

COMPANY NUMBER: 3320907

MANSELL PROPERTY INVESTMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2003



## **Mansell Property Investments Limited**

### **Directors**

P A Cleaver BSc CEng MICE (resigned 23 April 2004)  
M J Peasland FCIOB (appointed 5 April 2004)  
P J Scannell BSc FCA  
S J Waite FRICS MCI0B

### **Secretary and Registered Office**

R Cordeschi ACIS  
Roman House, 13/27 Grant Road, Croydon, Surrey, CR9 6BU

### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

### **Report of the directors**

The directors submit their report and financial statements for the period ended 31 December 2003.

#### **Review of activities and future prospects**

The company owns and lets business property, mainly to fellow subsidiary companies. The directors consider that the market values of the company's properties are at least equivalent to that stated in the financial statements.

On 19 December 2003 the entire share capital of Mansell plc, which was the ultimate parent undertaking, was acquired by Balfour Beatty plc. The directors consider that the future prospects of the company are satisfactory.

#### **Results and dividends**

The loss after taxation for the year amounted to £160,568 (2002: profit £478,809). The directors do not propose the payment of a dividend for the year (2002: £nil).

#### **Directors**

The directors who held office throughout the year, unless otherwise noted, are shown above.

#### **Directors' interests**

Mr P A Cleaver, Mr P J Scannell and Mr S J Waite were, at 31 December 2003, also directors of the immediate parent company, Mansell plc, and their interests in the group, as defined by the Companies Act 1985, are set out in the directors' report attached to the financial statements of that company for the year ended 31 December 2003.

No director had any beneficial interest in the shares of the company, any other Mansell group company, or Balfour Beatty plc and its subsidiaries at any time during the year.

## **Mansell Property Investments Limited**

### **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 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.

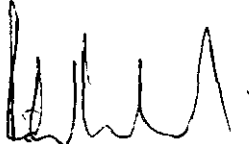
### **The "Elective Regime"**

At the annual general meeting held on 24 November 1999, the company adopted a resolution under the terms of Section 379A, Companies Act 1985 (as amended), to take advantage of the full range of procedural relaxations permitted by that provision. Accordingly, no annual general meeting is to be held and the accounts will not be laid before the members.

### **Auditors**

On 2 February 2004 Moore Stephens tendered their resignation as auditors of the company and Deloitte & Touche LLP were appointed.

By order of the board



R Cordeschi  
Company Secretary

29 October 2004

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANSELL PROPERTY INVESTMENTS LIMITED**

We have audited the financial statements of Mansell Property Investments Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, 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 year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

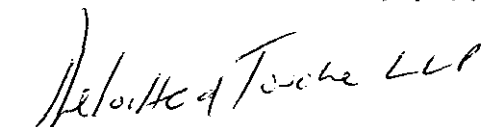
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 affairs of the company as at 31 December 2003 and of the loss of the company for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London

29 October 2004

**Mansell Property Investments Limited**

**Profit and loss account  
for the year ended 31 December 2003**

	Note	2003 £	2002 £
<b>Turnover</b>	1(b)	1,115,391	1,352,283
Administrative expenses		(253,635)	(106,861)
<b>Operating profit</b>	2	861,756	1,245,422
Loss on disposal of fixed assets		(7,000)	(97,094)
Net interest payable	3	(495,801)	(514,864)
Amounts written off investments	6	(385,000)	-
<b>(Loss)/profit on ordinary activities before taxation</b>		(26,045)	633,464
Tax on (loss)/profit on ordinary activities	4	(134,523)	(154,655)
<b>(Loss)/profit for the financial year</b>	11	£ (160,568)	£ 478,809

Results were derived wholly from continuing activities.

**Statement of total recognised gains and losses**

	2003 £	2002 £
(Loss)/profit on ordinary activities after taxation	(160,568)	478,809
Revaluation (deficit)/surplus	(280,000)	2,263,517
	£ (440,568)	£ 2,742,326

**Note of historical cost profits and losses**

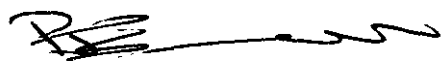
	2003 £	2002 £
Reported (loss)/profit on ordinary activities before taxation	(26,045)	633,464
Realisation of property valuation gains of previous years	33,000	-
Historical cost profit on ordinary activities before taxation	£ 6,955	£ 633,464
Historical cost (loss)/profit for the year retained after taxation	£ (127,568)	£ 478,809

Mansell Property Investments Limited

Balance sheet at 31 December 2003

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	5	15,482,420	16,180,000
Investments	6	1,155,002	1,540,002
		<hr/>	<hr/>
		16,637,422	17,720,002
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors due within one year	7	2,816,360	846,475
Cash at bank		6,058,280	6,321,125
		<hr/>	<hr/>
		8,874,640	7,167,600
<b>Creditors: amounts falling due within one year</b>	8	(25,029,195)	(23,964,746)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(16,154,555)	(16,797,146)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		482,867	922,856
<b>Provisions for liabilities and charges</b>	9	(1,082)	(503)
		<hr/>	<hr/>
		£ 481,785	£ 922,353
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	10,000	10,000
Revaluation reserve	11	1,950,517	2,263,517
Profit and loss account	11	(1,478,732)	(1,351,164)
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	12	£ 481,785	£ 922,353
		<hr/>	<hr/>

The financial statements on pages 4 to 10 were approved by the board of directors on 29 October 2004.



