At 1 January 2004	16,978
	Net additions	(5,319)
	Revaluation movement in the year	8,181
		-----
	At 31 December 2004	19,840
		=====

The Company's property is stated at market value at 31 December 2004, valued by professionally qualified external valuers, Donaldsons, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

During the year, Grantchester Properties (Luton) Limited received £9.1m by way of settlement for subsidence of the investment property, arising due to faults in the original construction work. The receipt was allocated between the profit and loss account and additions during the year on the basis of the resultant loss of earnings and re-building costs respectively. This has resulted in a credit to additions during the year.

- (b) The historical cost of investment property at 31 December 2004 was £12,865,000 (2003: £18,184,000).
- (c) Should the property be disposed of at book value a tax liability not exceeding £1,800,000 would arise (2003: £nil).

### 6. FIXED ASSET INVESTMENTS

	<b>Investments in subsidiary undertakings £</b>
<b>Cost and net book value</b>	
At 1 January 2004 and at 31 December 2004	2
	=====

#### Subsidiary undertakings

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

<b>Name</b>	<b>Class of share capital held</b>	<b>Nature of business</b>
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.

**GRANTCHESTER PROPERTIES (LUTON) LIMITED**

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2004**

**7. DEBTORS**

	2004 £'000	2003 £'000
Amounts due from group undertakings	157	-
Trade debtors	4	329
	-----	-----
	161	329
	=====	=====

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

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

	2004 £'000	2003 £'000
Amounts owed to group undertakings	5,814	14,037
Accruals and deferred income	796	258
Taxation and social security	48	45
	-----	-----
	6,658	14,340
	=====	=====

**9. PROVISION FOR LIABILITIES AND CHARGES**

**Deferred taxation**

	£'000
At 1 January 2004	156
Deferred taxation charge for the year	8
	-----
At 31 December 2004	164
	=====

	2004 £'000	2003 £'000
The deferred tax provision is made up as follows:		
Accelerated capital allowances	164	156
	=====	=====

# GRANTCHESTER PROPERTIES (LUTON) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 10. SHARE CAPITAL

	2004 £	2003 £
Equity share capital		
Ordinary shares of £1 each		
Authorised (100 shares (2003: 100 shares) of £1 each)	100 =====	100 =====
Allotted, called up and fully paid (1 share (2003: 1 share) of £1 each)	1 =====	1 =====

### 11. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January	(1,206)	4,017
Revaluation	8,181	-
Profit for the financial period	-	2,187
At 31 December	6,975 =====	6,204 =====

### 12. RELATED PARTY DISCLOSURE

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.

### 13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2004, 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 2004, 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.