

CHELSFIELD (BLOOMSBURY) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2000



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CHELSEFIELD (BLOOMSBURY) LIMITEDDIRECTORS' REPORT

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

Principal activity

The company is a property investment company and commenced its activities when it acquired the freehold interest in 19/29 Woburn Place, London, WC1 on 7 July 2000.

Results and Dividend

The results for the year are shown in the profit and loss account on page 3.

The directors do not recommend the payment of a dividend (1999 – nil). The retained loss for the year of £69,478 (1999 – nil) has been transferred from reserves.

Directors and directors' interests

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

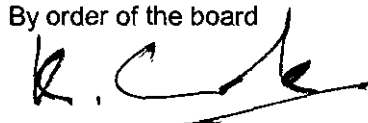
SJ O'Brien	(resigned 24 February 2000)
DT Batchelor	(resigned 24 February 2000)
E Bernerd	(appointed 24 February 2000)
WN Hugill	(appointed 24 February 2000)
D Phillips	(appointed 24 February 2000)
RE Butler	(appointed 12 July 2000)

None of the directors have an interest in the share capital of the company. 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 as auditors of the company will be submitted to the Annual General Meeting.

By order of the board



K A Cook
Secretary
6 July 2001

67 Brook Street
London
W1K 4NJ

CHELSFIELD (BLOOMSBURY) 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 period and of the profit or loss for the period.

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 (BLOOMSBURY) LIMITED

We have audited the financial statements on pages 3 to 7.

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 loss 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
9 July 2001

CHELSFIELD (BLOOMSBURY) LIMITEDPROFIT AND LOSS ACCOUNTFor the year ended 31 December 2000

	Notes	2000 £	1999 £
Administrative expenses	1	(99,238)	-
Interest payable		(16)	-
Loss on ordinary activities before taxation		<u>(99,254)</u>	<u>-</u>
Taxation	2	29,776	-
Loss for the period	8	<u>(69,478)</u>	<u>-</u>

The above results relate entirely to continuing operations.

There are no recognised gains and losses other than those shown above.

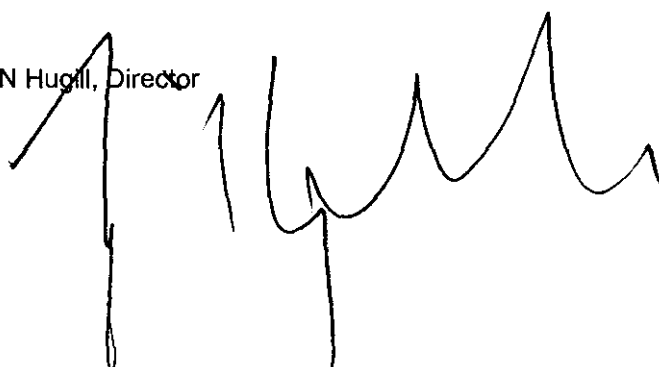
Details of reserve movements are set out in notes 8 and 9 to the accounts.

CHELSEFIELD (BLOOMSBURY) LIMITEDBALANCE SHEET
At 31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	3	2,323,000	-
Investments	4	20,700,000	-
		<u>23,023,000</u>	-
Current assets			
Debtors	5	29,776	-
Cash at bank		4,004	2
		<u>33,780</u>	2
Creditors – amounts falling due within one year	6	<u>(126,258)</u>	-
Net current (liabilities) / assets		<u>(92,478)</u>	2
Net assets		<u>22,930,522</u>	2
Capital and reserves			
Called up share capital	7	23,000,000	2
Profit and loss account	8	(69,478)	-
Equity shareholders' funds		<u>22,930,522</u>	2

Approved by the board of directors on 6 July 2001 and signed on its behalf by:

WN Hugill, Director



ACCOUNTING POLICIESBasis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules, as modified for the revaluation of land and buildings.

Properties

Properties held as investments are shown as fixed assets and are stated at cost in the period 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 period of acquisition, then it is stated at valuation on the basis of open market value.

Other investment properties are revalued annually on the basis of open market value in accordance with Statement of Standard Accounting Practice number 19 and accordingly:

- (i) the aggregate surplus or deficit on revaluation of properties is transferred to a revaluation reserve; 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 period 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 tax 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 (BLOOMSBURY) LIMITEDNOTES TO THE ACCOUNTS

1	<u>ADMINISTRATIVE EXPENSES</u>	2000 £	1999 £
	Group management charge	99,233	-
	Other	5	-
		<u>99,238</u>	<u>-</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 the company's holding company and accounted for on a group basis.

2	<u>TAXATION</u>		
	Group relief receivable	29,776	-
		<u>29,776</u>	<u>-</u>

3	<u>FIXED ASSETS – TANGIBLE ASSETS</u>	
	Investment property	£
	Additions during the period	2,323,000
	At 31 December	<u>2,323,000</u>

The addition in the year represents the freehold interest at 19/29 Woburn Place, London, WC1. The leasehold interest in the property is held by Chelsfield (Woburn Place) Limited, a wholly owned subsidiary of the company.

The investment property acts as security for a £70,000,000 loan facility to the ultimate parent company, Chelsfield plc.

4	<u>FIXED ASSETS – INVESTMENTS</u>	Investment in subsidiary undertaking
	Additions during the period	20,700,000
	At 31 December	<u>20,700,000</u>

The investment in subsidiary undertaking represents an investment in a wholly owned subsidiary, Chelsfield (Woburn Place) Limited, a property investment company registered in England and Wales.

CHELSEFIELD (BLOOMSBURY) LIMITEDNOTES TO THE ACCOUNTS (continued)

5	<u>DEBTORS</u>	2000 £	1999 £
	Group relief receivable	29,776	-
6	<u>CREDITORS</u> : amounts falling due within one year		
	Amount owed to ultimate holding company	126,258	-
7	<u>CALLED UP EQUITY SHARE CAPITAL</u>	Authorised £	Allotted, called up and fully paid £
	Ordinary shares of £1 each	23,000,000	23,000,000
Changes to the share capital during the year were as follows:			
Authorised:			
The authorised capital of the company was increased during the year by the creation of 22,999,998 ordinary shares of £1 each.			
Allotted, called up and fully paid:			
	At 1 January 2000		2
	Issued during the year at par		22,999,998
	At 31 December 2000		23,000,000
8	<u>PROFIT AND LOSS ACCOUNT</u>	2000 £	1999 £
	At beginning of the period	-	-
	Retained loss for the period	(69,478)	-
	At 31 December	(69,478)	-
9	<u>RECONCILIATIONS OF MOVEMENTS IN SHAREHOLDERS FUNDS</u>		
	Opening shareholder funds	2	-
	Retained loss for the period	(69,478)	-
	Share capital issued/subscribed	22,999,998	2
	Closing shareholders funds	22,930,522	2
10	<u>ULTIMATE HOLDING COMPANY</u>		

The immediate and ultimate holding and controlling company is Chelsfield plc, which is registered in England and Wales. The accounts of the ultimate holding company, which is both the largest and smallest group in which the results of the company are consolidated, are available from 67 Brook Street, London, W1K 4NJ.