

Exchequer Partnership (No 2) Holdings
Limited

Directors' report and financial statements
for the 8 months ended 31 December 2002

Registered Number 4426554



Exchequer Partnership (No 2) Holdings Limited
Directors' report and financial statements
for the 8 months ended 31 December 2002

Contents

Directors' report for the 8 months ended 31 December 2002	1
Independent auditors' report to the members of Exchequer Partnership (No 2) Holdings Limited	3
Consolidated balance sheet as at 31 December 2002	4
Company balance sheet as at 31 December 2002	5
Consolidated cash flow statement	6
Accounting policies	7
Notes to the financial statements for the 8 months ended 31 December 2002	8

Exchequer Partnership (No 2) Holdings Limited

Directors' report for the 8 months ended 31 December 2002

The directors present their report and the audited financial statements of the company for the 8 months ended 31 December 2002.

Principal activities and business review

The company was incorporated on 29 April 2002 as Prizefocal Limited. On 21 May 2002 its name was changed to Exchequer Partnership (No 2) Holdings Limited.

The company was established as a holding company to bid for, and subsequently to complete, a 35-year contract with HM Customs and Excise and Inland Revenue to renovate and then manage the facilities at the East End of the main Treasury building formerly Government Offices, Great George Street, Whitehall, London.

The project agreement with HM Customs and Excise and Inland Revenue was signed on 13 December 2002 and Financial Close for the project was achieved subsequent to the period end on 15 January 2003.

Results and dividends

The company did not trade during the period, the only accounting transaction being the issuing of shares.

Directors and their interests

The directors who held office during the period are given below:

Instant Companies Ltd	(appointed 29 April 2002, resigned 16 May 2002)
D Cave	(appointed 16 May 2002, resigned 26 July 2002)
JH Moss	(appointed 16 May 2002, resigned 26 July 2002)
D J Camp	(appointed 26 July 2002)
D R Gorman	(appointed 26 July 2002, resigned 16 April 2003)
W A Heaney	(appointed 26 July 2002)
S Hockaday	(appointed 26 July 2002)
F P Lewis	(appointed 26 July 2002)
Sir Stuart Lipton	(appointed 26 July 2002)
A Muller	(appointed 26 July 2002)

The directors have no interest in the share capital of the company according to the Register maintained by the company under Section 325 of the Companies Act 1985.

Exchequer Partnership (No 2) 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 the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

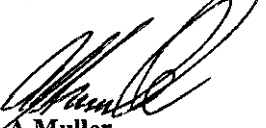
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to act as auditors, and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By order of the Board



**A Muller
Director**

30 June 2003

Exchequer Partnership (No 2) Holdings Limited

Independent auditors' report to the shareholders of Exchequer Partnership (No 2) Holdings Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 into 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

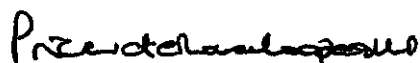
Basis of audit opinion

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 31 December 2002 and of the result and cash flows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



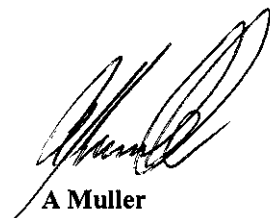
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
30 June 2003

Exchequer Partnership (No 2) Holdings Limited

Consolidated balance sheet as at 31 December 2002

	Note	2002 £'000
Current assets		
Cash at bank and in hand		50
Net assets		50
Capital and reserves		
Called up share capital	4	50
Profit and loss account		-
Equity shareholders' funds	5	50

The financial statements on pages 4 to 9 were approved by the board of directors on 30 June 2003 and signed on its behalf by:



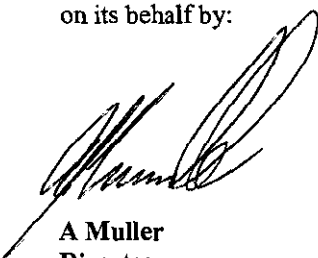
A Muller
Director

Exchequer Partnership (No 2) Holdings Limited

Company balance sheet as at 31 December 2002

	Note	2002 £'000
Fixed assets		
Investment in subsidiary at cost	3	50
Net assets		50
Capital and reserves		
Called up share capital	4	50
Profit and loss account		-
Equity shareholders' funds	5	50

The financial statements on pages 4 to 9 were approved by the board of directors on 30 June 2003 and signed on its behalf by:



A Muller
Director

Exchequer Partnership (No 2) Holdings Limited

Consolidated cash flow statement for the year ended 31 December 2002

	Note	2002 £'000
Net cash flow from operating activities		-
Financing		
Issue of ordinary share capital	4	50
Increase in cash		50

Exchequer Partnership (No 2) Holdings Limited

Accounting policies

A summary of the principal accounting policies of the group, all of which have been applied consistently, is set out below.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Financial Reporting Standards. They include the results of the activities described in the Directors' Report, all of which are continuing.

Exchequer Partnership (No 2) Holdings Limited

Notes to the financial statements for the 8 months ended 31 December 2002

1 Operating result

Operating result is stated after charging:

2002
£'000

Auditors' remuneration

-

The directors received no salary, fees or other benefits in the performance of their duties. The group had no employees throughout the period. Management and administrative staffing resources are provided by secondees staff that are employed by certain related parties (see note 7).

2 Taxation

There is no charge to UK Corporation tax in respect of the period.

3 Investment in subsidiary

Company
2002
£'000

Company investment in subsidiary undertaking at cost

50

The company owns the entire issued share capital of Exchequer Partnership (No 2) Plc, a company incorporated in England. Exchequer Partnership (No 2) Plc is now engaged in a 35 year contract with HM Treasury to renovate and then manage the facilities at the main Treasury buildings formerly Government Offices, Great George Street, Whitehall, London (note 6).

4 Share capital

2002
£'000

Authorised

10,000,000 ordinary shares of £1 each

10,000

Allotted, called up and fully paid

50,000 ordinary shares of £1 each

50

On 28 August 2002, 1,000 ordinary £1 shares were allotted fully paid for cash. On 29 October 2002 a further 49,000 were allotted and a call for £ 0.25 per share was made. On 29 November 2002 a further call of £0.75 per share was made in respect of these 49,000 shares.

Exchequer Partnership (No 2) Holdings Limited

5 Movement in equity shareholders' funds

	2002 £'000
Result for the period	-
Share issue	50
Net movement in shareholders' funds	50
Opening equity shareholders' funds	-
Closing equity shareholders' funds	50

6 Post Balance Sheet Event

On 15 January 2003, the company's subsidiary entered into various agreements on Financial Close of the 35-year contract with HM Customs and Excise and Inland Revenue to renovate and then manage the facilities at the East End of the main Treasury building formerly Government Offices, Great George Street, Whitehall, London.

7 Related party disclosures

The following companies, together with undertakings within their individual groups of companies, are considered to be related parties to the company, as defined in FRS8.

Bovis Lend Lease Holdings Limited

Stanhope plc

Chesterton International plc

Exchequer Partnership (Holdings) Limited (common shareholders and directors)

GOGGS Development plc

There were no transactions with related parties during the period.

8 Ultimate controlling party

In the opinion of the directors, the ultimate controlling party comprises Bovis Lend Lease Holdings Limited, Stanhope plc and Chesterton International plc acting together.