3897285

Wyncote Hampton Limited

Report and Financial Statements

Year Ended

31 March 2005

BDO

BDO Stoy Hayward
Chartered Accountants

Wyncote Hampton Limited

Annual report and financial statements for the year ended 31 March 2005

Contents

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Directors

P. Sellars
J. Whittingham
M.J. Field

Secretary and registered office

D. S. Mitchell
121 Mount Street
London
W1K 3NW

Company number

3897285

Auditors

BDO Stoy Hayward LLP, Commercial Buildings, 11-15 Cross Street, Manchester, M2 1WE

Wyncote Hampton Limited

Report of the directors for the year ended 31 March 2005

The directors present their report together with the audited financial statements for the year ended 31 March 2005.

Principal activities and business review

The principal activity of the company during the year was that of a holding company.

Results and dividends

The trading result for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend (2004 - £nil).

Directors

The directors who served the company during the year were:

P. Sellars (appointed 9 June 2005)
J. Whittingham (appointed 9 June 2005)
G. Jackson (resigned 9 June 2005)
N.M. Ankers (resigned 8 June 2005)
M.J. Field

At 31 March 2005 Messrs P. Sellars, J. Whittingham and G. Jackson were also directors of Hampton Trust PLC, the ultimate parent company, and their interests in the shares of that company are disclosed in its accounts.

The directors do not have any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

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 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;
- 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.

Directors' responsibilities *(continued)*

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.

Post balance sheet events

See note 13 for details of all post balance sheet events.

Auditors

Deloitte & Touche were re-appointed as auditors at the Annual General Meeting held on 31 December 2004. On 5 May 2005 Deloitte & Touche resigned as auditors and on 6 May 2005 BDO Stoy Hayward LLP were appointed to fill the casual vacancy so created.

On behalf of the Board

J. Whittingham
Director

25 **May 2006**

To the shareholders of Wyncote Hampton Limited

We have audited the financial statements of Wyncote Hampton Limited for the year ended 31 March 2005 on pages 5 to 13 which have been prepared under the accounting policies set out on pages 8 to 10.

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.

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 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 mis statement, 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.

Fundamental uncertainty – going concern

In forming our opinion, we have considered the adequacy of the disclosures made within the statement of accounting policies on pages 9 to 10 to the financial statements concerning the uncertainty as to the availability to the Company and the Group of sufficient future funding to enable it to continue in operation. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 and, of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Manchester

26 May 2006

Wyncote Hampton Limited

Profit and loss account for the year ended 31 March 2005

	Note	2005 £	2004 £
Administrative expenses - ordinary		-	(608,367)
Operating result/(loss)		-	(608,367)
Loss on sale of investments	2	-	(9,550)
Income from fixed asset investments	2	129	1,459,080
Amounts written off investments		(4,373,320)	-
(Loss)/profit on ordinary activities before taxation		(4,373,191)	841,163
Tax on (loss)/profit on ordinary activities	5	-	-
Retained (loss)/profit for the financial year	9	(4,373,191)	841,163

All amounts relate to continuing activities.

The notes on pages 8 to 13 form part of these financial statements.

Wyncote Hampton Limited

Reconciliation of movements in shareholders' funds for the year ended 31 March 2005

	2005 £	2004 £
(Loss)/profit for the financial year	(4,373,191)	841,163
Opening equity shareholders' funds	841,165	2
Closing equity shareholders' funds	(3,532,026)	841,165

The notes on pages 8 to 13 form part of these financial statements.

Wyncote Hampton Limited

Balance sheet at 31 March 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Investments	6		489,775		4,863,095
Current assets					
Debtors	7	2,268,987		803,629	
Creditors: amounts falling due within one year	8	(6,290,788)		(4,825,559)	
Net current liabilities			(4,021,801)		(4,021,930)
Net (liabilities)/assets			(3,532,026)		841,165
Capital and reserves					
Called-up equity share capital	10		2		2
Profit and loss account	9		(3,532,028)		841,163
Equity shareholders' deficit/funds			(3,532,026)		841,165

The financial statements were approved by the Board on 25 May 2006.

J. Whittingham
Director

The notes on pages 8 to 13 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention. The following principal accounting policies have been applied:

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the United Kingdom. As a result, the company, in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

1 Accounting policies *(continued)*

Going concern

The financial statements have been prepared on the assumption that the company remains a going concern. The following paragraphs summarise the issues and the basis on which the Directors have reached their conclusion.

At the balance sheet date the company owed £6,290,788 to the Hampton Trust group, as well as being owed £2,268,987. The company is not in a position to repay this liability should it be required to do so. The company is therefore reliant on the ability of the Hampton Trust group to meet its liabilities as they fall due. The Hampton Trust group accounts contained the following issues that could impact the ability of Hampton Trust group to meet its liabilities as they fall due, and as such allowing the Company to be in a position to repay this liability.

At the balance sheet date, the Group's financing arrangements include £29.7 million 8% convertible unsecured loan stock 2020 ("CULS") in the Company and a £24.8 million long-term loan due by Hampton Investment Properties Limited to Bank of Scotland. At 31 March 2004 and at 31 March 2005 the Company had breached a financial covenant on the CULS which results in the loan stock becoming repayable on request by the trustees, one fifth of stockholders or after an extraordinary resolution of the stockholders. Consequently the CULS has been classified on the balance sheet as repayable within one year.

