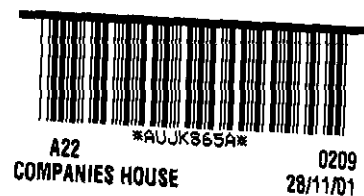


**GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 30 JUNE 2001**



**Company No. 1930484**

# **GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED**

## **COMPANY INFORMATION**

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | PA Thornton<br>CN Strickland<br>MA Poole<br>AM Craven                        |
| <b>Secretary</b>         | NC Brown   |
| <b>Company Number</b>    | 1930484  |
| <b>Registered Office</b> | 9 Savoy Street<br>London<br>WC2E 7EG   |
| <b>Auditors</b>          | Ernst & Young LLP<br>Becket House<br>1 Lambeth Palace Road<br>London SE1 7EU |

# **GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED**

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# **GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 JUNE 2001**

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The directors present their report together with the audited accounts for the year ended 30 June 2001.

### **Principal Activities and Review of Business**

The company's principal activity is that of property investment.

The directors consider the state of the company's affairs to be satisfactory.

The directors do not recommend a dividend and the retained profit of £1,322,183 (2000: £749,666) will be added to reserves.

### **Fixed Assets**

Details of movements in fixed assets are set out in the notes to the accounts.

### **Directors**

The directors who served during the year were:

PA Thornton  
CN Strickland  
MA Poole  
AM Craven

None of the directors had any interest in the share capital of the company during the year. Messrs PA Thornton, CN Strickland, MA Poole and AM Craven are also directors of Greycoat Estates Limited, which was the parent undertaking at 30 June 2001 in whose accounts their interests in the share capital of that company and other group undertakings are shown.

# **GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 JUNE 2001**

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### **Directors' Responsibilities**

Company law requires the directors to prepare accounts for each financial year, which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. In preparing these accounts the directors:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

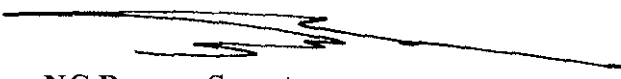
State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

Prepare the accounts 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 enable them to ensure that the accounts 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**

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.



**NC Brown, Secretary**  
**2 November 2001**

## AUDITORS' REPORT TO THE

## SHAREHOLDERS OF GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED

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We have audited the accounts on pages 4 to 11, which have been prepared under the historical cost convention as modified by the revaluation of investment properties, and on the basis of the accounting policies set out on pages 7 and 8.

### **Respective Responsibilities of Directors and Auditors**

As described on page 2, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you. Our responsibility as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

### **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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London  
2 November 2001

**GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED****PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED 30 JUNE 2001

|  | Notes | Year ended<br>30 June 2001<br>£ | Period to<br>30 June 2000<br>£ |
|--|-------|---------------------------------|--------------------------------|
| Turnover   | 2     | 1,325,330                       | 1,326,991                      |
| Rents payable and other property outgoings           |       | (3,429)                         | (91,837)                       |
| <b>Operating Profit</b>                              |       | <b>1,321,901</b>                | <b>1,235,154</b>               |
| Interest receivable                                  |       | 282                             | 3,144                          |
| Interest payable and similar charges                 | 4     | -                               | (488,632)                      |
| <b>Profit on Ordinary Activities before Taxation</b> |       | <b>1,322,183</b>                | <b>749,666</b>                 |
| Tax on profit on ordinary activities                 | 5     | -                               | -                              |
| <b>Profit for the Financial Period</b>               |       | <b>1,322,183</b>                | <b>749,666</b>                 |

All amounts relate to continuing activities.

The notes on pages 7 to 11 form part of these accounts.

**GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 30 JUNE 2001**

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|  | <b>Year ended<br/>30 June<br/>2001<br/>£</b> | <b>Period to<br/>30 June<br/>2000<br/>£</b> |
|--|--|---|
| <b>Statement of Total Recognised Gains and Losses</b>        |  |   |
| Profit for the financial period                              | <b>1,322,183</b>                             | 749,666                                     |
| Unrealised (deficit) on revaluation of investment properties | <b>(508,068)</b>                             | (145,781)                                   |
| Total recognised gains relating to the period                | <b><u>814,115</u></b>                        | <b><u>603,885</u></b>                       |

The notes on pages 7 to 11 form part of these accounts.



# GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2001

|   | Notes | £              | 30 June<br>2001<br>£ | £              | 30 June<br>2000<br>£ |
|---|-------|----------------|----------------------|----------------|----------------------|
| <b>Fixed Assets</b>                                   |       |                |                      |                |                      |
| Tangible assets                                       | 6     |                | 19,100,000           |                | 19,600,000           |
| <b>Current Assets</b>                                 |       |                |                      |                |                      |
| Debtors   | 7     | 36,262         |                      | 71,273         |                      |
| Cash at bank and in hand                              |       | 68,590         |                      | 45,401         |                      |
|   |       | <u>104,852</u> |                      | <u>116,674</u> |                      |
| <b>Creditors: Amounts Falling Due Within One Year</b> | 8     | (14,986,122)   |                      | (16,312,059)   |                      |
| <b>Net Current Liabilities</b>                        |       |                | (14,881,270)         |                | (16,195,385)         |
| <b>Total Assets Less Current Liabilities</b>          |       |                | <u>4,218,730</u>     |                | <u>3,404,615</u>     |
| <b>Capital and Reserves</b>                           |       |                |                      |                |                      |
| Share Capital   | 9     |                | 100                  |                | 100                  |
| Revaluation reserve                                   | 10    |                | 1,478,878            |                | 1,986,946            |
| Profit and loss account                               | 10    |                | 2,739,752            |                | 1,417,569            |
| <b>Shareholders' Funds</b>                            | 11    |                | <u>4,218,730</u>     |                | <u>3,404,615</u>     |

These accounts were approved by the board on 2 November 2001 and signed on its behalf.

  
MA Poole  
Director

The notes on pages 7 to 11 form part of these accounts.

# **GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED**

## **NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 30 JUNE 2001**

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### **1 Accounting Policies**

#### **Fundamental Accounting Concept**

These accounts have been prepared under the going concern basis, because a fellow subsidiary undertaking has agreed to support the company until the date of approval by the directors of the accounts for the year ended 30 June 2002.

#### **Basis of Accounting**

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention with the exception of investment properties which are stated at revalued amounts under the alternative accounting rules, and comply with the Companies Act 1985.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirements to produce a cash flow statement of the grounds that its results have been included in the consolidated accounts of its ultimate parent undertaking Greycoat Estates Limited.

#### **Recognition of Income**

Rental income is included in these accounts for the period up to the June quarter day as invoiced.

Proceeds from the sale of properties are included in the profit and loss account when a binding contract of sale exists provided that the sale is completed prior to the date of approval of the accounts.

Fees and commissions received for management and other property services are included in income as earned.

#### **Depreciation**

In accordance with SAAP 19(i) investment properties are revalued annually, and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and long leasehold investment properties. Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation or amortisation is only one of the factors reflected in the annual valuations, and the amount, which might otherwise have been shown cannot be separately identified or quantified.

# GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2001

### Investment Properties

The investment property was internally valued at 30 June 2001, on an open market basis in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors. External valuations take place at least every five years and internal valuations are carried out in the intervening years by appropriately qualified directors. The values have not considered whether the valuation of the entire portfolio as a whole would result in a higher total value.

The valuations are incorporated in the accounts and valuation surpluses and deficits are transferred to the revaluation reserve. In the case of permanent impairments in the value of individual properties, any deficits below cost are taken to the profit and loss account for the year.

### 2 Turnover

The turnover and operating profit for the year were derived from the company's principal activity, which was carried out wholly in the UK.

### 3 Administrative Expenses

Messrs PA Thornton, CN Strickland, MA Poole and AM Craven are also directors of Greycoat Estates Limited which was the ultimate parent undertaking at 30 June 2001. Full details of their remuneration are disclosed in the accounts of Greycoat Estates Limited.

The directors do not believe that it is practicable to apportion their remuneration or the remuneration of the auditors between their services to the company and their services to the ultimate parent undertaking and fellow subsidiaries.

The directors are all paid by the ultimate parent undertaking and the auditors receive their remuneration from a fellow subsidiary undertaking.

