

Grainger Trust Commercial Limited  
Annual report  
for the year ended 30 September 2003

Registered Number 2955426



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for the year ended 30 September 2003  
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# **Grainger Trust Commercial Limited**

## **Directors and advisors for the year ended 30 September 2003**

### **Directors**

S Dickinson

A R Cunningham

G J Davis

### **Secretary and registered office**

M L Glanville

Citygate

St James' Boulevard

Newcastle upon Tyne

NE1 4JE

### **Independent auditors**

PricewaterhouseCoopers LLP

89 Sandyford Road

Newcastle upon Tyne

NE99 1PL

### **Solicitors**

Dickinson Dees

St Ann's Wharf

112 Quayside

Newcastle upon Tyne

NE99 1SB

### **Bankers**

Barclays Bank Plc

Barclays House

71 Grey Street

Newcastle upon Tyne

NE99 1JP

# Grainger Trust Commercial Limited

## Directors' report for the year ended 30 September 2003

The directors present their report and the audited financial statements for the year ended 30 September 2003.

### Principal activities and review of business

The principal activity of the company is that of property investment. The directors consider the year end financial position and prospects of the company to be satisfactory.

### Results

The results for the year are set out on page 5.

### Dividends

The directors do not recommend the payment of a dividend for the year (2002: £nil).

### Directors

The directors who served during the year and to the date of this report, unless otherwise stated, were:

S Dickinson  
A R Cunningham  
G J Davis

The directors have no beneficial interest in the share capital of the company. The beneficial interests of Mr S Dickinson and Mr A R Cunningham in the shares of the ultimate holding company, Grainger Trust plc, are shown in the annual report of Grainger Trust plc.

The beneficial interest of the other director in the shares of Grainger Trust plc was as follows:

	30 September 2003 Number	30 September 2002 Number
G J Davis	37,772	40,553

# Grainger Trust Commercial Limited

## Director's share options at 30 September 2003

Option price	Date exercisable	Ordinary shares of 25p each Mr G J Davis	
		2003 Number	2002 Number
SAYE scheme			
818p	8 August 2005 to 8 February 2006	1,161	1,161
Total number of share options		1,161	1,161

During the year no additional share options were granted and none exercised.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2003 and that applicable accounting standards have been followed.

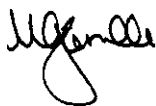
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors to the Company. A resolution to reappoint them as auditors to the Company will be proposed at the Annual General Meeting.

### By order of the Board

M L Glanville  
Secretary  
19 March 2004



# Grainger Trust Commercial Limited

## Independent auditors' report to the members of Grainger Trust Commercial Limited

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the report on historical cost profit and losses, the balance sheet, the statement of accounting policies and the related notes.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### 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 at 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers UK*

**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
Newcastle upon Tyne  
19 March 2004

# Grainger Trust Commercial Limited

## Profit and loss account for the year ended 30 September 2003

	Note	2003 £	2002 £
<b>Turnover</b>		<b>112,659</b>	130,178
Gross rentals		112,659	130,178
Less:			
Property (expenses)/income		(4,300)	37,017
Administration expenses		-	(3,209)
<b>Operating profit</b>		<b>108,359</b>	163,986
Net interest receivable and similar income	2	-	427,014
<b>Profit on ordinary activities before taxation</b>	3	<b>108,359</b>	591,000
Tax on profit on ordinary activities	4	(32,507)	(177,300)
<b>Retained profit for the financial year</b>	10	<b>75,852</b>	413,700

All activities of the company are continuing.

The company has no recognised gains or losses other than those included in the results above. Therefore no separate statement of total recognised gains or losses has been presented.

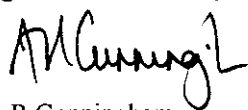
There is no difference between profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

# Grainger Trust Commercial Limited

## Balance sheet as at 30 September 2003

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	5	1,325,000	1,325,000
<b>Current assets</b>			
Debtors	6	4,152,101	4,154,959
		4,152,101	4,154,959
Creditors : amounts falling due within one year	7	(76,639)	(155,349)
<b>Net current assets</b>		<b>4,075,462</b>	<b>3,999,610</b>
<b>Net assets</b>		<b>5,400,462</b>	<b>5,324,610</b>
<b>Capital and reserves</b>			
Called up equity share capital	8	1	1
Revaluation reserve	9	525,000	525,000
Profit and loss account	9	4,875,461	4,799,609
<b>Equity shareholders' funds</b>	10	<b>5,400,462</b>	<b>5,324,610</b>

The financial statements on pages 5 to 13 were approved by the board of directors on 19 March 2004 and were signed on its behalf by:



A R Cunningham  
Director



# Grainger Trust Commercial Limited

## Statement of accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. However, compliance with SSAP 19 "Accounting for investment properties", requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the result of the departure is given in the note relating to tangible fixed assets below. A summary of the more important accounting policies, which have been applied consistently, is set out below.

### Accounting convention

The financial statements have been prepared on the historical cost convention, as modified by the revaluation of investment properties.

