

CHELSEFIELD RL LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2000



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CHELSEFIELD RL LIMITEDDIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2000.

Principal activity

The company's principal activity is property investment. Following the disposal of its sole investment property during the year, the directors are searching for alternative investment opportunities.

Results and dividend

The results for the year are shown in the profit and loss account on page 3. The directors do not recommend a payment of a dividend (1999 - £nil). The retained profit for the year of £4,219,955 (1999 - £482,213) has been transferred to reserves.

Directors and directors' interests

The directors who held office during the year were as follows:

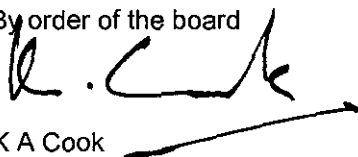
RE Butler
WN Hugill
D Phillips

None of the directors had any interest in the share capital of the company during the year. Their interests in the share capital of the ultimate holding company, Chelsfield plc are disclosed in the financial statements of that company.

Auditors

A resolution proposing the re-appointment of KPMG Audit Plc as auditors of the company will be submitted to the Annual General Meeting.

By order of the board



K A Cook
Secretary
30 July 2001

67 Brook Street
London
W1K 4NJ

CHELSFIELD RL LIMITEDDIRECTORS' RESPONSIBILITIES

The directors are required by law to prepare financial statements, based on applicable accounting standards, 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 for the year.

The directors consider that, in preparing the financial statements, suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made.

The directors prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also 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 have 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.

AUDITORS' REPORT TO THE MEMBERS OF CHELSFIELD RL LIMITED

We have audited the financial statements on pages 3 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described above, 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. 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 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc
Chartered Accountants
Registered Auditor

LONDON

13 August 2001

CHELSEFIELD RL LIMITEDPROFIT AND LOSS ACCOUNTFor the year ended 31 December 2000

	Notes	2000 £	1999 £
Net rent receivable	1	1,158,838	1,644,675
Administrative expenses	2	(792,263)	(490,404)
Operating profit		366,575	1,154,271
Profit on investment properties	3	4,600,213	-
Interest payable	4	(909,801)	(465,395)
Profit on ordinary activities before taxation		4,056,987	688,876
Taxation	5	162,968	(206,663)
Retained profit for the year	11	4,219,955	482,213

The above results relate entirely to continuing operations.

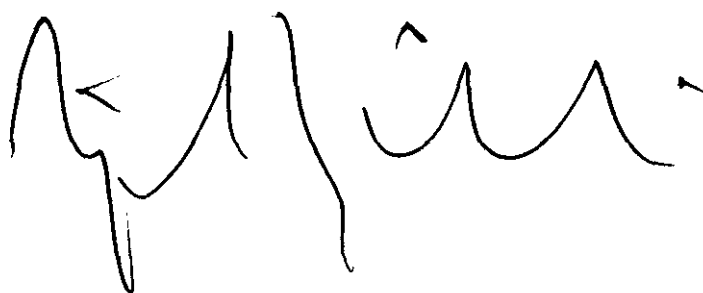
Details of reserve movements are set out in notes 10 and 11 to these accounts.

CHELSEFIELD RL LIMITEDBALANCE SHEETAt 31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Investments	6	-	26,000,000
Current assets			
Debtors	7	9,604,752	604,627
Cash at bank		1,188	1,108
		<u>9,605,940</u>	<u>605,735</u>
Creditors - amounts falling due within one year	8	<u>(585,054)</u>	<u>(21,804,804)</u>
Net current liabilities		<u>9,020,886</u>	<u>(21,199,069)</u>
Net assets		<u>9,020,886</u>	<u>4,800,931</u>
Capital and reserves			
Called up share capital	9	2	2
Revaluation reserve	10	-	4,293,891
Profit and loss account	11	9,020,884	507,038
Equity shareholders' funds		<u>9,020,886</u>	<u>4,800,931</u>

Approved by the board of directors on 30 July 2001 and signed on its behalf by:

WN Hugill, Director



CHELSEFIELD RL LIMITEDSTATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2000

	2000 £	1999 £
Profit for the year	4,219,955	482,213
Net surplus on revaluation of investment properties	-	4,293,891
Total recognised gains for the year	<u>4,219,955</u>	<u>4,776,104</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
For the year ended 31 December 2000

Total recognised gains as above	4,219,955	4,776,104
Opening shareholders' funds	4,800,931	24,827
Closing shareholders' funds	<u>9,020,886</u>	<u>4,800,931</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
For the year ended 31 December 2000

Profit on ordinary activities before taxation	4,056,987	688,876
Realisation of property revaluation surplus of previous years	4,293,891	-
Historical cost profit on ordinary activities before taxation	<u>8,350,878</u>	<u>688,876</u>
Historical cost profit for the year retained after taxation	<u>8,513,846</u>	<u>482,213</u>

CHELSEFIELD RL LIMITEDACCOUNTING POLICIESBasis of accounting

The balance sheet has been prepared in accordance with applicable accounting standards and under the historical cost accounting convention, as modified for the revaluation of certain land and buildings.

