

**TWEED PREMIER 1 LIMITED**

**Report and Financial Statements**

**Period from 1 August 2004 to**

**22 February 2005**



REPORT AND FINANCIAL STATEMENTS 2005

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

C Metliss (appointed 22 February 2005)  
M I Gunston (appointed 22 February 2005)  
J F Taylor (appointed 22 February 2005)

**SECRETARY**

R J Scudamore

**REGISTERED OFFICE**

10 Cornwall Terrace  
Regents Park  
London  
NW1 4QP

**SOLICITORS**

Cooper & Hay  
Wilkin Chapman Epton Blades

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Cardiff

## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 29 weeks ended 22 February 2005.

The accounting reference date was changed to 31 July 2004 during the previous financial period. Following the acquisition by The British Land Company PLC on 22 February 2005, the accounting reference date was subsequently changed to 22 February 2005 for the purposes of preparing completion financial statements.

## ACTIVITIES

The company's principal activity is investment in property.

## REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors are satisfied with the results for the period and consider the state of affairs of the company and its future prospects to be satisfactory.

On 22 February 2005, the company was acquired by Cornish Residential Property Investments Limited, a wholly owned subsidiary of Union Property Holdings (Investments) Limited, which is a wholly owned subsidiary of The British Land Company PLC.

## DIVIDENDS

A dividend of £9,400,000 was paid for the period (2004 - £nil).

## DIRECTORS AND THEIR INTERESTS

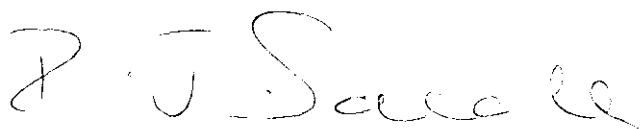
The present directors of the company, with dates of appointment, are as set out on page 1. R K Bond and A J Radley resigned as directors on 22 February 2005. J P Hallam was appointed as a director on 22 February 2005 and resigned on 31 August 2005.

No director serving at the period-end had beneficial interests in the shares of the company at any time during the period.

The parent undertaking is Cornish Residential Property Investments Limited and the ultimate parent undertaking is The British Land Company PLC.

The beneficial interests of the directors in the ultimate parent undertaking are shown at note 11 to the financial statements.

Approved by the Board of Directors  
and signed on behalf of the Board



R J Scudamore  
Secretary

19 DEC 2005

Date .....

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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.

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 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TWEED PREMIER 1 LIMITED

We have audited the financial statements of Tweed Premier 1 Limited for the 29 weeks ended 22 February 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet, the reconciliation of movement in shareholders' funds and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members 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 period 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 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 22 February 2005 and of its loss for the 29 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Cardiff, United Kingdom

Date 20 December 2005

**PROFIT AND LOSS ACCOUNT**  
**29 weeks ended 22 February 2005**

	Note	29 weeks ended 22 February 2005 £	13 months ended 31 July 2004 £
<b>TURNOVER: continuing operations</b>	1	514,374	1,366,799
Cost of sales		(124,209)	(693,181)
Gross profit		390,165	673,618
Administrative expenses		(214,196)	(257,964)
<b>OPERATING PROFIT: continuing operations</b>	2	175,969	415,654
(Loss)/profit on disposal of fixed assets		(272,056)	1,969,036
Interest receivable and similar income		641	2,130
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(95,446)	2,386,820
Tax on (loss)/profit on ordinary activities	4	-	9,851
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(95,446)	2,396,671
Dividends	5	(9,400,000)	-
<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD TRANSFERRED (FROM)/TO RESERVES</b>	12	(9,495,446)	2,396,671

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**29 weeks ended 22 February 2005**

	29 weeks ended 22 February 2005 £	13 months ended 31 July 2004 £
(Loss)/profit for the financial period	(9,495,446)	2,396,671
(Deficit)/surplus arising on revaluation of fixed assets	(26,063)	6,849,450
Total recognised (losses)/gains in the period	(9,521,509)	9,246,121

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**29 weeks ended 22 February 2005**

	29 weeks ended 22 February 2005 £	13 months ended 31 July 2004 £
(Loss)/profit on ordinary activities before taxation	(95,446)	2,386,820
Realisation of property valuation gains of prior periods	5,533,627	683,806
Historical cost profit on ordinary activities before taxation	<u>5,438,181</u>	<u>3,070,626</u>
Historical cost (loss)/profit for the period retained after taxation and dividends	<u>(3,961,819)</u>	<u>3,080,477</u>