### 4 Interest Payable and Similar Charges

|   | Year ended<br>30 June<br>2001<br>£ | Period to<br>30 June<br>2000<br>£ |
|---|------------------------------------|-----------------------------------|
| Bank overdrafts and loans repayable within five years, not by instalments | -                                  | 367,072                           |
|   | -                                  | 367,072                           |
| Amortised finance fees  | -                                  | 121,560                           |
|   | -                                  | 488,632                           |

# GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2001

### 5 Tax on Profit on Ordinary Activities

There is no tax charge for the year (2000: £nil). Group relief is used to eliminate any charge or loss in subsidiary undertakings.

### 6 Tangible Fixed Assets

|                        | Freehold<br>Land and<br>Buildings |
|------------------------|-----------------------------------|
| <b>Valuation</b>       | £                                 |
| At 1 July 2000         | 19,600,000                        |
| Additions              | 8,068                             |
| Revaluation deficit    | (508,068)                         |
| <b>At 30 June 2001</b> | <b>19,100,000</b>                 |

The investment property was internally valued at 30 June 2001, on an open market basis in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors.

The historic cost of the property is £17,621,122 (2000: £17,613,054).

### 7 Debtors

|                                | 30 June<br>2001<br>£ | 30 June<br>2000<br>£ |
|--------------------------------|----------------------|----------------------|
| Amounts due from tenants       | -                    | 42,959               |
| Prepayments and accrued income | 36,262               | 28,314               |
|                                | <b>36,262</b>        | <b>71,273</b>        |

# GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2001

### 8 Creditors: Amounts Falling Due Within One Year

|  | 30 June<br>2001<br>£ | 30 June<br>2000<br>£ |
|--|----------------------|----------------------|
| Rents in advance                               | 335,151              | 304,089              |
| Amounts owed to fellow subsidiary undertakings | 14,574,721           | 15,962,569           |
| Other Creditors                                | 76,250               | 45,401               |
|  | <u>14,986,122</u>    | <u>16,312,059</u>    |

### 9 Share Capital

|   | 30 June<br>2001<br>£ | 30 June<br>2000<br>£ |
|---|----------------------|----------------------|
| <b>Authorised<br/>Equity Shares</b>                               |                      |                      |
| 1,000 Ordinary shares of £1 each                                  | 1,000                | 1,000                |
|   | <u>          </u>    | <u>          </u>    |
| <b>Allotted<br/>Equity Shares</b>                                 |                      |                      |
| 100 Allotted, called up and fully paid ordinary shares of £1 each | 100                  | 100                  |
|   | <u>          </u>    | <u>          </u>    |

### 10 Reserves

|                        | Profit<br>and Loss<br>Account | Revaluation<br>Reserve |
|------------------------|-------------------------------|------------------------|
|                        | £                             | £                      |
| At 1 July 2000         | 1,417,569                     | 1,986,946              |
| Profit for the period  | 1,322,183                     | -                      |
| Revaluation deficit    | -                             | (508,068)              |
| <b>At 30 June 2001</b> | <u>2,739,752</u>              | <u>1,478,878</u>       |

# GREYCOAT COMMERCIAL DEVELOPMENTS LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2001

### 11 Reconciliation of Shareholders' Funds

|                                   | 30 June<br>2001<br>£ | 30 June<br>2000<br>£ |
|-----------------------------------|----------------------|----------------------|
| Profit for the financial period   | 1,322,183            | 749,666              |
| Other recognised gains and losses | (508,068)            | (145,781)            |
| Increase in shareholders' funds   | 814,115              | 603,885              |
| Opening shareholders' funds       | 3,404,615            | 2,800,730            |
| Closing shareholders' funds       | 4,218,730            | 3,404,615            |

### 12 Related Parties

The company's immediate parent undertaking is Greycoat Limited, registered in England and Wales, and copies of its accounts are available from 9 Savoy Street, London, WC2E 7EG.

In the directors' opinion the company's ultimate parent company and controlling party at 30 June 2000 was Greycoat Estates Limited, which is incorporated in England and Wales. Copies of its group accounts, which include the company, are available from 9 Savoy Street, London, WC2E 7EG.

The company has taken advantage of the exemption available to it not to disclose transactions with other group undertakings which are at least 90% owned directly or indirectly by the ultimate parent undertaking.