

Bromley Property Holdings Limited  
Annual report  
for the year ended 30 September 2003

Registered Number 4132693



# Bromley Property Holdings Limited

## Annual report

### for the year ended 30 September 2003

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# **Bromley Property Holdings Limited**

## **Directors and advisors**

### **Directors**

R J Dickinson

S Dickinson

A R Cunningham

### **Secretary and registered office**

M Glanville

Citygate

St James Boulevard

Newcastle upon Tyne

NE1 4JE

### **Independent auditors**

PricewaterhouseCoopers LLP

89 Sandyford Road

Newcastle upon Tyne

NE99 1PL

### **Solicitors**

Allen & Overy

1 New Change

London

EC4M 9QQ

Hammonds

2 Park Lane

Leeds

### **Bankers**

Barclays Bank plc

PO Box 224

10 Market Street

Bradford

West Yorkshire

BD1 1NR

Lloyds TSB

6/7 Park Row

Leeds

LS1 1NX

Bank of Scotland

41/51 Grey Street

Newcastle upon Tyne

NE1 6EE

Royal Bank of Scotland

Bradford City Centre Branch

7 Hustlergate

Bradford

West Yorkshire

BD1 1PP

Nationwide Building Society

Kings Park Road

Moulton Park

Northampton

NN3 6NW

# Bromley Property Holdings Limited

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

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

### **Principal activities and review of the business**

Bromley Property Holdings Limited is an investment holding company. The principal activities of the group are trading and investment in residential property.

The directors consider the level of the group's activities and the year end position to be satisfactory and expect it to continue to be so in future years.

### **Results and dividends**

The consolidated results for the year are set out on page 5. During the year a dividend of £104,000,000 was paid. The directors do not recommend the payment of a final dividend (2002: £Nil).

### **Creditor payment policy**

It is the company's policy to pay suppliers in accordance with their normal terms and conditions of trading. Payment in respect of the purchase of property is subject to and will comply with contractual terms. Trade creditors existing at 30 September 2003, relating to purchases of property stock, are generally settled 28 days after exchange of contracts. Trade creditor days relating to other trade creditors of the company were calculated as 38 days (2002: 43 days).

### **Directors**

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

D Brush	(resigned 29 November 2002)
R J Dickinson	
S Dickinson	
AR Cunningham	(appointed 23 September 2003)
A W Dixon	(resigned 23 September 2003)
C Spry	(appointed 29 November 2002, resigned 23 September 2003)

The directors have no beneficial interest in the share capital of the company or any of its subsidiaries. The beneficial interests of R J Dickinson, S Dickinson and AR Cunningham in the shares of Grainger Trust plc, which owns 100% of the shares in Bromley Property Holdings Limited, are shown in the annual report of Grainger Trust plc.

# **Bromley Property Holdings Limited**

## **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.

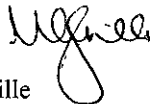
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2003 and that applicable accounting standards have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

## **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to reappoint them as auditors to the company will be proposed at the annual general meeting.

## **By order of the Board**

  
M Glanville  
Secretary

27 February 2004

# **Bromley Property Holdings Limited**

## **Independent auditors' report to the members of Bromley Property Holdings Limited**

We have audited the financial statements which comprise the consolidated profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses, the note of historical cost profits and losses, 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.

### **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 affairs of the company and the group at 30 September 2003 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

3 March 2004

# Bromley Property Holdings Limited

## Consolidated profit and loss account for the year ended 30 September 2003

	Note	2003	2002
		£'000	£'000
<b>Turnover</b>		<b>114,123</b>	<b>220,677</b>
Gross rentals		22,740	34,709
Trading profits		39,001	53,420
Other operating income		618	-
		<b>62,359</b>	<b>88,129</b>
Less:			
Property expenses		(6,214)	(7,422)
Administration expenses		(5,067)	(14,611)
<b>Operating profit</b>	2	<b>51,078</b>	<b>66,096</b>
Profit on sale of fixed assets	4	4,641	14,784
Profit on sale of subsidiaries	5	2,384	-
<b>Profit on ordinary activities before interest</b>		<b>58,103</b>	<b>80,880</b>
Net interest payable and similar charges	6	(33,707)	(51,385)
<b>Profit on ordinary activities before taxation</b>		<b>24,396</b>	<b>29,495</b>
Tax on profit on ordinary activities	7	(16,057)	(21,492)
<b>Profit for the financial year</b>		<b>8,339</b>	<b>8,003</b>
Dividends	8	(104,000)	-
<b>(Loss sustained) / retained profit for the financial year</b>	19, 20	<b>(95,661)</b>	<b>8,003</b>

All of the activities of the company are continuing.

