

Company Number: 3691887

REGISTRAR'S COPY

COMPANY NUMBER _____

Grantchester Properties (Luton) Limited

Report and Financial Statements

Year Ended

30 September 2001



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BDO

BDO Stoy Hayward
Chartered Accountants

Grantchester Properties (Luton) Limited

Annual report and financial statements for the year ended 30 September 2001

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Directors

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

Secretary and registered office

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

Company number

3691887

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL

Grantchester Properties (Luton) Limited

Report of the directors for the year ended 30 September 2001

The directors present their report together with the audited financial statements for the year ended 30 September 2001.

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.

Principal activities, review of business 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 year under review.

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

Directors

The directors of the company during the year were:

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

None of the directors had any interest in the share capital of the company during or at the end of the year. 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 N B T Alford was appointed as a director of the company on 20 November 2001.

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 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 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.

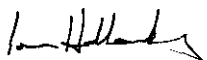
Grantchester Properties (Luton) Limited

Report of the directors for the year ended 30 September 2001 (*Continued*)

Auditors

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

Date: 20 March 2002

Grantchester Properties (Luton) Limited

Report of the independent auditors

To the shareholders of Grantchester Properties (Luton) Limited

We have audited the financial statements of Grantchester Properties (Luton) Limited for the year ended 30 September 2001 on pages 5 to 15 which have been prepared under the accounting policies set out on pages 8 to 9.

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 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 United Kingdom 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 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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 (Luton) 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 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', with a long horizontal flourish extending to the right.

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*
London, England

Date: 20 March 2002

Grantchester Properties (Luton) Limited**Profit and loss account for the year ended 30 September 2001**

	Note	2001 £	2000 As restated £
Turnover		1,726,415	1,117,516
Cost of sales		7,985	35,000
		<hr/>	<hr/>
Gross profit		1,718,430	1,082,516
Financing costs	6	2,902	(465,063)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,721,332	617,453
Taxation on profit on ordinary activities	7	-	45,000
		<hr/>	<hr/>
Profit on ordinary activities after taxation for the year	13	1,721,332	572,453
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

The notes on pages 8 to 15 form part of these financial statements.

Grantchester Properties (Luton) Limited

Statement of total recognised gains and losses for the year ended 30 September 2001

	Note	2001 £	2000 As restated £
Profit for the financial year		1,721,332	572,453
Unrealised (deficit)/surplus on revaluation of investment properties	13	(462,895)	3,171,194
Total recognised gains and losses for the financial year		1,258,437	3,743,647

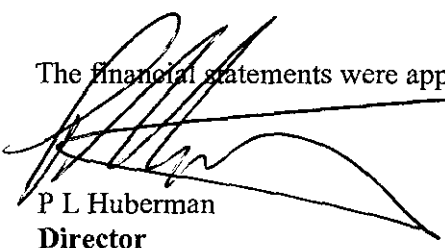
The notes on pages 8 to 15 form part of these financial statements.

Grantchester Properties (Luton) Limited

Balance sheet at 30 September 2001

	Note	2001 £	2001 £	2000 As restated £	2000 As restated £
Fixed assets					
Investment properties	8		22,800,000		23,200,000
Current assets					
Debtors	9	1,992,291		329,472	
Creditors: amounts falling due within one year	10	16,515,587		16,511,205	
Net current liabilities			(14,523,296)		(16,181,733)
Total assets less current liabilities			8,276,704		7,018,267
Provision for liabilities and charges	11		120,000		120,000
			8,156,704		6,898,267
Capital and reserves					
Called up share capital	12		1		1
Revaluation reserve	13		5,776,820		6,239,715
Profit and loss account	13		2,379,883		658,551
Equity shareholders' funds			8,156,704		6,898,267

The financial statements were approved by the Board on 20 March 2002.


P L Huberman
Director

The notes on pages 8 to 15 form part of these financial statements.

1 Accounting policies

Accounting convention

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. In order to show a true and fair view, the company's policy in respect of depreciation of investment properties departs from the requirements of the Companies Act 1985. Details of this departure are given in the depreciation policy note below.

Change in accounting policy in the year

The company has made a change to its accounting policies during the year, to adopt FRS 19 "Deferred Taxation", and has restated comparative figures, where material, accordingly.

