Hammersmith (WP) Limited

Directors' report and financial statements

Registered number 2884256

31 May 2004

Contents

Directors and advisers

Directors	M A Hodgkinson A T James
Secretary	E J Beard
Auditors	KPMG LLP 100 Temple Street Bristol BS1 6AG
Solicitors	DLA LLP 3 Noble Street London EC2V 7EE
Registered office	The Pavilions Bridgwater Road Bedminster Down Bristol Avon BS13 8AR

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2004.

Results and dividends

The loss for the year after taxation was £1,284,840 (2003: £nil). The directors are unable to recommend the payment of a dividend for the period under review.

Business review

The Company's principal activity is that of property investment and it leases a substantial office building in Hammersmith. The directors consider that, given the financial support of the shareholders, the financial position of the Company at 31 May 2004 is satisfactory.

Fixed assets

The leasehold investment property was valued by the directors on 31 May 2004 at £28,600,000. This represents an increase of £1,966,581 over the original purchase price taking into account subsequent additions. The decrease in value during the year amounted to £4,395,185 as set out in note 6.

Directors and their interests

The directors who served during the year and subsequently were as follows:

R Tchenguiz (Resigned 10 December 2004)
V A Tchenguiz (Resigned 10 December 2004)
A T James
M J Hartnell (Resigned 30 December 2004)
M A Hodgkinson (Appointed 14 December 2004)

None of the directors had a beneficial interest in the share capital of the Company. At 31 May 2004, Mr R Tchenguiz and Mr VA Tchenguiz each had a beneficial interest of 5% in the share capital of Rotch Property Group Limited which, in turn, owned one 'A' ordinary share in the Company. This share represented 50% of the voting capital of the Company at 31 May 2004.

Subsequent events

On 14 December 2004, Wyndham Investments Limited acquired the 50% interest in the capital of the Company owned by Rotch Property Group Limited. As a result the Company became a wholly owned subsidiary of Wyndham Investments Limited, which holds the shares for the ultimate benefit of the Allied Domecq Pension Fund and the Allied Domecq Executives Pension Fund.

Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to re-appoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board

E J Beard
Secretary

The Pavilions
Bridgwater Road
Bedminster Down
Bristol, Avon
BS13 8AR

11 August 2005

Statement of 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, subject to any material departures disclosed and explained in the financial statements;
- 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

Report of the independent auditors to the members of Hammersmith (WP) Limited

We have audited the financial statements on pages 5 to 16.

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 auditor's 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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 31 May 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

18 August 2005

Profit and loss account

for the year ended 31 May 2004

	Note	2004	2003
		£	£
Rents receivable		**2,365,862**	3,215,020
Administrative expenses		**(320,748)**	(228,788)
Other operating income		-	66,000
Increase in amounts owed by joint venture parties		-	229,302
Operating profit		**2,045,114**	3,281,534
Interest receivable		**750,400**	698,617
Interest payable	*2*	**(4,080,354)**	(3,980,151)
Loss on ordinary activities before taxation	*3*	**(1,284,840)**	-
Tax on loss on ordinary activities	*4*	-	-
Loss for the financial year	*11*	**(1,284,840)**	-

All results derive from continuing operations.

The notes on pages 9 to 16 form part of these financial statements.

Statement of total recognised gains and losses
for the year ended 31 May 2004

	2004	2003
	£	£
Loss for the financial year	**(1,284,840)**	-
Unrealised deficit on the revaluation of properties (note 6)	**(4,395,185)**	(3,947,234)
Increase in commitment under joint funding agreement credited to profit and loss account reserve (note 7)	**-**	1,390,181
Total recognised gains and losses relating to the year	**(5,680,025)**	(2,557,053)