# Bromley Property Holdings Limited

## Statement of group total recognised gains and losses for the year ended 30 September 2003

	Note	2003	2002
		£'000	£'000
Profit for the financial year		8,339	8,003
Taxation on realisation of revaluation surpluses		(1,834)	-
Unrealised surplus on revaluation of properties	19	8,832	15,523
<b>Total gains and losses recognised since the last annual report</b>		<b>15,337</b>	<b>23,526</b>

## Note of group historical cost profits and losses

	Note	2003	2002
		£'000	£'000
Reported profit on ordinary activities before taxation		24,396	29,495
Realisation of property revaluation gains of previous years	19	5,807	4,072
<b>Historical cost profit on ordinary activities before taxation</b>		<b>30,203</b>	<b>33,567</b>
<b>Retained historical cost (loss)/profit for the year</b>		<b>(91,688)</b>	<b>12,075</b>

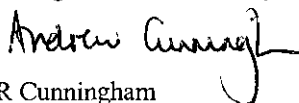


# Bromley Property Holdings Limited

## Balance sheets as at 30 September 2003

	Note	2003	2003	2002	2002
		Group	Company	Group	Company
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	9	(80,306)	-	(89,986)	-
Tangible assets	10	84,747	-	113,467	-
Investments	11	-	-	27	-
		4,441	-	23,508	-
<b>Current assets</b>					
Stocks	12	428,048	-	499,088	-
Debtors	13	7,270	65,237	3,569	61,791
Cash at bank and in hand	14	74,931	-	89,089	-
		510,249	65,237	591,746	61,791
<b>Creditors: amounts falling due within one year</b>	15	(69,972)	(4,859)	(492,859)	(2,538)
<b>Net current assets</b>		440,277	60,378	98,887	59,253
<b>Total assets less current liabilities</b>		444,718	60,378	122,395	59,253
<b>Creditors: amounts falling due after more than one year</b>	16	(481,674)	(27,470)	(70,688)	(27,469)
<b>Net (liabilities) / assets</b>		(36,956)	32,908	51,707	31,784
<b>Capital and reserves</b>					
Called up equity share capital	18	30,640	30,640	30,640	30,640
Revaluation reserve	19	20,566	-	17,541	-
Profit and loss account	19	(88,162)	2,268	3,526	1,144
<b>Equity shareholders' funds</b>	20	(36,956)	32,908	51,707	31,784

The financial statements on pages 5 to 28 were approved by the board of directors on 27 February 2004 and were signed on its behalf by:

  
 AR Cunningham  
 Director

# Bromley Property Holdings Limited

## Consolidated cash flow statement for the year ended 30 September 2003

	Note	2003	2002
		£'000	£'000
<b>Net cash inflow from operating activities</b>		<b>93,764</b>	<b>151,617</b>
<b>Returns on investment and servicing of finance</b>			
Interest received		2,044	3,519
Interest paid		(34,588)	(60,302)
Dividends paid		(104,000)	-
		<b>(136,544)</b>	<b>(56,783)</b>
<b>Taxation</b>			
UK corporation tax paid		(22,613)	(8,602)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(86)	(15,014)
Sale of tangible fixed assets		156	-
Sale of fixed asset investments		-	23,207
Sale of tangible fixed assets		41,689	152,403
		<b>41,759</b>	<b>160,596</b>
<b>Acquisitions and disposals</b>			
Sale of subsidiaries	5	17,573	-
		<b>17,573</b>	<b>-</b>
<b>Cash (outflow) / inflow before financing</b>		<b>(6,061)</b>	<b>246,828</b>
<b>Financing</b>			
Issue of shares	18	-	3,120
Purchase of interest rate cap		(2,491)	-
New loans raised		477,162	265,383
Repayment of loans		(482,768)	(494,826)
		<b>(8,097)</b>	<b>(226,323)</b>
<b>Increase in net cash in the year</b>	21	<b>(14,158)</b>	<b>20,505</b>

