

**CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2)  
LIMITED**

**Registered Number 3671433**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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# **CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED**

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## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007**

### **Principal activities**

The Company acts as the general partner of The Charterhouse Property Industrial Fund. No change in the Company's activities is anticipated.

### **Results and dividends**

The Company's results for the year under review are as detailed in the income statement shown in these accounts.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2007 (2006 £nil).

### **Directors**

The Directors who served during the year were as follows:

Name

P E Mackey  
A D J Moffat  
T G Thorp  
L A Tsourous

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 1985 and the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

### **Financial instruments**

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks, as required under the Companies Act 1985 are set out in Note 9 of the Notes to the Financial Statements.

### **Supplier payment policy**

The Company subscribes to the Better Payment Practice Code, the four principles of which are to agree payment terms at the outset and stick to them, to explain payment procedures to suppliers, to pay bills in accordance with any contract agreed with the supplier or as required by law, and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code is available from BERR Publications Orderline, Admail 528, London SW1W 8YT.

It is Company practice to organise payment to its suppliers through a central purchasing unit operated by HSBC Bank plc. The payment performance of this unit is incorporated within the results of that company.

### **Disclosure of information to auditors**

Each person who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and the Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 234ZA of the Companies Act 1985 and should be interpreted in accordance therewith.

# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

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## REPORT OF THE DIRECTORS (continued)

### Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office

### Statement of Directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the Directors and of the auditors in relation to the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the Company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these 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 they have been prepared in accordance with IFRSs as adopted by the EU, and
- 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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.

By order of the Board



P D Miller

Secretary

28 April 2008

*Registered Office*  
8 Canada Square  
London  
E14 5HQ

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## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED**

We have audited the financial statements of Charterhouse Property General Partner (No 2) Limited for the year ended 31 December 2007 which comprise the income statement, the balance sheet and the related notes. These financial statements have been prepared under 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 auditor's 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2007 and of its results for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

28 April 2008  
8 Salisbury Square  
London  
EC4Y 8BB

# **CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED**

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## **INCOME STATEMENT**

**for the year ended 31 December 2007**

During the current financial year and the preceding financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during those years, the Company made neither a profit nor a loss.

# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

## BALANCE SHEET as at 31 December 2007

	Notes	2007 £	2006 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investment	6	1	1
<b>Current assets</b>			
Trade and other receivables	7	1	1
<b>Total assets</b>		<u>2</u>	<u>2</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	(1)	(1)
<b>Net assets</b>		<u>1</u>	<u>1</u>
<b>Equity</b>			
Issued capital	9	1	1
Retained earnings		-	-
<b>Total equity</b>		<u>1</u>	<u>1</u>

The financial statements were approved by the Board of Directors on 28 April 2008, and signed on its behalf by

  
P E Mackey  
Director

# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

### 1. Accounting policies

#### (a) *Statement of compliance*

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations as adopted by the EU ("Adopted IFRSs"). The principal accounting policies of the Company are set out below and have been consistently applied to all the years presented, unless otherwise stated

#### (b) *Basis of preparation*

The financial statements are prepared on a historical cost basis and are presented in Sterling

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following IFRS was applied by the Company for the first time in these financial statements

- IFRS 7 'Financial Instruments Disclosures' and the complementary Amendment to IAS 1 'Presentation of Financial Statements – Capital Disclosures'
- IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Company's financial instruments.

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Company's operations

- IFRS 4, 'Insurance contracts'
- IFRIC 7, 'Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies'
- IFRIC 9, 'Re-assessment of embedded derivatives'

#### (c) *Income tax*

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2007

### 1. Accounting policies (continued)

#### (d) *Financial assets*

The Company classifies its financial assets in the following categories at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Directors determine the classification of its financial assets at initial recognition.

##### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

#### (e) *Financial risk management*

##### *Financial risk factors*

The Company has no significant exposure to credit, market or liquidity risk due to the nature of the Company's business. Transactions are generally funded by way of capital and debt obtained from the parent or other group company.

The Board provides principles for overall risk management, and the Businesses have consistent policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, and the use of financial instruments.