Balance sheet
at 31 May 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	6	**28,600,000**	32,790,000
Current assets			
Debtors	7	**13,682,252**	13,213,681
Cash at bank and in hand		**20,615,912**	19,999,172
		34,298,164	33,212,853
Creditors: amounts falling due within one year	8	**(261,457)**	(192,286)
Net current assets		**34,036,707**	33,020,567
Total assets less current liabilities		**62,636,707**	65,810,567
Creditors: *amounts falling due after* more than one year	9	**(70,873,785)**	(68,367,620)
Net liabilities		**(8,237,078)**	(2,557,053)
Capital and reserves			
Called up equity share capital	10	**2**	2
Revaluation reserve	12	**1,966,581**	6,361,766
Profit and loss account	12	**(10,203,661)**	(8,918,821)
Equity shareholders' deficiency		**(8,237,078)**	(2,557,053)

These financial statements were approved by the board of directors on 11/8/05 2005 and were signed on its behalf by:

A T James
Director

The notes on pages 9 to 16 form part of these financial statements.

Cash flow statement
for the year ended 31 May 2004

	Note	2004 £	2004 £	2003 £	2003 £
Net cash inflow from operating activities	*13*		1,645,714		2,850,002
Returns on investments and servicing of finance					
Interest received		750,400		698,617	
Interest paid		(1,574,189)		(1,933,827)	
Net cash outflow from returns on investments and servicing of finance			(823,789)		(1,235,210)
Capital expenditure					
Purchase of fixed assets		(205,185)		(437,234)	
Net cash outflow from capital expenditure			(205,185)		(437,234)
Net cash inflow before financing			616,740		1,177,558
Increase in cash in the year	*14*		616,740		1,177,558

Reconciliation of net cash flow to movement in net debt

		2004 £	2003 £
Increase in cash in the year	*14*	616,740	1,177,558
Change in net debt resulting from cash flows		616,740	1,177,558
Increase in existing finance leases		(2,506,165)	(2,046,323)
Movement in net debt in the year		(1,889,425)	(868,765)
Net debt at the start of the year	*14*	(48,368,448)	(47,499,683)
Net debt at the end of the year	*14*	(50,257,873)	(48,368,448)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently, except as noted below under 'Amounts owed by joint venture parties', in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis. The Company meets its day to day working capital requirements through its significant cash reserves. In addition, the joint venture parties at 31 May 2004 were obliged under a joint funding agreement to meet the liabilities of the Company (which would be capped at £12.6 million in the event of a liquidation of the Company).

On 14 December 2004, the Company became a wholly owned subsidiary of Wyndham Investments Limited which holds the shares of the Company for the ultimate benefit of the Allied Domecq Pension Fund and the Allied Domecq Executives Pension Fund (together "the Pension Funds"). The joint funding agreement, referred to above, was terminated on the same date. The trustees of the Pension Funds have subsequently undertaken to underwrite the Company's debts in full.

Based on these undertakings the directors believe that it remains appropriate to prepare the financial statements on the going concern basis.

Accounting convention

The financial statements have been prepared under the historical cost convention, modified by the revaluation of investment properties, and in accordance with the relevant accounting standards, except as noted below under "Amounts owed by joint venture parties".

Investment properties

In accordance with Statement of Standard Accounting Practice No 19:

i) investment properties are revalued annually and the aggregate surplus or deficit is recorded in the revaluation reserve; and

ii) no depreciation or amortisation is provided in respect of freehold investment properties and investment properties held under leases with over 20 years to run.

The application of the provisions of SSAP 19 to assets owned by the Company may represent a departure from the Companies Act 1985 which requires all fixed assets to be depreciated. However, in common with other companies adopting the provisions of SSAP 19, the directors consider that the calculation of systematic annual depreciation would fail to give a true and fair view of investment properties for which the current value, and changes in that current value, are of prime importance. 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 the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Notes

1 Accounting policies *(continued)*

Leases

When the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset.

Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligations.