# Bromley Property Holdings Limited

## Reconciliation of operating profit to net cash flow from operating activities

	Note	2003	2002
		£'000	£'000
Operating profit		51,078	66,096
Depreciation		434	637
Amortisation of goodwill		(8,812)	(29,423)
Decrease / (increase) in debtors		556	1,333
Decrease in creditors		(5,353)	(32,230)
Decrease in stocks		55,861	145,204
<b>Net cash inflow from operating activities</b>		<b>93,764</b>	<b>151,617</b>

# **Bromley Property Holdings Limited**

## **Statement of accounting policies**

A summary of the principal accounting policies is set out below. The policies have been applied consistently in all material aspects throughout the current and the previous year.

### **Accounting convention**

The Group prepares its annual financial statements on the going concern basis, under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. However, compliance with the Statement of Standard Accounting Practice No 19 "Accounting For Investment Properties" ("SSAP 19") requires departure from the requirements of the Companies Act 1985 relating to depreciation. A summary of the more important accounting policies and an explanation of the departure to investment properties is set out below.

### **Basis of consolidation**

The Group financial statements comprise the consolidated financial statements of the company and its subsidiaries. The financial statements of subsidiary companies are made up to 30 September.

The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-Group sales and profits are eliminated fully on consolidation. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their provisional fair values reflecting their condition at that date.

Goodwill arising on consolidation represents the difference between the fair value of the consideration paid and the fair value of the identifiable assets acquired. Goodwill is shown in the balance sheet under fixed assets. Negative goodwill is amortised through the profit and loss account over the year in which the non monetary assets are realised either through depreciation or sale.

### **Turnover**

Turnover comprises gross sale proceeds of trading properties, gross rentals and sundry other income. Sales of land and properties are accounted for when the cash proceeds are received in full or the group has entered into a legally binding agreement.

### **Repairs and improvements**

Repairs are charged in the year they are incurred. Improvement costs are capitalised.

### **Pensions**

The group operates a defined benefit pension scheme. Contributions are charged to the profit and loss account so as to spread the cost of pensions over the expected remaining life of the employees. The transitional disclosure requirements of Financial Reporting Standard 17 'Retirement Benefits' (FRS17) have been implemented during the year.

# Bromley Property Holdings Limited

## **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, 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. The effect of depreciation and amortisation on value is already reflected annually in the valuation of properties, and the amount attributed to this factor by the valuers cannot reasonably be separately identified or quantified. Had the provisions of the Act been followed net assets would not have been affected but revenue and profits would have been reduced for this and earlier years. Full valuations are made by independent and qualified valuers every year. The basis of valuation is explained in note 10.

Depreciation is calculated so as to write off the cost of tangible fixed assets (excluding investment properties), less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Motor vehicles	25%
Residential furnishings	33%
Office equipment and computers	20% to 25%

## **Investments**

Investments in subsidiaries and other investments are included in the financial statements at cost less provisions for permanent diminution of value.

## **Stocks**

Tenanted residential properties are shown in the financial statements at the lower of cost to the Group and net realisable value. Cost to the Group includes legal and surveying charges incurred during acquisition together with improvement costs. Net realisable value is the net sale proceeds which the Group expects on sale of a property with vacant possession. Trading properties are shown in the financial statements at the lower of cost to the Group and net realisable value. Cost represents the acquisition price together with subsequent development costs net of amounts transferred to cost of sales. Net realisable value is the current market value as advised by the Group's professional valuers.

## **Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

## **Deferred taxation**

Deferred tax is recognised in respect of 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.

Deferred tax is measured at the rate expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements.

# Bromley Property Holdings Limited

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

### **1 Segmental reporting**

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

### **2 Operating profit**

	2003	2002
	£'000	£'000
<b>Operating profit is stated after charging:</b>		
Depreciation of tangible owned fixed assets	434	637
Operating lease charges - other	507	380
<b>Auditors' remuneration:</b>		
Audit services (company £6,000, 2002: £6,000)	60	60
Non audit services	150	311
<b>And after crediting:</b>		
Amortisation of negative goodwill	(8,812)	(29,423)

Audit services are recharged by BPT Limited a subsidiary undertaking. Negative goodwill of £868,000 (2002: £3,465,000) is amortised through profit on sale of investment properties.