**BALANCE SHEET**  
**22 February 2005**

	Note	22 February 2005 £	31 July 2004 £
<b>FIXED ASSETS</b>			
Tangible assets	6	<u>10,820,583</u>	<u>24,954,740</u>
<b>CURRENT ASSETS</b>			
Investments	7	27	27
Debtors	8	<u>381,793</u>	<u>74,788</u>
		381,820	74,815
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(1,001,633)</u>	<u>(5,307,276)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(619,813)</u>	<u>(5,232,461)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,200,770</u>	<u>19,722,279</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Called up share capital	10	2,500,002	2,500,002
Share premium account	12	2,306,771	2,306,771
Revaluation reserve	12	5,331,867	10,891,557
Profit and loss account	12	<u>62,130</u>	<u>4,023,949</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>10,200,770</u>	<u>19,722,279</u>

These financial statements were approved by the Board of Directors on **19 DEC 2005**  
 Signed on behalf of the Board of Directors



C Metliss  
 Director

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

29 weeks ended 22 February 2005

	29 weeks ended 22 February 2005 £	13 months ended 31 July 2004 £
(Loss)/profit for the period	(9,495,446)	2,396,671
(Deficit)/surplus arising on revaluation of fixed assets	(26,063)	6,849,450
Net (reduction)/addition to shareholders' (deficit)/funds	(9,521,509)	9,246,121
Opening shareholders' funds	19,722,279	10,476,158
Closing shareholders' funds	10,200,770	19,722,279

# NOTES TO THE FINANCIAL STATEMENTS

29 weeks ended 22 February 2005

## 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial period, are described below.

### Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

### Tangible fixed assets

The company's freehold land and buildings are treated as investment properties, as defined by Statement of Standard Accounting Practice No. 19, and are therefore revalued annually by the directors. Accordingly, they are not depreciated. Depreciation is only one amongst many factors reflected in the annual valuation of properties and, accordingly, the amount of depreciation which might otherwise have been shown cannot be separately identified or quantified. The directors consider that this policy results in the financial statements giving a true and fair view.

### Taxation

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. Rental income is invoiced on a quarterly basis in advance and is recognised evenly over the period to which it relates.

### Rental income

Rentals receivable are taken into account on an accruals basis.

## 2. OPERATING PROFIT

	29 weeks ended 22 February 2005 £	13 months ended 31 July 2004 £
Operating profit is stated after		
charging/(crediting)		
Audit fees	1,606	2,115
Amounts written off related party balance	125,000	-
Movement in impairment provision	(98,998)	-
	<u>127,608</u>	<u>2,115</u>

## NOTES TO THE FINANCIAL STATEMENTS

29 weeks ended 22 February 2005

## 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company has no employees and none of the directors received any emoluments from the company during the current or the prior period.

## 4. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	29 weeks ended 22 February 2005 £	13 months ended 31 July 2004 £
<b>Current taxation</b>		
United Kingdom corporation tax:		
Current tax on income for the period at 30% (2004 – 30%)	-	-
Adjustment in respect of prior periods	-	9,851
<b>Total current tax</b>	-	9,851

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

	£	£
(Loss)/profit on ordinary activities before tax	(95,446)	2,386,820
Tax on (loss)/profit on ordinary activities before tax at 30% (2004 – 30%)	28,634	(716,046)
<b>Factors affecting charge for the period</b>		
Expenses not deductible for tax purposes	(3,000)	(3,000)
Profit on disposal of non-qualifying assets	-	465,053
Group relief	-	511,797
Wear-and-tear allowance	15,399	40,685
Utilisation of tax losses	-	6,214
Chargeable gains	(139,854)	(634,704)
Loss on disposal of investment properties	(81,617)	-
Group relief claimed	210,119	-
Revaluation adjustment	7,819	-
Intercompany debt write off	(37,500)	-
Gains transferred under s171A TCGA 1992	-	330,000
Prior period adjustment	-	9,852
<b>Current tax charge for period</b>	-	9,851

## 5. DIVIDENDS

	29 weeks ended 22 February 2005 £	13 months ended 31 July 2004 £
Interim dividend paid – £1.88 per ordinary share (2004 – £nil)	9,400,000	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**29 weeks ended 22 February 2005**

**6. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Long leasehold properties £	Total £
<b>Cost or valuation</b>			
At 1 August 2004	24,260,119	694,621	24,954,740
Revaluations	(26,063)	-	(26,063)
Disposals	(14,207,092)	-	(14,207,092)
Impairment movement in period	98,998	-	98,998
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>			
At 22 February 2005	10,125,962	694,621	10,820,583
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 July 2004	24,260,119	694,621	24,954,740
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Analysis of cost and valuation</b>			
<b>At 22 February 2005</b>			
Cost	5,225,308	335,992	5,561,300
Revaluation	4,973,238	358,629	5,331,867
Impairment	(72,584)	-	(72,584)
	<u>          </u>	<u>          </u>	<u>          </u>
Net book value at 22 February 2005	10,125,962	694,621	10,820,583
	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 31 July 2004</b>			
Cost	13,898,773	335,992	14,234,765
Revaluation	10,532,928	358,629	10,891,557
Impairment	(171,582)	-	(171,582)
	<u>          </u>	<u>          </u>	<u>          </u>
Net book value at 31 July 2004	24,260,119	694,621	24,954,740
	<u>          </u>	<u>          </u>	<u>          </u>

The properties are treated as investment properties under SSAP 19. They were valued by the directors at open market value at 22 February 2005 based on a vacant property valuation performed by FPD Savills, Chartered Surveyors, on 1 October 2004. The deficit arising on revaluation has been taken to the revaluation reserve.