All other leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Amounts owed by joint venture parties

Under the terms of the joint funding agreement entered into by the joint venture parties (the Company's shareholders) at the outset of the joint venture, the Company's profit or loss for each year, and the surplus or deficit arising on the annual revaluation of the property, give rise to equal offsetting adjustments to the amounts owed by the parties, subject to a cumulative overall limit of £12.6 million. The adjustment offsetting the profit or loss for the year is charged or credited in the profit and loss account, and the adjustment offsetting the revaluation surplus or deficit for the year is charged or credited to the profit and loss account reserve through the Statement of Total Recognised Gains and Losses ("STRGL").

Taking the latter adjustment to the STRGL is a departure from the requirements of FRS3 "Reporting financial performance" and the Companies Act 1985, under which it would be taken to the profit and loss account for the year. However, since this adjustment is directly related to the change in value of the investment property during the year, which is reported in the STRGL, the directors believe that it would not give a true and fair view of the Company's result for the year to report this adjustment in the profit and loss account. They have therefore departed from FRS3 and the Act and reported it instead in the STRGL. Had the adjustment been taken to the profit and loss account in 2003, the Company would have reported a profit for the year of £1,390,181. There is no effect on the profit and loss account for 2004 arising from this departure as the cumulative overall limit of £12.6 million was reached in 2003 and the result for 2004 has not reduced this amount.

Notes *(continued)*

2 Interest payable

	2004	2003
	£	£
On finance leases repayable within five years		
Based on interest rate implicit in the lease	**8,171,232**	7,783,855
Variation of rate (note 9)	**(4,090,878)**	(3,803,704)
	4,080,354	3,980,151

3 Result on ordinary activities before taxation

	2004	2003
	£	£
This is stated after charging:		
Auditors' remuneration in respect of audit work	**9,200**	6,169

4 Tax on result on ordinary activities

	2004	2003
	£	£
UK corporation tax	**-**	-

Factors affecting the tax charge for the current period

The current tax charge is equal to (2003: equal to) the standard rate of corporation tax in the UK (30%, 2003: 30%) as shown in the following reconciliation:

	2004	2003
	£	£
Current tax reconciliation		
Loss on ordinary activities before tax	**(1,284,840)**	-
Current tax at 30% (2003: 30%)	**(385,452)**	
Change in amounts owed by joint venture parties not taxable	**-**	(229,302)
Utilisation of tax losses	**-**	-
Tax losses carried forward	**385,452**	229,302
Total current tax charge	**-**	-

At 31 May 2004, the Company had surplus property losses of approximately £14.4 million (2003: £13.1 million) which have not been recognised as a deferred taxation asset. This is because the ability of the Company to generate taxable income in excess of deductible expenses in future years is uncertain.

Notes *(continued)*

5 Directors and employees

The Company had no employees during the year and the directors received no emoluments for their services.

6 Tangible fixed assets

	Long leasehold investment property £
Valuation	
At 1 June 2003	32,790,000
Additions	205,185
Revaluation in year (deficit)	(4,395,185)
At 31 May 2004	**28,600,000**

The leasehold investment property was purchased on 3 November 1994 for £25,850,000. Including subsequent additions, the cost of the property at 31 May 2004 was £26,633,419. It was revalued as at 31 May 2004 on an open market basis at £28,600,000. The valuation was carried out by Fletcher King, an external firm of chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes.

The property is not depreciated, despite the lease having less than 20 years to run, because it is anticipated that the Company will exercise its call option to terminate the lease, and acquire the property, in 2007 (see note 9).

There is no potential deferred taxation liability on the revaluation surplus as the property is held under a finance lease.

7 Debtors

	2004 £	*2003* £
Trade debtors	**1,015,096**	538,009
Other debtors	**67,156**	75,672
Amounts owed by joint venture parties	**12,600,000**	12,600,000
	13,682,252	13,213,681

Amounts owed by joint venture parties relate to the undertaking, within a joint funding agreement, by Wyndham Investments Limited and Rotch Property Group Limited, to meet the liabilities of the Company, described in note 1 to the financial statements.