### **3 Directors and employees**

	2003	2002
	£'000	£'000
<b>Staff costs</b>		
Wages and salaries	3,250	3,811
Social security costs	353	338
Other pension costs (see note 24)	497	634
	4,100	4,783

# Bromley Property Holdings Limited

## 3 Directors and employees (continued)

The average monthly number of persons (including executive directors) employed by the group during the year was:

	2003 Number	2002 Number
Property management	72	87
Administration	12	23
	84	110

### Directors' Emoluments

	2003 £'000	2002 £'000
Sums paid to third parties for directors' services	196	811

The above figures relate to the highest paid director.

None (2002: none) of the directors have entitlements accruing under the defined benefit pension scheme.

## 4 Profit on disposal of fixed assets

	2003 £'000	2002 £'000
Profit on sale of other fixed assets	35	-
Profit on disposal of investment properties	4,606	14,784
	4,641	14,784

# Bromley Property Holdings Limited

## **5 Profit on disposal of subsidiaries**

The group disposed of the following subsidiary companies in the year: Hamsard 2432 Limited, BPT Bridgewater (Home Reversions) No 1 Limited, BPT Bridgewater (Home Reversions) No 2 Limited, BPT (Peachey No 2) Limited and Hamsard 2491 Limited. The total consideration was £17,573,000. The subsidiaries disposed of did not have a material impact on the cash flows of the group

<b>Profit on disposal</b>	<b>Total</b>
	<b>£'000</b>
Property stock	<b>15,179</b>
Other net liabilities	<b>(20)</b>
Net assets	<b>15,159</b>
Profit on disposal	<b>2,384</b>
Cash consideration	<b>17,573</b>

## **6 Net interest payable and similar charges**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	<b>85</b>	<b>2,367</b>
Debentures and other loans	<b>31,678</b>	<b>48,325</b>
Amortisation of various swaps and caps	<b>4,525</b>	<b>4,167</b>
	<b>36,288</b>	<b>54,859</b>
Less:		
Interest receivable on cash at bank	<b>(2,581)</b>	<b>(3,474)</b>
	<b>33,707</b>	<b>51,385</b>



# Bromley Property Holdings Limited

## 7 Tax on profit on ordinary activities

	2003 £'000	2002 £'000
<b>Analysis of charge in year</b>		
Current tax:		
UK Corporation tax on profits for the period	12,487	16,562
Adjustment in respect of prior periods	3,906	-
<b>Total current tax</b>	<b>16,387</b>	<b>16,562</b>
Deferred tax:		
Origination and reversal of timing differences (see note 17)	(330)	4,930
<b>Total deferred tax</b>	<b>(330)</b>	<b>4,930</b>
<b>Tax on profit on ordinary activities</b>	<b>16,057</b>	<b>21,492</b>

Tax on recognised gains and losses not included in the profit and loss account.

United Kingdom corporation tax at 30%. (2002: 30%).	1,836	-
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### Factors affecting tax charge for the year

The tax assessment for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £'000	2002 £'000
<b>Profit on ordinary activities before taxation</b>	<b>24,396</b>	<b>29,495</b>
Profit on ordinary activities before tax at a rate of 30%	7,319	8,849
Expenses not deductible for tax purposes	615	(128)
Effect of negative goodwill written back	(2,883)	(8,827)
Adjustment re prior years	3,906	-
Tax on fair values released on property sales	8,030	24,994
Effect of timing differences	(570)	(4,930)
Difference between tax and accounting profit on disposals	(30)	(3,396)
<b>Current tax charge</b>	<b>16,387</b>	<b>16,562</b>

# Bromley Property Holdings Limited

## 7 Tax on profit on ordinary activities (continued)

### Factors that may affect future tax charges

No provisions for deferred tax has been made on gains that would become payable if the group investment properties were sold at their year end values. The estimate of unprovided deferred tax is £8,039,000 (2002: £12,731,000). FRS 19 prohibits the making of provisions for contingent tax liabilities on revaluation surpluses on the acquisition of companies. It had previously been our industry practice to make provision for such liabilities as part of our fair value exercise on acquisition. We have therefore recalculated the fair value of assets and liabilities on acquisitions made in recent years by removing these provisions, thereby creating negative goodwill on most of these transactions. This negative goodwill is released to profit and loss account as the properties within the company are sold. There is also a greater tax charge on such sales as there is no brought forward contingent tax provision available to be utilised in its reduction. The total contingent tax for the group not provided at 30 September 2003 is £70,332,000 (2002: £78,362,000)

