

**CAMBRIDGE RETAIL INVESTMENT LIMITED**

COMPANY REGISTRATION NUMBER 4377935

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2004**



**CAMBRIDGE RETAIL INVESTMENT LIMITED**

**DIRECTORS' REPORT**

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2004.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the period was property investment.

The directors do not anticipate any significant change in the activity of the company and its profitability.

**RESULTS AND DIVIDENDS**

The results of the company for the year are shown on page 5. Profit on ordinary activities before taxation was £54,848 (2003 - £22,367 loss).

The directors have not recommended payment of a dividend.

**THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

The directors who served the company throughout the year were as follows:

W J A Bullough	
R C Williams	
J Greenwood	(Appointed 28 April 2004)
R S Handley	(Resigned 28 April 2004)
S H R Musgrave	(Resigned 28 April 2004)

None of the directors in office at 31 December 2004 had any interests in the securities of the company, Grosvenor Group Limited (formerly Grosvenor Group Holdings Limited), its ultimate parent undertaking, or any of its fellow subsidiary undertakings which are required to be disclosed under the Companies Act 1985.

R S Handley and S H R Musgrave were reappointed as directors on 23 February 2005.

P S Vernon was appointed as a director on 7 April 2005.

**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 at the end of the financial year and of the profit or loss for the year then ended.

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, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**CAMBRIDGE RETAIL INVESTMENT LIMITED**

**DIRECTORS' REPORT** *(continued)*

**DIRECTORS' RESPONSIBILITIES (continued)**

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. The directors are also responsible for safeguarding the assets of the company, for the system of internal control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

Signed by order of the Board

A handwritten signature in black ink, appearing to read 'C M Tolhurst', followed by a period.

C M Tolhurst  
Company Secretary

27 OCT 2005

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**CAMBRIDGE RETAIL INVESTMENT LIMITED**  
**YEAR ENDED 31 DECEMBER 2004**

We have audited the financial statements of Cambridge Retail Investment Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the historical cost convention and 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.

**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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**CAMBRIDGE RETAIL INVESTMENT LIMITED**  
**YEAR ENDED 31 DECEMBER 2004** *(continued)*

**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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London

27 October 2005

**CAMBRIDGE RETAIL INVESTMENT LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004**

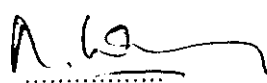
	Note	2004 £	2003 £
Turnover	2	99,611	108,255
Cost of sales		(47,450)	(133,963)
<b>Gross profit/(loss)</b>		<b>52,161</b>	<b>(25,708)</b>
Administrative expenses		(2,171)	(2,171)
<b>Operating profit/(loss)</b>	3	<b>49,990</b>	<b>(27,879)</b>
Profit on disposal of investment properties	5	—	2,403
		<b>49,990</b>	<b>(25,476)</b>
Interest receivable and similar income		4,858	3,109
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>54,848</b>	<b>(22,367)</b>
Tax on profit/(loss) on ordinary activities		—	—
<b>Retained profit/(retained loss) for the financial year</b>		<b>54,848</b>	<b>(22,367)</b>

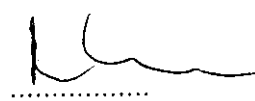
All results are derived from continuing operations.

**CAMBRIDGE RETAIL INVESTMENT LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2004**

	Note	2004 £	2003 £
<b>Tangible fixed assets</b>			
Investment properties under development	7	<u>8,759,755</u>	<u>6,109,056</u>
<b>Current assets</b>			
Debtors	9	<u>281,972</u>	252,733
Cash at bank and in hand		<u>267,499</u>	<u>104,713</u>
		<u>549,471</u>	357,446
<b>Creditors: amounts falling due within one year</b>	10	<u>(9,276,645)</u>	<u>(6,488,769)</u>
<b>Net current liabilities</b>		<u>(8,727,174)</u>	<u>(6,131,323)</u>
<b>Total assets less current liabilities</b>		<u><u>32,581</u></u>	<u><u>(22,267)</u></u>
<b>Capital and reserves</b>			
Called up equity share capital	12	100	100
Profit and loss account	13	<u>32,481</u>	<u>(22,367)</u>
<b>Equity shareholders' funds/(deficit)</b>	14	<u><u>32,581</u></u>	<u><u>(22,267)</u></u>

These financial statements were approved by the Board on the 27 OCT 2005 and are signed on its behalf by:

  
 .....  
 Director

  
 .....  
 Director

**CAMBRIDGE RETAIL INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES****(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The accounting policies have been applied consistently throughout the current and prior years.

**(b) Cash flow statement**

The directors have taken advantage of the exemption in FRS1 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

**(c) Turnover**

The turnover shown in the profit and loss account represents rents and service charges receivable in the year, excluding VAT.

**(d) Depreciation**

In accordance with SSAP19 (Revised) 'Accounting for Investment Properties' no depreciation is provided on freehold or on leasehold properties with an unexpired term exceeding twenty years. The directors consider that this departure from the requirement of the Companies Act 1985 for all properties to be depreciated is necessary for the financial statements to show a true and fair view, since depreciation is reflected in the open market valuation and cannot be quantified separately.

**(e) Investment properties**

Investment properties are valued annually at open market value by independent valuers. Any surplus or deficit on revaluation is transferred to the revaluation reserve, except that if a permanent diminution in value below original cost arises it is taken to the profit and loss account. Investment properties under development are stated at cost, except where the directors consider that the value has fallen below cost, when they are revalued to the lower amount. The revaluation deficit is transferred to the revaluation reserve unless it is considered permanent, in which case it is charged to the profit and loss account. Profits and losses on the disposal of investment properties are recognised on unconditional exchange of contracts and are calculated by reference to book value and are included in the profit and loss account.