The effect of the restructuring that took place in December 2005 was to consolidate the subsidiaries of the Group which either owned properties or provided a management function in relation to the group's property portfolios to two companies: Mount Street Properties Limited (a newly incorporated company) ("MSP") and Hampton Investment Properties Limited ("HIP") both of which are owned by the CULS holders in the same proportions as the CULS is held between them at present. Simultaneously with the restructuring taking effect, the CULS was divided into three series of Stock (Series A, B and C).

The amount of Series B Stock reflected the net asset value of HIP prior to the assumption of the obligation to repay the Series B Stock. The amount of Series C Stock reflected the net asset value of the subsidiaries which were transferred to MSP prior to the assumption of the obligation to repay the Series C Stock. The amount of Series A Stock was the balance of the existing CULS outstanding once the Series B and C Stock had been assigned and remained in Hampton Trust PLC.

The Group was then reorganised (including the consolidation and streamlining of inter-company balances) with the end result that:

- HIP become a stand alone entity, wholly owned by the CULS holders. The transfer of Hampton Trust PLC's holding of shares in HIP was for nominal consideration. This reflected HIP's financial position following completion of the agreement entered into between HIP, Hampton Trust PLC and the CULS holders.
- Hampton Trust PLC transferred its shares in its remaining valuable subsidiaries to MSP. The consideration for the transfer was the notation of the Series C Stock and the provision by MSP of an indemnity to Hampton Trust PLC in respect of contingent liabilities.
- The Series A Stock, which remains in Hampton Trust PLC, is limited recourse, depending upon any realisations being made by Hampton Trust PLC.

1 Accounting policies *(continued)*

HIP is not required to make any payment of principal or interest on the Series B Stock for a period of 18 months after the implementation of the restructuring save upon the occurrence of one or more events of default. This also applies to the Series C Stock.

Having taken the foregoing into account, the Directors have formed a judgment that, at the time of the approval of the financial statements, the company has sufficient resources to continue to operate for the foreseeable future. For these reasons, the Directors continue to prepare the financial statements on a going concern basis.

2 Loss/profit on ordinary activities before taxation

Loss/profit on ordinary activities is stated after charging the following:

	2005 £	2004 £
Amounts owed by group undertakings forgiven	-	608,367
Impairment of fixed asset investment	4,373,320	-

Auditors' remuneration was borne completely by the ultimate parent company, Hampton Trust PLC.

3 Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2005 No	2004 No
Number of directors	3	3

No salaries or wages have been paid to employees, including the directors, during the year.

4 Income from fixed asset investments

Dividend received from Wyncote Group plc	129	1,459,080

5 Taxation on (loss)/profit on ordinary activities

The difference between the total current tax charge and the amount calculated by applying the standard rate of corporation tax to the (loss)/profit before tax is as follows:

	2005 £	2004 £
(Loss)/profit on ordinary activities before tax	(4,373,191)	841,163
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2004 – 30%)	(1,311,957)	252,349
Effects of:		
Non-taxable intra-group dividend receipts	(39)	(437,724)
Permanent differences	1,311,996	185,375
Current tax charge for the year	-	-

6 Investments

Subsidiary undertakings

	£
Cost	
At 31 March 2004	4,863,095
Impairment	(4,373,320)
	489,775
Net book value	
At 31 March 2005	489,775
At 31 March 2004	4,863,095

The company owns 100% of the issued share capital of the companies listed below:

Broadhall Hampton Limited (formerly Hampton (Wales) Limited)
Gwent Europark Limited*
Wyncote Group PLC
Wyncote Development PLC*
Wyncote Services Limited*
Wyncote Property Investments Limited*

All the above companies are registered in England and Wales.

*Indirect holding.

The company's investment in Wyncote Group Plc is restated after impairment at a net book value of £489,775 (2004 : £4,194,543). The company's investment in Broadhall Hampton Limited is stated after impairment at a net book value of £nil (2004 : £668,553).

7 Debtors

	2005 £	2004 £
Amounts owed by group undertakings	2,268,987	801,960
VAT recoverable	-	1,669
	2,268,987	803,629

8 Creditors: amounts falling due within one year

	2005 £	2004 £
Amounts owed to group undertakings	6,290,788	4,800,559
Accruals and deferred income	-	25,000
	6,290,788	4,825,559

9 Profit and loss account

	2005 £	2004 £
Balance brought forward	841,163	-
Retained (loss)/profit for the financial year	(4,373,191)	841,163
Balance carried forward	(3,532,028)	841,163

10 Share capital

	2005 £	2004 £
Authorised share capital:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called-up and fully paid:		
2 ordinary shares of £1 each	2	2

11 Related party transactions

As permitted by Financial Reporting Standard Number 8, the company has not disclosed transactions with other Group undertakings as it is a wholly owned subsidiary undertaking of Hampton Trust PLC, incorporated in England and Wales, which has produced consolidated accounts for the Group.

12 Ultimate parent company

The company's ultimate parent company, and ultimate controlling party, is Hampton Trust PLC, a company incorporated in the United Kingdom and registered in England and Wales. The largest and smallest group in which the accounts of the company are consolidated is that headed by Hampton Trust PLC and these accounts can be obtained from that company at 121 Mount Street, London W1K 3NW.

13 Post balance sheet events

Hampton Trust PLC (its 'ultimate parent company') de-listed from the London Stock Exchange on 30 December 2005.

The Group has been through a solvent restructuring which took place on 30 December 2005.