

**Grantchester Properties
(Luton) Limited**
(formerly Bellbright Limited)

Report and Financial Statements

Period ended
30 September 1999



BDO Stoy Hayward
Chartered Accountants

GRANTCHESTER PROPERTIES (LUTON) LIMITED

Report and financial statements for the period ended 30 September 1999

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Directors

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Directors

A N Hewson
C M S Evans
T P Walton
P L Huberman

Secretary and registered office

I M Hollocks, 3 Finsbury Square, London EC2A 1AE

Company number

3691887

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA

GRANTCHESTER PROPERTIES (LUTON) LIMITED

Report of the directors for the period ended 30 September 1999

The directors present their report together with the audited financial statements for the period ended 30 September 1999.

The company was incorporated on 5 January 1999 and changed its name to Grantchester Properties (Luton) Limited from Bellbright Limited on 24 February 1999.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the period.

The directors do not recommend the payment of a dividend.

Principal activities, review of the period and future developments

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

The directors are satisfied with the performance of the company during the period under review.

There have been no events since the balance sheet date which materially affect the position of the company.

Directors

The directors of the company during the period were:

A N Hewson	(appointed 24 February 1999)
C M S Evans	(appointed 24 February 1999)
T P Walton	(appointed 24 February 1999)
P J Charlton	(appointed 5 January 1999/resigned 24 February 1999)
M E Richards	(appointed 5 January 1999/resigned 24 February 1999)

None of the directors had any interest in the share capital of the company during or at the end of the period. The interests of the directors in the share capital of the ultimate parent company, Grantchester Holdings PLC, are disclosed in the financial statements of that company.

Mr P L Huberman was appointed as a director of the company on 6 January 2000.

Impact of the Year 2000

During the period the directors established a programme to address the impact of the Year 2000 on the business. They can now confirm that the company achieved an acceptable state of readiness. No material adverse effects on the company's operations or financial results arose from Year 2000 failures, either within the company itself or at third parties.

The directors do not consider that any significant residual risks, uncertainties or liabilities to third parties remain as a result of the Year 2000 issue and do not anticipate further material expenditure on system modifications.

GRANTCHESTER PROPERTIES (LUTON) LIMITED

Report of the directors for the period ended 30 September 1999 (*Continued*)

Directors' responsibilities

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 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;
- 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.

Auditors

BDO Stoy Hayward were appointed as first auditors to the company during the period.

The company has dispensed with the obligation to appoint auditors annually. BDO Stoy Hayward have expressed their willingness to continue in office.

By order of the Board



I M Hollocks
Secretary

16 March 2000

GRANTCHESTER PROPERTIES (LUTON) LIMITED

Report of the auditors

To the members of Grantchester Properties (Luton) Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

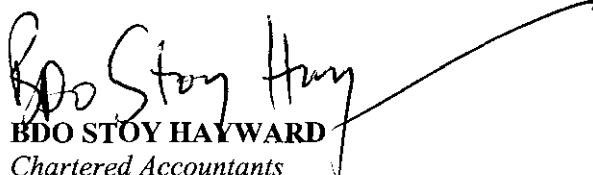
Basis of opinion

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 September 1999 and its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London

16 March 2000

GRANTCHESTER PROPERTIES (LUTON) LIMITED

Profit and loss account and statement of total recognised gains and losses for the period ended 30 September 1999

Profit and loss account	Note	1999 £
Turnover	1	516,253
Cost of sales		67,600
		<hr/>
Gross profit		448,653
Administrative expenses		3,526
		<hr/>
Operating profit	2	445,127
Cost of finance (net)	5	284,029
		<hr/>
Profit on ordinary activities before taxation		161,098
Taxation	6	-
		<hr/>
Retained profit for the period	11	161,098
		<hr/>
Statement of total recognised gains and losses		
Profit for the financial period		161,098
Unrealised surplus on revaluation of investment property	11	3,068,521
		<hr/>
Total recognised gains and losses for the period		3,229,619
		<hr/>

All amounts relate to continuing activities.

The notes on pages 6 to 9 form part of these financial statements.

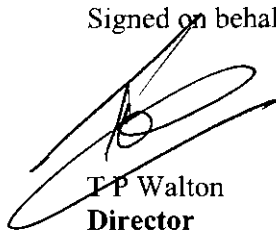
GRANTCHESTER PROPERTIES (LUTON) LIMITED

Balance sheet at 30 September 1999

	Note	1999 £	£
Fixed assets			
Investment property	7		20,000,000
Current assets			
Debtors	8	1	
Cash at bank and in hand		470,033	
		<u>470,034</u>	
Creditors: amounts falling due within one year	9	17,240,414	
		<u></u>	
Net current liabilities			(16,770,380)
			<u></u>
Total assets less current liabilities			3,229,620
			<u></u>
Capital and reserves			
Called up share capital	10		1
Investment revaluation reserve	11		3,068,521
Profit and loss account	11		161,098
			<u></u>
Shareholders' funds – equity	12		3,229,620
			<u></u>

The financial statements were approved by the Board on 16 March 2000.