**(f) Deferred taxation**

Deferred taxation is provided in full in respect of timing differences between the recognition of income and expenditure for accounting and taxation purposes. Deferred taxation is not provided in respect of unrealised revaluation surpluses where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.



**CAMBRIDGE RETAIL INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES** *(continued)***(g) Joint arrangements**

In accordance with FRS 9 'Associates and Joint Ventures' the company accounts for its share of the individual assets and liabilities, profits, losses and cash flows of incorporated joint arrangements. The directors consider that this departure from the requirement of the Companies Act 1985 to account for incorporated joint arrangements as either associates or trade investments is necessary for the financial statements to show a true and fair view because joint arrangements are in substance an extension of the company's own business.

**(h) Taxation**

Current UK corporation tax is provided at a group level at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2. TURNOVER**

Turnover and loss before tax are attributable to the one principal activity of the company in the United Kingdom.

**3. OPERATING PROFIT/(LOSS)**

Operating profit/(loss) is stated after charging:

	2004 £	2003 £
Auditors' remuneration		
- as auditors	<u>1,160</u>	<u>1,160</u>

Auditors' remuneration for Cambridge Retail Investment Limited has been borne by a fellow subsidiary undertaking both in the current and prior year. The above fees relate to Cambridge Retail Investment Limited's share of audit fees of the Grand Arcade Partnership.

**4. PARTICULARS OF EMPLOYEES**

No fees or other emoluments were paid to the directors of the company during either the current or the prior year in respect of their services to the company. The directors are paid by Grosvenor Estate Management Limited. There were no employees of the company for the current or prior year.

**5. PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES**

	2004 £	2003 £
Profit on disposal of investment properties	—	<u>2,403</u>
	<u>—</u>	<u>2,403</u>

**6. TAXATION**

The taxation charge will be borne by the intermediate holding company, Grosvenor Limited, both in the current and prior year.

**CAMBRIDGE RETAIL INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS****7. INVESTMENT PROPERTIES UNDER DEVELOPMENT**

	Freehold £
<b>Cost</b>	
At 1 January 2004	6,109,056
Additions	<u>2,650,699</u>
<b>At 31 December 2004</b>	<u><b>8,759,755</b></u>
<b>Net book value</b>	
<b>At 31 December 2004</b>	<u><b>8,759,755</b></u>
At 31 December 2003	<u>6,109,056</u>

The company's only investment property is currently under development and therefore is stated at cost. The directors are satisfied that the costs incurred to date are less than the net realisable value.

**8. INTERESTS IN JOINT ARRANGEMENTS**

At 31 December 2004, the company had the following interest in a joint arrangement which is accounted for on the basis explained in the accounting policies, but which is classified as an investment under the Companies Act 1985.

	Nature of Business	Effective interest
Grand Arcade Partnership	Property investment	20%

The limited partnership is governed by English law and its principal office is located at 70 Grosvenor Street, London, W1K 3JP.

**9. DEBTORS**

	2004 £	2003 £
Trade debtors	10,903	—
Other debtors	161,247	162,716
Prepayments and accrued income	<u>109,822</u>	<u>90,017</u>
	<u><b>281,972</b></u>	<u><b>252,733</b></u>

**10. CREDITORS: amounts falling due within one year**

	2004 £	2003 £
Trade creditors	11,865	30,945
Amounts owed to group undertakings	8,891,716	6,411,041
Other creditors	5	—
Accruals and deferred income	<u>373,059</u>	<u>46,783</u>
	<u><b>9,276,645</b></u>	<u><b>6,488,769</b></u>

**CAMBRIDGE RETAIL INVESTMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS****11. RELATED PARTY TRANSACTIONS**

The company has applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor Group Limited, fellow subsidiaries of Grosvenor Group Limited, or any undertaking in which any member of the group holds an investment which would otherwise qualify as related parties.

Accordingly, during the period under review there were no transactions or balances with related parties which require disclosure in these financial statements.

**12. CALLED UP SHARE CAPITAL****Authorised share capital:**

	2004	2003
	£	£
100 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

**Allotted, called up and fully paid:**

	2004	2003
	£	£
100 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

**13. PROFIT AND LOSS ACCOUNT**

	2004	2003
	£	£
At 1 January	(22,367)	—
Retained profit/(retained loss) for the financial year	<u>54,848</u>	<u>(22,367)</u>
At 31 December	<u>32,481</u>	<u>(22,367)</u>

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS**

	2004	2003
	£	£
Profit/(loss) for the financial year	54,848	(22,367)
Opening equity shareholders' (deficit)/funds	<u>(22,267)</u>	<u>100</u>
Closing equity shareholders' funds/(deficit)	<u>32,581</u>	<u>(22,267)</u>

**CAMBRIDGE RETAIL INVESTMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**15. ULTIMATE PARENT COMPANY**

The company's ultimate parent undertaking is Grosvenor Group Limited (formerly Grosvenor Group Holdings Limited), a company incorporated in Great Britain and registered in England and Wales which is wholly owned by trusts and members of the Grosvenor family, headed by the Duke of Westminster.

The ultimate parent undertaking heads the largest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Limited, an intermediate holding company, heads the smallest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Limited is the immediate holding company.

Copies of the consolidated financial statements of Grosvenor Group Limited and Grosvenor Limited can be obtained from Companies House, 3 Crown Way, Maindy, Cardiff, CF14 3UZ.