## 8 Dividends

	2003 £'000	2002 £'000
Dividends on equity shares:		
Ordinary paid £3.39 (2002: £Nil) per ordinary share	104,000	-
	104,000	-

## 9 Intangible fixed assets

Negative Goodwill Group	Total £'000
Cost	
At 30 September 2003 and 1 October 2002	125,536
Amortisation	
At 1 October 2002	35,550
Release for the year	9,680
At 30 September 2003	45,230
Net book value	
At 30 September 2003	80,306
At 30 September 2002	89,986

£868,000 (2002: £3,465,000) has been amortised directly through profit on sale of investment properties.

# Bromley Property Holdings Limited

## 10 Tangible fixed assets

### Group

	Investment properties £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 October 2002	112,688	2,936	115,624
Additions	-	86	86
Surplus on revaluation	8,832	-	8,832
Disposals	(37,083)	(1,127)	(38,210)
<b>At 30 September 2003</b>	<b>84,437</b>	<b>1,895</b>	<b>86,332</b>
<b>Accumulated depreciation</b>			
At 1 October 2002	-	2,157	2,157
Charge for the year	-	434	434
Disposals	-	(1,006)	(1,006)
<b>At 30 September 2003</b>	<b>-</b>	<b>1,585</b>	<b>1,585</b>
<b>Net book value</b>			
<b>At 30 September 2003</b>	<b>84,437</b>	<b>310</b>	<b>84,747</b>
At 30 September 2002	112,688	779	113,467

Investment properties at net book value comprise:

	2003 £'000	2002 £'000
Freeholds	76,067	92,621
Long leasehold	8,370	20,067
	<b>84,437</b>	<b>112,688</b>

Investment properties were revalued at their market value at 30 September 2003 based on in-house valuations. A structured sample of the in-house valuations has been independently reviewed by Allsop & Co., Chartered Surveyors. Based on the results of that review, Allsop & Co. have concluded that they have a high degree of confidence in those valuations. These represent estimates of the open market value of the properties subject to the tenancies then existing.

# Bromley Property Holdings Limited

## 10 Tangible assets (continued)

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

	2003	2002
	£'000	£'000
Cost and net book value	63,871	95,147

## 11 Investments

	Group	Company
	£'000	£'000
Cost and net book value		
At 1 October 2002	27	-
Disposals	(27)	-
At 30 September 2003	-	-

The directors consider providing details of all subsidiaries at 30 September 2003 would result in disclosure of excessive length. The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the figures of the group:

Name of undertaking	Proportion of nominal value of ordinary shares held by the group%	Company %	Activity
Bromley Property Investments Limited	100%	100%	Holding Company
Bromley No.1 Limited (including preference share holding)	100%	-	Holding Company
BPT Limited (including preference share holding)	100%	-	Holding Company
BPT (Assured Homes) Limited	100%	-	Property Investment
BPT (Bradford Property Trust) Limited	100%	-	Property Trading
BPT (Residential Investments) Limited	100%	-	Property Investment
BPT (Residential Management Services) Limited	100%	-	Management Services
Hamsard 2489 Limited	100%	-	Property Trading
Hamsard 2517 Limited	80%	-	Property Trading
Hamsard 2518 Limited	80%	-	Holding Company
BPT Bridgewater (Home Reversions) Limited	100%	-	Property Trading

All of the above subsidiaries are consolidated in the group accounts, are incorporated in England and Wales and operate in the United Kingdom.

# Bromley Property Holdings Limited

## 12 Stocks

	Group 2003 £'000	Group 2002 £'000
Trading properties	428,048	499,088

The current replacement cost of the Group's trading properties has been estimated at £571.6 million (2002: £617.9 million).