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to joint venture party	**30,422**	5,628
Accruals	**229,975**	186,437
Other creditors including taxation and social security	**1,060**	221
	261,457	192,286

9 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Gross obligations under finance lease:		
Repayable within one year	**5,737,528**	5,737,528
Repayable between two and five years	**92,750,254**	98,487,782
Repayable over five years	**-**	-
Gross obligation	**98,487,782**	104,225,310
Interest allocated to future accounting periods	**(27,613,997)**	(35,857,690)
Net obligation	**70,873,785**	68,367,620

None of the repayments within one year are in respect of capital. Under the finance lease, a call option is exercisable by the Company in 2007. The interest rate implicit in the lease has been estimated as 11.8% per annum based on scheduled cashflows and exercise of the option in 2007. This rate, however, is subject to variation depending on the actual rate of LIBOR about an assumed rate of 10%. All amounts due to the lessor are guaranteed by the Company's shareholders.

The lease obligation has been accounted for on the basis that the call option will be exercised in 2007. The quarterly gross payments to that date are £1,434,382 until maturity and at exercise of the option, in June 2007, there would be a payment of £81,275,198. Were the option not to be exercised and the lease to run its full term until June 2022, the final payment would be £244,611,500.

Notes *(continued)*

10 Called up share capital

	2004	2003
	£	£
Authorised		
500 'A' ordinary shares of £1 each	**500**	500
500 'B' ordinary shares of £1 each	**500**	500
	1,000	1,000

	2004	2003
	£	£
Allotted, called up and fully paid		
1 'A' ordinary share of £1	**1**	1
1 'B' ordinary share of £1	**1**	1
	2	2

£1 ordinary shares were issued at par to the subscribers on incorporation. On 2 November 1994 they were redesignated as one 'A' ordinary share and one 'B' ordinary share. At 31 May 2004 the 'A' ordinary share was owned by Rotch Property Group Limited and the 'B' ordinary share was owned by Wyndham Investments Limited. Both classes of shares are equity shares and rank pari passu.

11 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Loss for the financial year	**(1,284,840)**	-
Other recognised losses for the year	**(4,395,185)**	(2,557,053)
Opening shareholders' deficiency	**(2,557,053)**	-
Closing shareholders' deficiency	**(8,237,078)**	(2,557,053)

Notes *(continued)*

12 Reserves

	Profit and loss account £	Revaluation reserve £
As at 31 May 2003	(8,918,821)	6,361,766
Result for the financial year	(1,284,840)	-
Devaluation of property (see note 6)	-	(4,395,185)
As at 31 May 2004	**(10,203,661)**	**1,966,581**

13 Reconciliation of operating profit to net cash inflow from operating activities

	2004 £	2003 £
Operating profit	**2,045,114**	3,281,534
Increase in amounts owed by joint venture parties reported in the STRGL	**-**	1,390,181
Increase in debtors	**(468,571)**	(1,801,210)
Decrease in creditors	**69,171**	(20,503)
Net cash inflow from operating activities	**1,645,714**	2,850,002

14 Analysis of changes in net debt

	At beginning of year £	Cash flow £	Other non-cash changes £	**At end of year** £
Cash in hand, at bank	19,999,172	616,740	-	**20,615,912**
	19,999,172	616,740	-	**20,615,912**
Debt due after one year – finance lease	(68,367,620)	-	(2,506,165)	**(70,873,785)**
Total	(48,368,448)	616,740	(2,506,165)	**(50,257,873)**

Notes *(continued)*

15 Related party disclosures

During the year, the Company received property management services from Prime Estates Property Management Ltd ("Prime"). Rotch Property Group Ltd, a joint venture party, held 100% of the share capital in Prime. During the year, Rotch Property Group Ltd invoiced the Company £60,394 *(2003: £56,431)* in relation to services provided by Prime.

At the year end, the Company owed £30,422 to Rotch Property Group Limited *(2003: £5,628).*