FRS 19

FRS 19 requires that deferred taxation be recognised in full in respect of transactions or events that have taken place by the balance sheet date and which could give rise to an obligation to pay more or less taxation in the future. However, the FRS does not require, nor indeed permit, deferred taxation to be recognised on any unrealised surplus arising on revaluation of an investment property, unless a binding contract to sell that property has been exchanged prior to the balance sheet date.

The company's accounting policy had been to recognise deferred taxation only to the extent that it was probable that a liability or asset would crystallise in the foreseeable future. FRS 19 requires that, where material, deferred taxation should now be provided in full on all timing differences that are not permanent. The company's policy has therefore been changed to make full provision for material timing differences, which arise primarily from capital allowances and capitalised interest.

Following the sale of an investment property, any deferred taxation provision that is not crystallised will be transferred to the profit and loss account reserve. FRS 19 has no effect on the actual amount of taxation that the company may have to pay.

It is the company's experience that balancing charges on the sale of plant and machinery do not arise since, when properties are sold, a joint election is generally made with the purchaser to transfer the plant and machinery at its tax written down value. It is therefore anticipated that any deferred taxation provisions created under FRS 19 in respect of capital allowances would be written back at such time as the properties are sold. Similarly, any deferred taxation provisions created under FRS 19 in respect of interest capitalised to the cost of investment properties would be written back at such time as these properties are sold, since no additional taxation would become payable on disposal in respect of the interest capitalised.

The financial effects of adopting FRS 19 are set out in note 2.

1 Accounting policies (*continued*)

Full list of accounting policies

Completed investment properties

Completed investment properties are revalued semi-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. The aggregate surplus or deficit arising from such revaluation is transferred to the revaluation reserve. However, if on an individual property, a deficit arising from a valuation below cost is expected to be permanent, it is charged to the profit and loss account. Proceeds from sales of investment properties are recognised on unconditional exchange of contract.

Depreciation

In accordance with SSAP 19 "Investment Properties", no depreciation or amortisation is provided in respect of freehold investment properties. This treatment may be a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate.

The accounting policy adopted is therefore 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 reasonably be separately identified or quantified.

Turnover

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

Deferred taxation

Deferred taxation is provided for in full on all material timing differences that are not permanent. Deferred taxation is not recognised on timing differences arising on the revaluation of non-monetary assets unless, by the balance sheet date, a binding agreement to sell the revalued asset has been entered into and recognised gains or losses are expected to arise on the sale.

Deferred tax balances are not discounted.

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 Restatement of comparatives

The effects of adopting FRS 19 "Deferred Taxation" on the previous year's results together with the impact on the current year's results are summarised below.

Profit and loss account	Gross profit	Taxation (charge)/ credit	Profit/(loss) after taxation
	£	£	£
Year ended 30 September 2000			
As previously reported	1,082,516	-	617,453
Effect of adopting FRS19	-	(45,000)	(45,000)
	<u>1,082,516</u>	<u>(45,000)</u>	<u>572,453</u>
As restated	<u>1,082,516</u>	<u>(45,000)</u>	<u>572,453</u>
Year ended 30 September 2001			
Without adopting FRS19	1,718,430	-	1,721,332
As reported	<u>1,718,430</u>	<u>-</u>	<u>1,721,332</u>
	<u>1,718,430</u>	<u>-</u>	<u>1,721,332</u>
Balance sheet	Investment properties	Prepayments and accrued income	Shareholders' funds
	£	£	£
At 1 October 2000			
As previously reported	23,200,000	-	7,018,267
Effect of adopting FRS19	-	-	(120,000)
	<u>23,200,000</u>	<u>-</u>	<u>6,898,267</u>
As restated	<u>23,200,000</u>	<u>-</u>	<u>6,898,267</u>
At 30 September 2001			
Without adopting FRS19	22,800,000	676,825	8,276,704
Effect of adopting FRS19	-	-	(120,000)
	<u>22,800,000</u>	<u>676,825</u>	<u>8,156,704</u>
As reported	<u>22,800,000</u>	<u>676,825</u>	<u>8,156,704</u>

3 Auditors' remuneration

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

4 Employees

The average number of employees during the year, excluding directors, was nil (2000 - nil).

5 Directors

No director received any emoluments from the company during the year (2000 - £nil). The emoluments of the company's directors have been borne by its ultimate parent company.