There have been no material changes in the Company's exposures to risks or process to manage their risks since the previous period.

#### (f) *Investments*

Investments are carried at amortised cost which does not differ materially from fair value.

#### (g) *Cash Flow Statement and Statement of Changes in Equity*

The Company is not required to prepare a statement of cash flows or a statement of changes in equity for the year ended 31 December 2007 as there was no movement in cash balances or equity during the current or previous years.

### 2. Directors' remuneration

The Directors' emoluments are borne by an intermediate parent undertaking. It is not practicable to allocate costs to Charterhouse Property General Partner (No 2) Limited for the services performed by the Directors in relation to the Company.

### 3. Auditors' remuneration

The auditors' remuneration for the current financial year was £1,100 (2006: £1,100) and, for the current and previous financial year, has been borne by a group undertaking.



# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2007

**4. Employees**

The Company had no employees during the current or previous financial year

**5. Income tax expense**

	2007 £	2006 £
Current tax	-	-

There is no material difference between the current tax charge for the year and the standard rate of corporation tax in the UK of 30% (2006 30%) There are no factors which are expected to affect future current and total tax charges

**6. Investment**

	2007 £	2006 £
The Charterhouse Property Industrial Fund	1	1

The Company is the general partner of The Charterhouse Property Industrial Fund and has a holding of £1 in the partnership capital of the Fund

**7. Trade and other receivable**

	2007 £	2006 £
Amounts due from group undertakings	1	1

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 9

**8. Trade and other payables**

	2007 £	2006 £
Amounts due to group undertakings	1	1

The Company's exposure to credit and currency risks and impairment losses related to trade and other payables are disclosed in Note 9

# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2007

### 9. Financial instruments

#### 9.1 Classification of financial instruments

The accounting policies for financial instruments have been applied to the line items below

#### 9.2 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's Profit and Loss, or the value of its holdings of financial instruments. The objective is to minimise market risk through managing and controlling the risk to acceptable parameters, while optimising the return on risk.

The Company has minimal exposure to market risk.

#### Interest rate risks

The Company has no exposure to interest rate risks as it does not have any interest bearing borrowings.

#### Currency risks

The Company has no exposure to currency risks as it does not deal in foreign currencies.

#### 9.3 Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company's only significant credit exposure is to fellow group companies. The maximum exposure to credit risk is represented by the carrying amount of trade receivables at the balance sheet date.

Credit risk arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions. Credit risk is managed as only banks and financial institutions with a minimum rating of 'A' are accepted.

#### 9.4 Liquidity risk

The objective of liquidity management is to ensure that all commitments which are required to be funded can be met out of readily available and secure sources of funding.

The Company has no significant exposure to liquidity risk, as the only current liability outstanding is to fellow group company.

#### 9.5 Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2007		31 December 2006	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Available-for-sale financial assets	1	1	1	1
Trade and other receivables	1	1	1	1
Trade and other payables	(1)	(1)	(1)	(1)
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2007

### 9.6 Capital management

Charterhouse Property General Partner (No2) Limited is a member of the HSBC Group of companies, and capital management is done at Group level

### 10 Share capital

	2007 £	2006 £
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up but not paid 1 ordinary share of £1 each	1	1

### 11 Related party transactions

2007

Related Party	Amount of transaction £	Balance at 31 December 2007 £	Details of transactions
Parent	-	1	Provision of services
Subsidiary	-	(1)	Provision of services

2006

Related Party	Amount of transaction £	Balance at 31 December 2006 £	Details of transactions
Parent	-	1	Provision of services
Subsidiary	-	(1)	Provision of services

### 12 Parent undertakings

The Company's immediate parent company is HSBC Property Investments Limited, which is incorporated in England and Wales

The Company's ultimate controlling party as defined under International Accounting Standard 24 'Related Party Disclosures' (IAS 24) is HSBC Holdings plc, which is incorporated in England and Wales

The smallest and largest group in which the financial statements of the Company are consolidated is HSBC Holdings plc. The consolidated financial statements of HSBC Holdings plc are available to the public and may be obtained from HSBC Holdings plc, 8 Canada Square, London E14 5HQ