## 13 Debtors

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
<b>Amounts falling due within one year</b>				
Trade debtors	1,204	-	1,477	-
Amount owed by group undertakings	-	42,880	-	45,400
Deferred taxation (note 17)	2,581	-	1,352	-
Other debtors	3,019	22,357	-	-
Prepayments and accrued income	466	-	740	16,391
	7,270	65,237	3,569	61,791

## 14 Cash at bank and in hand

At 30 September 2003, bank balances included £39,593,000 (2002: £45,787,000) which relates to amounts held as guarantee for floating loan notes 2011.

# Bromley Property Holdings Limited

## 15 Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2003	2003	2002	2002
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	-	-	31,583	-
Mortgages and other loans	-	-	378,737	-
Floating unsecured guaranteed loan notes 2011	39,440	-	45,712	-
Trade creditors	2,250	-	495	-
Amounts due to group undertakings	-	1,045	1,493	1,493
Corporation tax	15,888	722	19,381	1,045
Other taxation and social security	111	-	249	-
Other creditors	23	-	18	-
Accruals and deferred income	12,260	3,092	15,191	-
	69,972	4,859	492,859	2,538

Holders of loan notes will have the right to redeem all or part of their loan notes for cash at par on 30 April 2003 and on any subsequent interest payment dates. If not previously redeemed the loan notes will be repaid on 30 April 2011.

Interest on the loan notes is payable at LIBOR less 0.75% on 30 April and 31 October of each year until the loan notes have been redeemed as set out above.

# Bromley Property Holdings Limited

## 16 Creditors: amount falling due after more than one year

	Group	Company	Group	Company
	2003	2003	2002	2002
	£'000	£'000	£'000	£'000
Mortgages and other loans	454,204	-	-	-
Bank loans	-	-	43,219	-
Unsecured loan stock 2006	27,470	27,470	27,469	27,469
	481,674	27,470	70,688	27,469

### Maturity of finance debt is as follows:

In one year or less, or on demand	39,440	-	456,032	-
Between one and two years	-	-	3,653	-
Between two and five years	131,216	27,470	34,930	27,469
Between five and ten years	307,162	-	17,730	-
After ten years	43,296	-	14,375	-
	521,114	27,470	526,720	27,469

The mortgage with Lloyds TSB, of £42,327,000 (2002: £41,763,000), bears a fixed interest rate of 6.32% and is secured by a fixed charge on certain assets of the group. Repayments are over an expected term of 30 years.

A proportion of the group's remaining floating rate debt is hedged via fixed interest swaps and collars.

The Unsecured loan stock 2006 carries interest at 15% per annum. Final redemption, if not previously repaid following agreement by both parties, is at par on 31 December 2006.

# Bromley Property Holdings Limited

## 17 Deferred taxation

Group	Amount provided	Amount unprovided	Amount provided	Amount unprovided
	2003	2003	2002	2002
	£'000	£'000	£'000	£'000
<hr/>				
Tax effect of timing differences due to:				
Net short term timing differences	(2,581)	-	(1,352)	-
Revalued investment properties	-	8,039	-	12,731
	(2,581)	8,039	(1,352)	12,731
<hr/>				
The movements on provisions for deferred taxation are as follows:-	£'000		£'000	
<hr/>				
At beginning of year	(1,352)		(6,282)	
Transferred from corporation tax	(899)		-	
Amount charged to profit and loss account	(330)		4,930	
<b>Balance at end of year</b>	<b>(2,581)</b>		<b>(1,352)</b>	
<hr/>				

The company has no liability, potential or otherwise, to deferred taxation.

The Group does not provide deferred tax on revalued investment properties, in line with FRS 19 'Deferred Taxation', as there is no binding agreement to sell the revalued investment properties at the balance sheet date.



# Bromley Property Holdings Limited

## 18 Called up equity share capital

	2003 £'000	2002 £'000
<b>Authorised</b>		
20,000,000 (2002: 20,000,000) A ordinary shares of £1 each	20,000	20,000
20,000,000 (2002: 20,000,000) B ordinary shares of £1 each	20,000	20,000
	<b>40,000</b>	<b>40,000</b>
<b>Allotted, called up and fully paid</b>		
15,320,000 (2002: 15,320,000) A ordinary shares of £1 each	15,320	15,320
15,320,000 (2002: 15,320,000) B ordinary shares of £1 each	15,320	15,320
	<b>30,640</b>	<b>30,640</b>

The A ordinary shares and the B ordinary shares are separate classes of shares but carry the same rights and privileges and rank pari passu in all respects.