**7. INVESTMENTS**

<b>Cost</b>			<b>£</b>
At 1 August 2004 and 22 February 2005			<u>27</u>
<b>Subsidiary</b>	<b>Portion of ordinary shares held</b>	<b>Country of registration and operation</b>	<b>Activities</b>
Wyndhams Court Residents' Association Limited	100%	England	Residential property management

## NOTES TO THE FINANCIAL STATEMENTS

29 weeks ended 22 February 2005

## 8. DEBTORS

	22 February 2005 £	31 July 2004 £
Trade debtors	24,969	23,058
Prepayments and accrued income	16,140	41,202
Corporation tax	-	10,528
Amounts owed by related party	340,684	-
	<u>381,793</u>	<u>74,788</u>

## 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	22 February 2005 £	31 July 2004 £
Amounts due to group undertakings	1,000,027	5,293,568
Accruals and deferred income	1,606	13,708
	<u>1,001,633</u>	<u>5,307,276</u>

The ultimate holding company has confirmed in writing that it will not demand repayment of amounts owed to it within 12 months of the date of signing these accounts.

## 10. CALLED UP SHARE CAPITAL

	22 February 2005 £	31 July 2004 £
<b>Authorised</b>		
50p ordinary shares	2,500,002	2,500,002
£1 redeemable preference shares	50,000	50,000
	<u>2,550,002</u>	<u>2,550,002</u>
	£	£
<b>Allotted, called up and fully paid</b>		
50p ordinary shares	<u>2,500,002</u>	<u>2,500,002</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**29 weeks ended 22 February 2005**

**11. DIRECTORS' INTERESTS IN SHARE AND LOAN CAPITAL**

No director held a beneficial interest in the share capital of the company, or in any fellow subsidiary, at the beginning or the end of the financial period. The beneficial interests of the directors in the ultimate holding company are shown below. The date of appointment is the same as the period-end date.

	Fully paid ordinary shares 22 February 2005 No.	6% irredeemable convertible bonds (\$ nominal) 22 February 2005 No.
M I Gunston	76,218	-
J P Hallam	3,838	-
C Metliss	120,200	-
	<hr/>	
	Options over ordinary shares 1984 option scheme 22 February 2005 No.	Sharesave scheme 22 February 2005 No.
M I Gunston	-	1,462
J P Hallam	-	4,051
C Metliss	-	1,954
	<hr/>	
	Rights under restricted share plan ordinary shares 22 February 2005 No.	Options over ordinary shares 22 February 2005 No.
M I Gunston	4,000	-
J P Hallam	13,500	11,980
C Metliss	-	-
	<hr/>	

J F Taylor holds no interests in the share and loan capital of the ultimate holding company.

**NOTES TO THE FINANCIAL STATEMENTS**  
**29 weeks ended 22 February 2005**

**12. MOVEMENTS ON RESERVES**

	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 August 2004	2,306,771	10,891,557	4,023,949	17,222,277
Loss for the period	-	-	(9,495,446)	(9,495,446)
Revaluation of fixed assets	-	(26,063)	-	(26,063)
Transfer of realised revaluation reserve	-	(5,533,627)	5,533,627	-
Balance at 22 February 2005	<u>2,306,771</u>	<u>5,331,867</u>	<u>62,130</u>	<u>7,700,768</u>

**13. CASH FLOW STATEMENT**

The company has not prepared a cash flow statement as it was over 90% owned by Hodge Horizon Limited for the period 1 August 2004 to 22 February 2005 and its cash flows are included in the cash flow statement of that company.

**14. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with related parties that are part of the Hodge Horizon Limited group or The British Land Company PLC group.

The related party disclosure noted below is in respect of transactions between the group and its related parties during the period as defined by Financial Reporting Standard 8.

At 22 February 2005 and 31 July 2004, the following balance relating to related undertakings was included in the balance sheet.

	22 February 2005 £	31 July 2004 £
Due from/(to) related party:		
Hodge Horizon Limited	<u>340,684</u>	<u>(5,293,568)</u>

**15. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS**

The company's immediate parent undertaking is Cornish Residential Property Investments Limited, with its ultimate parent undertaking being The British Land Company PLC, which is the ultimate controlling party.

The British Land Company PLC is the parent of the smallest and largest group of which the company is a member and for which group financial statements are drawn up.

Copies of the financial statements of The British Land Company PLC can be obtained from 10 Cornwall Terrace, Regents Park, London NW1 4QP.