P J Scannell  
Director

# Mansell Property Investments Limited

## Notes to the financial statements

### 1. Principal accounting policies

The principal accounting policies are given below. They have been applied consistently throughout the year and the preceding year.

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, in accordance with all applicable United Kingdom accounting standards.

The financial statements present information about the company as an individual undertaking and not about its group. Consolidated accounts are not prepared as the company is itself part of a larger group, Balfour Beatty plc, which publishes consolidated accounts (s228 of the Companies Act 1985).

#### (b) Turnover

Turnover, which all arose in the United Kingdom, is the value of rental income receivable during the year, excluding Value Added Tax.

#### (c) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Fixtures included in freehold properties are recorded by the company leasing the property. It is the company's policy to maintain these properties to a high standard. Accordingly the directors consider that the residual values are such that depreciation on these premises would be insignificant. All properties are reviewed regularly for impairment and any impairment losses arising will be recognised.

All properties are revalued by a professional valuer every three years, or more regularly if the directors think it is necessary. Any surplus or deficit on book value arising from revaluation is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. On the disposal or recognition of a provision for impairment of a revalued property any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

#### (d) Taxation

Current tax, including United Kingdom corporation tax, is provided at the amounts expected to be paid or recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred tax is recognised in respect of all 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.

Deferred tax is measured on a non-discounted basis. No provision is made for tax on capital gains which would arise if properties were disposed of at the valuations at which they are included in the financial statements.

#### (e) Valuation of investments

Fixed asset investments are recorded at cost, less provisions for any impairment.

### 2. Operating profit

	2003 £	2002 £
Operating profit is arrived at after charging:		
Depreciation of tangible fixed assets - owned	£ 60,000	£ 48,000
Auditors' remuneration - audit	£ 6,000	£ 6,000
	<hr/>	<hr/>

**Mansell Property Investments Limited**

**Notes to the financial statements**

<b>3. Net interest payable</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Payable from loans from group undertakings	698,159	632,252
Interest receivable on bank balances	(202,358)	(117,388)
	<hr/>	<hr/>
	£ 495,801	£ 514,864
	<hr/>	<hr/>
 <b>4. Tax on profit on ordinary activities</b>	 <b>2003</b>	 <b>2002</b>
	<b>£</b>	<b>£</b>
Current tax:		
United Kingdom corporation tax on profits of the year at 30% (2002: 30%)	133,400	176,359
Adjustments in respect of previous periods	544	(21,880)
	<hr/>	<hr/>
Total current tax	133,944	154,479
 Deferred tax:		
Origination and reversal of timing differences	579	176
	<hr/>	<hr/>
	£ 134,523	£ 154,655
	<hr/>	<hr/>
 Tax reconciliation:		
(Loss)/profit on ordinary activities before taxation	£ (26,045)	£ 633,464
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(7,814)	190,039
Effects of:		
Expenses not deductible for tax purposes	26,293	(13,504)
Capital allowances for the year in excess of depreciation	(579)	(176)
Adjustment to tax charge in respect of previous periods	544	(21,880)
Provision for investment impairment	115,500	-
	<hr/>	<hr/>
Current tax charge for the year	£ 133,944	£ 154,479
	<hr/>	<hr/>



**Mansell Property Investments Limited**

**Notes to the financial statements**

<b>5. Tangible fixed assets</b>	<b>Short leasehold buildings £</b>	<b>Freehold land and buildings £</b>	<b>Total £</b>
Cost or valuation:			
At 1 January 2003	120,000	16,180,000	16,300,000
Additions	-	112,420	112,420
Disposals	(120,000)	(470,000)	(590,000)
Revaluation	-	(340,000)	(340,000)
	<hr/>	<hr/>	<hr/>
	-	15,482,420	15,482,420
	<hr/>	<hr/>	<hr/>
Accumulated depreciation:			
At 1 January 2003	120,000	-	120,000
Charge for the year	-	60,000	60,000
Eliminated on disposals	(120,000)	-	(120,000)
Revaluation	-	(60,000)	(60,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2003	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2003	-	15,482,420	15,482,420
	<hr/>	<hr/>	<hr/>
At 31 December 2002	-	16,180,000	16,180,000
	<hr/>	<hr/>	<hr/>

**Valuation**

A valuation of the company's freehold properties was carried out by independent qualified valuers, FPD Savills Commercial Limited, Chartered Surveyors, on an existing use basis as at April 2004 at the request of Balfour Beatty plc. The properties were valued at £15,482,420. The directors have resolved to adopt this valuation and the resulting revaluation deficit of £280,000 has been deducted from the revaluation reserve.