Properties

Properties held as investments are shown as fixed assets and are stated at cost in the year of acquisition and at valuation on the basis of open market value in subsequent years. If, in the opinion of the directors, a property has been subject to a material change in value as a result of a change in circumstances in the year of acquisition, then it is stated at valuation on the basis of open market value.

In accordance with Statement of Standard Accounting Practice No. 19 (as amended):

- (i) investment properties are revalued annually at open market value. All surpluses and deficits arising on valuation are taken directly to the revaluation reserve, except that any permanent diminution in the value of an investment property is taken to the profit and loss account for the year; and
- (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the property valuations and the amount which might otherwise have been shown cannot be separately identified or quantified.

Profit on sales of investment properties is recognised in the profit and loss account on completion of the sale and by reference to carrying value.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

Cashflow statement

A consolidated cashflow statement is published in the group accounts of Chelsfield plc the ultimate holding company. The company is exempt under Financial Reporting Standard No. 1 from publishing its own cashflow statement.

Related party transactions

The related party transactions note included in the consolidated financial statements of the ultimate parent undertaking complies with the conditions of financial Reporting Standard No. 8 (FRS8) 'Related party transactions'. The company is therefore exempt under FRS8 from the requirement to prepare a separate note.

CHELSEFIELD RL LIMITEDNOTES TO THE ACCOUNTS

1	<u>NET RENT RECEIVABLE</u>	2000 £	1999 £
	Gross rents receivable	1,232,891	2,746,443
	Direct property outgoings	(74,053)	(1,101,768)
	Net rents receivable	<u>1,158,838</u>	<u>1,644,675</u>

2	<u>ADMINISTRATIVE EXPENSES</u>		
	Group management charge	791,754	490,259
	Other administrative expenses	509	145
		<u>792,263</u>	<u>490,404</u>

None of the directors received any remuneration from the company during the year (1999 - £nil).

The company has no employees.

Audit fees are paid by Chelsfield Management Services Limited and accounted for on a group basis.

3	<u>PROFIT ON INVESTMENT PROPERTIES</u>		
	Sale proceeds	36,474,683	-
	Cost of sales	(31,874,470)	-
	Profit on sale	<u>4,600,213</u>	<u>-</u>

4	<u>INTEREST PAYABLE</u>		
	Interest payable to holding company	1,018,000	465,353
	Bank interest payable	1,845	42
		<u>1,019,845</u>	<u>465,395</u>
	Bank interest receivable	(110,044)	-
		<u>909,801</u>	<u>465,395</u>

5	<u>TAXATION</u>		
	Group relief receivable/(payable)	<u>162,968</u>	<u>(206,663)</u>

No corporation tax is payable on the profit realised from the sale of investment properties due to the utilisation of group losses brought forward from previous years.

6	<u>FIXED ASSETS</u>	£
	Investment properties	
	At 1 January 2000	26,000,000
	Additions	5,874,470
	Disposal	(31,874,470)
	At 31 December 2000	<u>-</u>

CHELSEFIELD RL LIMITEDNOTES TO THE ACCOUNTS (continued)

7	<u>DEBTORS</u>	2000 £	1999 £
	Amounts owed by holding company	7,885,349	-
	Other debtors	1,719,403	-
	Trade debtors	-	594,351
	Prepayments and accrued income	-	10,276
		<u>9,604,752</u>	<u>604,627</u>
8	<u>CREDITORS</u> : amounts falling due within one year		
	Trade creditors	-	19,329
	Amounts owed to holding company	-	15,177,408
	Group relief payable	43,695	206,663
	Other creditors	-	84,743
	Deferred purchase consideration	-	5,787,500
	Accruals and deferred income	541,359	529,161
		<u>585,054</u>	<u>21,804,804</u>
9	<u>CALLED UP SHARE CAPITAL</u>	Authorised £	Allotted, called up and fully paid £
	Ordinary shares of £1 each	1,000	2
		<u>1,000</u>	<u>2</u>
	There were no changes during the year in the authorised or called up share capital.		
10	<u>REVALUATION RESERVE</u>	2000 £	1999 £
	At 1 January	4,293,891	-
	Surplus on revaluation of investment properties	-	4,293,891
	Net surplus realised on sale of properties	(4,293,891)	-
		<u>-</u>	<u>4,293,891</u>
	At 31 December	-	4,293,891
		<u>-</u>	<u>4,293,891</u>
11	<u>PROFIT AND LOSS ACCOUNT</u>		
	At 1 January	507,038	24,825
	Retained profit for the year	4,219,955	482,213
	Net surplus realised on sale of properties	4,293,891	-
		<u>9,020,884</u>	<u>507,038</u>
	At 31 December	9,020,884	507,038
		<u>9,020,884</u>	<u>507,038</u>
12	<u>HOLDING COMPANY</u>		

The ultimate and immediate holding and controlling company is Chelsfield plc, a company registered in England and Wales, a copy of whose consolidated accounts may be obtained from 67 Brook Street, London, W1K 4NJ.