### Cash flow

The company is a wholly owned subsidiary of Grainger Trust plc and the cash flows of the company are included in the consolidated cash flow statement of Grainger Trust plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from preparing a cash flow statement.

### Turnover

Turnover comprises gross rentals and sundry other income.

Sales of land and properties are accounted for when the cash proceeds are received in full or the company has entered into a legally binding undertaking.

### Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, unless any diminution in value of an individual property is considered permanent, in which case the deficit is taken to the profit and loss account, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that to depreciate such properties would not give a true and fair view, but that a true and fair view is given by following SSAP 19 as described above.

Full valuations are made by independent professionally qualified valuers every year. The basis of valuation is explained in note 5.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned.

The annual rate used for this purpose is:

Plant and machinery	25% straight line
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### Deferred taxation

Deferred taxation is recognised on all timing differences that have originated but not reversed by 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.

## **Grainger Trust Commercial Limited**

Deferred tax is measured at the rate 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non discounted basis.

# Grainger Trust Commercial Limited

## Notes to the financial statements for the year ended 30 September 2003

### 1 Segmental reporting

All of the activities of the company fall into the principal activities as stated within the directors' report. The activities arise solely in the United Kingdom.

### 2 Net interest receivable and similar income

	2003	2002
	£	£
On bank loans and overdrafts	-	(177,237)
Interest receivable and similar income	-	604,251
	-	427,014

### 3 Profit on ordinary activities before taxation

	2003	2002
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of owned tangible fixed assets	-	3,131

There are no persons holding service contracts with Grainger Trust Commercial Limited.

No director received any remuneration from the company during the year or in the previous year.

The audit fee has been included in the overall audit fee for the Grainger Trust group, which has been paid for by Grainger Trust plc.

# Grainger Trust Commercial Limited

## 4 Tax on profit on ordinary activities

	2003 £	2002 £
<b>Analysis of charge in year</b>		
<b>Current tax:</b>		
UK corporation tax on profits for the period	32,507	177,300
<b>Tax charge</b>	<b>32,507</b>	<b>177,300</b>

### Factors affecting the tax charge for the year

The differences between the tax assessed for the period and the standard rate of corporation tax in the UK (30%) are shown below:

	2003 £	2002 £
Profit on ordinary activities before taxation	108,357	591,000
Profit on ordinary activities before tax at a rate of 30%	32,507	177,300
<b>Total current tax</b>	<b>32,507</b>	<b>177,300</b>

There are no factors that are expected to significantly affect the taxation charge in future periods.

## 5 Tangible assets

	Freehold investment properties £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 October 2002 and 30 September 2003	1,325,000	9,614	1,334,614
<b>Accumulated depreciation</b>			
At 1 October 2002	-	9,614	9,614
Charge for the year	-	-	-
<b>At 30 September 2003</b>	<b>1,325,000</b>	<b>9,614</b>	<b>1,334,614</b>
<b>Net book amount</b>			
At 30 September 2003	1,325,000	-	1,325,000
At 1 October 2002	1,325,000	-	1,325,000

# Grainger Trust Commercial Limited

## 5 Tangible assets (continued)

The company's investment properties were revalued at their open market value at 30 September 2003 by Jones Lang La Salle, Chartered Surveyors.

If investment properties had not been revalued they would have been included at the following amounts:

	2003	2002
	£	£
Net book value	800,000	800,000

## 6 Debtors

	2003	2002
	£	£
<b>Amounts falling due within one year:</b>		
Amounts owed from group undertakings	4,082,100	4,084,442
Other tax and social security	-	20
Prepayments and accrued income	70,001	70,497
	4,152,101	4,154,959

## 7 Creditors: amounts falling due within one year

	2003	2002
	£	£
Trade creditors	-	2,824
Corporation tax	16,254	88,650
Other tax and social security	-	56
Accruals and deferred income	60,383	63,819
	76,639	155,349

# Grainger Trust Commercial Limited

## 8 Called up equity share capital

	2003	2002
	£	£
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1 each	1	1

## 9 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1 October 2002	525,000	4,799,609
Profit for the financial year	-	75,852
<b>At 30 September 2003</b>	<b>525,000</b>	<b>4,875,461</b>

## 10 Reconciliation of movements in equity shareholders' funds

	2003	2002
	£	£
Profit for the financial year	75,852	413,700
Opening equity shareholders' funds	5,324,610	4,910,910
<b>Closing equity shareholders' funds</b>	<b>5,400,462</b>	<b>5,324,610</b>

## 11 Contingent liabilities

At 30 September 2003 the company, in conjunction with certain of its fellow subsidiaries, has guaranteed mortgages and loans of £175,919,000 (2002: £124,331,000) of certain fellow subsidiaries by means of a floating charge over its assets.

## 12 Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the Grainger Trust plc group.

# **Grainger Trust Commercial Limited**

## **13 Ultimate parent undertaking**

The directors regard Grainger Trust plc, a company registered in England and Wales, as the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Grainger Trust plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.