**6. Fixed asset investments**

<b>Investments in subsidiary undertakings</b>	<b>2003 £</b>	<b>2002 £</b>
As at 1 January	1,540,002	1,540,002
Provision for impairment	(385,000)	-
	<hr/>	<hr/>
As at 31 December	£ 1,155,002	£ 1,540,002
	<hr/>	<hr/>

The company's principal wholly owned subsidiary undertaking is R Mansell (Properties) Limited.

R Mansell (Properties) Limited is incorporated in Great Britain and its principal activity is the ownership of property for group use or letting.

**Mansell Property Investments Limited**

**Notes to the financial statements**

<b>7. Debtors</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Due within one year:</b>		
Trade debtors	27,550	739
Amounts owed by group undertakings	2,568,386	503,128
Other debtors	42,814	142,974
Prepayments and accrued income	177,610	199,634
	<hr/>	<hr/>
	<b>£ 2,816,360</b>	<b>£ 846,475</b>
	<hr/>	<hr/>
<b>8. Creditors: amounts falling due within one year</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Trade creditors	67,690	-
Amounts owed to group undertakings	24,780,389	23,793,052
Corporation tax	108,400	131,359
Other creditors	12,835	12,835
Accruals and deferred income	59,881	27,500
	<hr/>	<hr/>
	<b>£ 25,029,195</b>	<b>£ 23,964,746</b>
	<hr/>	<hr/>
<b>9. Provisions for liabilities and charges</b>		
Deferred taxation:	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
At 1 January	503	327
Charge in respect of accelerated capital allowances	579	176
	<hr/>	<hr/>
At 31 December	<b>£ 1,082</b>	<b>£ 503</b>
	<hr/>	<hr/>
The deferred tax liability relates to capital allowances in excess of depreciation.		
There is no unprovided deferred taxation (2002: £nil).		
<b>10. Called up share capital</b>	<b>2003 and 2002</b>	
	<b>Number</b>	<b>Nominal Value</b>
Ordinary shares of £1 each:		
Authorised	1,000,000	£ 1,000,000
	<hr/>	<hr/>
Allotted, called up and fully paid	10,000	£ 10,000
	<hr/>	<hr/>
11.75% Preference shares of £1 each:		
Authorised	24,336,959	£ 24,336,959
	<hr/>	<hr/>
Allotted	-	£ -
	<hr/>	<hr/>

# Mansell Property Investments Limited

## Notes to the financial statements

11. Reserves	Revaluation reserve	Profit and loss account
At 1 January 2003	2,263,517	(1,351,164)
Retained loss for the financial year	-	(160,568)
Revaluation deficit	(280,000)	-
Transfer on sale of fixed asset	(33,000)	33,000
	<hr/>	<hr/>
At 31 December 2003	£ 1,950,517	£ (1,478,732)
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12. Equity shareholders' funds	2003 £	2002 £
Retained (loss)/profit for the financial year	(160,568)	478,809
Revaluation (deficit)/surplus	(280,000)	2,263,517
Opening equity shareholders' funds	922,353	(1,819,973)
	<hr/>	<hr/>
Closing equity shareholders' funds	£ 481,785	£ 922,353
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### 13. Commitments and contingent liabilities

The company has a contingent liability in respect of guarantees given to support performance bonds and borrowings of its ultimate parent company, fellow subsidiaries and subsidiary undertakings amounting to £29.4 million (2002: £31.4 million).

There was no material capital expenditure either contracted for, or authorised but not contracted for, at 31 December 2003 (2002: £nil).

### 14. Related party transactions

The company has taken advantage of the exemptions provided by Financial Reporting Standard 8 (Related Party Disclosures) in not disclosing transactions with other group companies where there is a common ownership interest in excess of 90%.

### 15. Parent undertakings and controlling parties

The immediate parent undertaking and controlling party is Mansell plc, a company incorporated in Great Britain. The ultimate parent undertaking and controlling party is Balfour Beatty plc, a company incorporated in Great Britain. Copies of the financial statements of Balfour Beatty plc can be obtained from The Company Secretary, Balfour Beatty plc, 130 Wilton Road, London SW1V 1LQ.

The smallest group in which the company is included is Mansell plc and the largest group is Balfour Beatty plc.