## 19 Reserves

	Group	Company	
	Revaluation reserve £'000	Profit and loss account £'000	Profit and loss account £'000
At 1 October 2003	17,541	3,526	1,144
Surplus on revaluation	8,832	-	-
Realisation on disposal	(5,807)	5,807	-
Tax on realisation of revaluation surplus	-	(1,834)	-
Retained (loss) / profit for the year	-	(95,661)	1,124
At 30 September 2003	20,566	(88,162)	2,268

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the financial year was £105,124,000. (2002: £2,450,000 loss)

# Bromley Property Holdings Limited

## 20 Reconciliation of movements in equity shareholders' funds

	2003	2002
	£'000	£'000
Profit for the financial year	8,339	8,003
Less: Dividends paid	(104,000)	-
Retained (loss) / profit for the financial year	(95,661)	8,003
Other recognised gains and losses for the year	6,998	15,523
New share capital issued	-	3,120
Net (reduction) / additions to equity shareholders' funds	(88,663)	26,646
Opening equity shareholders' funds	51,707	25,061
Closing equity shareholders funds	(36,956)	51,707

## 21 Reconciliation of net cash flow to movement in net debt

	2003	2002
	£'000	£'000
Increase / (decrease) in net cash	(14,158)	20,505
Cash inflow from increase in debt	8,097	229,443
Non cash movements	(2,491)	-
Movement in net debt for the year	(8,552)	249,948
Net debt at 1 October 2002	(437,631)	(687,579)
Net debt at 30 September 2003	(446,183)	(437,631)

# Bromley Property Holdings Limited

## 22 Analysis of net debt

	At 30 September 2002 £'000	Cashflow £ '000	Non cash movements £'000	At 30 September 2003 £'000
Cash at bank and in hand	89,089	(14,158)	-	74,931
Overdraft	(77)	77	-	-
	89,012	(14,081)	-	74,931
Debt due after one year	(70,688)	(410,986)	-	(481,674)
Debt due within one year	(455,955)	416,515	(2,491)	(39,440)
Total	(437,631)	(6,061)	(2,491)	(446,183)

Non cash movements consist of interest rolled up into loans and other items.

## 23 Related party transactions

The company has taken advantage of the exemption available under FRS8 "Related Party Disclosures" from disclosing transactions with related parties within Grainger Trust plc and there were no other transactions that required disclosure in accordance with FRS 8.

## 24 Pension commitments

### **Pension commitments**

The company operates a funded defined benefits pension scheme for eligible employees. The assets of the scheme are held in separate trustee administered funds. Costs and funding are assessed with the advice of an independent qualified actuary using the projected unit method.

A full actuarial valuation using the projected unit method was undertaken as at 1 July 2001. Based on actuarial assumptions of an investment return of 7.5% per annum and salary increases of 6% per annum, the assets were valued at £9,027,400. These are held in a relevant insurance contract. These assets represented 85% of the value of the scheme's accrued liabilities. The deficiency is being met over the expected working lifetimes of the members. Normal pension cost for the year was £497,000 (2002: £634,000).

On acquisition of BPT Limited a fair value provision was taken with respect to the deficit, the remaining balance in the accounts at 30 September 2003 was £4,660,000 (2002: £6,000,000).

The actuary also undertook a Minimum Funding Requirement valuation as at 1 July 2001 in accordance with the Pensions Act 1995. The value of the assets of the scheme was determined at 95% of the liabilities of the scheme.

# Bromley Property Holdings Limited

## 24 Pension commitments (continued)

### FRS17 transitional disclosures

The FRS17 calculations for disclosure purposes have been based on a valuation at 1 August 2003 adjusted to 30 September 2003 by a qualified independent actuary. The major assumptions used by the actuary were:

	30 September 2003	30 September 2002	30 September 2001
Discount rate	5.30% pa	5.50% pa	6.00% pa
Rate of increase in salaries	3.70% pa	3.25% pa	3.50% pa
Rate of increases in pensions in payment	5.00% pa	5.00% pa	5.00% pa
Inflation assumption	2.70% pa	2.25% pa	2.50% pa

The assets are invested in a with-profits deposit administration insurance policy with AXA Sun Life. The fund value of the assets of the Scheme was £10.5m as at 30 September 2003 (£9.1m as at 30 September 2002 and £8.9m as at 30 September 2001).