6 Financing costs

	2001 £	2000 £
Interest on bank borrowings wholly repayable within 5 years	-	465,063
Less: bank and other interest receivable	(2,902)	-
	<u>(2,902)</u>	<u>465,063</u>

7 Taxation on profit on ordinary activities

	2001 £	2000 As restated £
<i>Deferred tax</i>		
Origination and reversal of profit and loss account timing differences	-	45,000
	<u>-</u>	<u>45,000</u>

No taxation arises on the profit on ordinary activities for the current year.

The only significant reconciling item to the assumed taxation charge or credit that would have arisen at the current UK corporation tax rate, excluding any adjustments in respect of previous periods, is the impact on the company of the utilisation of tax losses available within the group.

8 Investment properties

	Completed freehold properties at external valuation £
<i>Cost or valuation</i>	
At 1 October 2000	23,200,000
Additions at cost	62,895
Revaluation movement in the year	(462,895)
	<hr/>
At 30 September 2001	22,800,000
	<hr/>
At 30 September 2000	23,200,000
	<hr/>

The completed property was valued at 30 September 2001 on an open market value basis by external valuers, Colliers Conrad Ritblat Erdman Limited.

The historical cost of the company's property is £17,023,180 (2000: £16,960,285).

At 30 September 2001 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.

9 Debtors

	2001 £	2000 £
Amounts owed by group undertakings	1,315,466	256,502
Other debtors	-	72,970
Prepayments and accrued income	676,825	-
	<hr/>	<hr/>
	1,992,291	329,472
	<hr/>	<hr/>

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

Grantchester Properties (Luton) Limited

Notes forming part of the financial statements for the year ended 30 September 2001 (*Continued*)

10 Creditors: amounts falling due within one year

	2001 £	2000 £
Amounts owed to group undertakings	16,213,542	16,213,540
Accruals and deferred income	302,045	297,665
	<u>16,515,587</u>	<u>16,511,205</u>

11 Provision for liabilities and charges

	Deferred taxation £
Prior year adjustment - FRS19	120,000
At 1 October 2000 as restated (previously stated at £nil)	120,000
At 30 September 2001	120,000
<i>Deferred taxation</i>	

	2001 £	Unprovided 2000 £	2001 £	Provided 2000 As restated £
Accelerated capital allowances	-	-	120,000	120,000
Unrealised surpluses on revaluation of investment properties	1,408,000	1,674,000	-	-
	<u>1,408,000</u>	<u>1,674,000</u>	<u>-</u>	<u>-</u>

Grantchester Properties (Luton) Limited

Notes forming part of the financial statements for the year ended 30 September 2001 (*Continued*)

12 Share capital

	2001	Authorised 2000	Allotted, called up and fully paid	
	£	£	2001	2000
			£	£
<i>Equity share capital</i>				
Ordinary shares of £1 each	100	100	1	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1 October 2000 as previously stated	6,239,715	778,551
Prior year adjustment - FRS19	-	(120,000)
	<u> </u>	<u> </u>
At 1 October 2000 as restated	6,239,715	658,551
Revaluation deficit in the year	(462,895)	-
Profit for the year	-	1,721,332
	<u> </u>	<u> </u>
At 30 September 2001	<u>5,776,820</u>	<u>2,379,883</u>

14 Reconciliation of movements in shareholders' funds

	2001 £	2000 As restated £
Profit for the year	1,721,332	572,453
Unrealised (deficit)/surplus on revaluation of investment properties during the year	(462,895)	3,171,194
	<hr/>	<hr/>
Net additions to shareholders' funds	1,258,437	3,743,647
	<hr/>	<hr/>
Opening shareholders' funds as previously stated	7,018,267	3,229,620
Prior year adjustment - FRS19	(120,000)	(75,000)
	<hr/>	<hr/>
Opening shareholders' funds restated	6,898,267	3,154,620
	<hr/>	<hr/>
Closing shareholders' funds	8,156,704	6,898,267
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15 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.

16 Ultimate parent company

At 30 September 2001 the company's ultimate parent company was Grantchester Holdings PLC which is the parent of the largest group of which the company is a member.

At 30 September 2001 the company's immediate parent company was Grantchester Securities Limited which is the parent of the smallest group of which the company is a member.

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