Signed on behalf of the Board of Directors



T P Walton
Director

The notes on pages 6 to 9 form part of these financial statements.

GRANTCHESTER PROPERTIES (LUTON) LIMITED

Notes forming part of the financial statements for the period ended 30 September 1999

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents rent receivable from investment properties within the United Kingdom. No rental income is recognised during rent free periods granted to tenants under operating leases.

Completed investment properties

Completed investment properties are revalued annually by external professional valuers on the basis of open market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors, net of purchaser's costs. Surpluses and temporary deficits arising on valuations are taken to the investment revaluation reserve. Permanent diminutions in value are taken to the profit and loss account.

Depreciation

In accordance with Statement of Standard Accounting Practice No 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to the investment revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties. This treatment is a departure from the requirements of the Companies Act concerning the depreciation of fixed assets.

These properties are held for investment and the directors consider that systematic annual depreciation is inappropriate. The accounting policy adopted is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Loan issue costs

Costs relating to the raising of general corporate loan facilities are amortised over the life of the loan and are charged to the profit and loss account as part of the interest expense so that the amount charged is at a constant rate on the carrying amount. Bank loans are disclosed net of unamortised loan issue costs.

Deferred taxation

Deferred taxation is provided in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Provision is made for deferred taxation attributable to any unrealised surpluses on revaluation of investment properties, where the directors consider that tax is likely to become payable on properties sold in the foreseeable future.

GRANTCHESTER PROPERTIES (LUTON) LIMITED

Notes forming part of the financial statements for the period ended 30 September 1999 (*Continued*)

2 Operating profit

The auditors' remuneration is borne by the ultimate parent company.

3 Employees

The average number of employees during the period excluding directors was nil.

4 Directors

No director received any emoluments from the company during the period.

5 Cost of finance (net)

	1999 £
Interest on bank loans	202,035
Loan issue costs amortisation	81,994
	<hr/>
	284,029
	<hr/>

6 Taxation

No taxation is payable on the result for the period due to the availability of loss relief.

7 Investment property

	Completed investment property £
<i>Freehold</i>	
Additions	16,931,479
Surplus on revaluation	3,068,521
	<hr/>
External valuation at 30 September 1999	20,000,000
	<hr/>

The property was valued at 30 September 1999 on an open market value basis by external valuers, Colliers Erdman Lewis. The historical cost of the property is £16,931,479.

The company's investment property is held as security for a bank loan (see note 9).

GRANTCHESTER PROPERTIES (LUTON) LIMITED

Notes forming part of the financial statements for the period ended 30 September 1999 (*Continued*)

8 Debtors	1999 £
Amounts due from group undertakings	1
	<hr/>
All amounts shown under debtors fall due for payment within one year.	
9 Creditors: amounts falling due within one year	
Bank loan (secured)	11,480,000
Trade creditors	2,815
Amounts due to group undertakings	5,354,207
Accruals and deferred income	403,392
	<hr/>
	17,240,414
	<hr/>

The company's investment property is held as security for a bank loan. The bank has a fixed and floating charge over all the assets of the company. The bank loan bears interest at a rate of 1.00% above LIBOR.

10 Share capital	1999 £
<i>Authorised</i>	
Ordinary shares of £1 each	100
	<hr/>
<i>Allotted, called up and fully paid</i>	
Ordinary shares of £1 each	1
	<hr/>
<i>Movements in allotted share capital</i>	
Subscriber share issued on incorporation	1
	<hr/>

11 Reserves	Investment revaluation reserve £	Profit and loss account £
Surplus on revaluation of investment property	3,068,521	-
Retained profit for the period	-	161,098
	<hr/>	<hr/>
At 30 September 1999	3,068,521	161,098
	<hr/>	<hr/>

GRANTCHESTER PROPERTIES (LUTON) LIMITED

Notes forming part of the financial statements for the period ended 30 September 1999 (*Continued*)

12 Reconciliation of movements in shareholders' funds	£
Profit for the period	161,098
Ordinary share issued	1
Unrealised surplus on revaluation of investment property	3,068,521
	<hr/>
Closing shareholders' funds	3,229,620
	<hr/>

13 Provisions for liabilities and charges	1999	
	Amount provided	Amount unprovided
	£	£
<i>Deferred taxation</i>		
Unrealised surplus on revaluation of investment property	-	860,000
	<hr/>	<hr/>

Deferred taxation arising on the revaluation of the investment property has not been provided on the basis that the directors do not anticipate that it will be sold outside of the group in the foreseeable future.

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 Transactions", not to disclose details of all of its related party transactions with other group companies.

15 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement, as a consolidated cash flow statement is included in the financial statements of its ultimate parent company.

16 Ultimate parent company and controlling party information

At 30 September 1999 the company's ultimate parent company was Grantchester Holdings PLC which is the parent of both the largest and smallest groups of which the company is a member.

Copies of the consolidated financial statements of Grantchester Holdings PLC are available from Companies House.