The expected rate of return on the assets was 6.3% as at 30 September 2003 (6.5% as at 30 September 2002 and 7.0% as at 30 September 2001).

The following approximate amounts were measured in accordance with the requirements of FRS 17:

	30 September 2003 £m	30 September 2002 £m	30 September 2001 £m
Total market value of assets	10.5	9.1	8.9
Present value of Scheme liabilities	14.2	12.2	11.7
Deficit in the Scheme	(3.7)	(3.1)	(2.8)
Related deferred tax liability	1.8	0.9	0.9
Net pension liability	(1.9)	(2.2)	(1.9)

If the above amounts had been recognised in the financial statements, the company's net assets and profit and loss reserve would be as follows:

	30 September 2003 £m	30 September 2002 £m	30 September 2001 £m
Net (liabilities) / assets excluding SSAP24 pension asset	(36.9)	51.7	25.1
FRS17 pension liability	(1.9)	(2.2)	(1.9)
Net assets including FRS17 pension liability	(38.8)	49.5	23.2
Profit and loss reserve excluding SSAP24 pension asset	(88.2)	3.5	(8.5)
FRS17 pension reserve	(1.9)	(2.2)	(1.9)
Profit and loss reserve	(90.1)	1.3	(10.4)

# Bromley Property Holdings Limited

## 24 Pension commitments (continued)

The following amounts would have been recognised in the performance statements in the year to 30 September 2003 under the requirements of FRS 17:

	Year to 30 September 2003	Year to 30 September 2002
	£m	£m
<b>Operating profit</b>		
Current service cost	0.3	0.4
Past service cost	-	(0.1)
Total operating charge	0.3	0.3
<b>Other finance income</b>		
Expected return on pension Scheme assets	0.6	0.6
Interest on pension Scheme liabilities	(0.7)	(0.7)
Net return	(0.1)	(0.1)
<b>Statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension Scheme assets	(0.3)	-
Experience gains and losses arising on the Scheme liabilities	0.1	0.4
Changes in assumptions underlying the present value of Scheme liabilities	(1.1)	(0.8)
Actuarial gain recognised in STRGL	(1.3)	(0.4)
	Year September 2003	Year to 30 September 2002
	£m	£m
<b>Movements in surplus</b>		
Deficit in Scheme at beginning of the year	(3.1)	(2.8)
Movement in year:		
Current service cost	(0.3)	(0.4)
Past service gain	-	0.1
Contributions	1.1	0.5
Other finance income	(0.1)	(0.1)
Actuarial gain	(1.3)	(0.4)
Deficit in Scheme at end of year	(3.7)	(3.1)
	Year to 30 September 2003	Year to 30 September 2002
	£m	£m
<b>Details of experience gains and losses</b>		
1. Difference between the expected and actual return on Scheme assets		
Amount (£m's)	(0.3)	-
Percentage of Scheme assets	(2.9%)	(0.0%)
2. Experience gains and losses on Scheme liabilities		
Amount (£m's)	0.1	0.4
Percentage of the present value of the Scheme liabilities	0.1%	3.3%
3. Total amount recognised in statement of total recognised gains and losses:		
Amount (£m's)	(1.3)	(0.4)
Percentage of the present value of the Scheme liabilities	(9.2%)	(3.3%)

# Bromley Property Holdings Limited

## 25 Operating lease commitments

At 30 September 2003 the group had annual commitments under non-cancellable operating leases as follows:

	2003 Property £'000	2002 Property £'000
Within two to five years	43	38
After five years	343	298
	386	336

	2003 Vehicles £'000	2002 Vehicles £'000
Less than one year	36	-
Within two to five years	66	84
	102	84

## 26 Ultimate parent undertaking

The immediate parent undertaking is Grainger Trust plc, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is Grainger Trust plc, which is the parent undertaking of the largest group to consolidate these financial statements whilst the smallest undertaking to consolidate these financial statements is Bromley Property Holdings Limited, a company registered in England and Wales. Copies of Grainger Trust plc consolidated financial statements can be obtained from The Secretary, Citygate, Saint James Boulevard, Newcastle-Upon-Tyne, NE1 4JE.