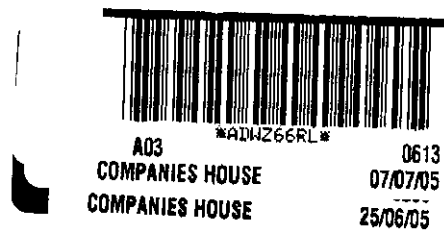


# **Croudace** properties



## FINANCIAL REPORT 2004

## CONTENTS

	Page
Directors and officers	2
Chairman's statement	3
Directors' report	5
Auditors' report	6
Statement of accounting policies	7
Consolidated profit and loss account	9
Group: Statement of total recognised gains and losses	10
Group: Reconciliation of movements in shareholders' funds	10
Group: Historical cost profits	10
Parent Company: Statement of total recognised gains and losses	11
Parent Company: Reconciliation of movements in shareholders' funds	11
Consolidated balance sheet	12
Parent Company balance sheet	13
Notes to the accounts	14
Statement of directors' responsibilities	25

## DIRECTORS AND OFFICERS

### DIRECTORS

A.J. Timms, C.Eng., M.I.C.E. (Chairman)

P.N.B. Cole, B.Sc., M.R.I.C.S. (Managing Director)

A.R. Carey, B.Sc., F.C.A., M.C.M.I. (Finance Director)

J.G. Cook, B.Sc., (Property Director)

### SECRETARY AND REGISTERED OFFICE

A.R. Carey, B.Sc., F.C.A., M.C.M.I.

Croudace Properties Limited, Croudace House, Caterham, Surrey, CR3 6XQ.

### BANKERS

National Westminster Bank Plc

HSBC Bank plc

### AUDITORS

Slater Maidment,

Chartered Accountants,

7 St. James's Square,

London, SW1Y 4JU.

## CHAIRMAN'S STATEMENT

### FINANCIAL SUMMARY

The performance reported in these accounts has been very satisfactory with a profit before dividends and tax of £4.975m compared to £2.888m last year. However, the comparison with last year is less meaningful than other years for a number of reasons. Firstly, the year just completed was extended to 15 months from October 2003 to December 2004 to enable the accounting year to be changed to the calendar year. Secondly, the £4.975m profit before tax and dividends includes £2.167m from the sale of investment properties in the year, the largest of which was the Clifton Down Shopping and Office complex. Finally, the sales income of £4.914m, although close to the income last year of £4.889m, is not directly comparable because of the 15 month period compared to the 12 months last year, but also because of the loss in income following the sale of Clifton and the extra income arising from properties acquired in the year.

The profit is after charging to cost of sales the costs of refurbishment works required as normal repairs and maintenance that are unlikely to be recovered in future increases in rental or will flow through in increased capital values as lettings are achieved. The higher charge to cost of sales from £730K last year to £1,631K this period results in a gross profit of £3,283K compared to £4,159K last year. However, after the inclusion of the profit from the sale of investment properties, a finance gain of £353K, a tax charge of £1,463K and dividends of £938K, a very satisfactory retained profit of £2,574K was achieved.

The sale of properties, acquisition of new properties and the repayment of external loans have impacted on the balance sheet value and the shareholders' funds at the start of the current year are £45.149m compared to £40.401m at the start of the year just completed. The company has no external borrowings but the intention is to acquire further properties in the current year to bring the

value of the investment properties nearer to the £56m level in the balance sheet before the sale of Clifton.

### MARKET CONDITIONS

Property investment continues to be favoured by fund managers as a safe and secure home for a significant proportion of monies they have to invest. The demand for good properties to satisfy the needs of the investment market has caused yields to drop to historically low levels on all sectors of the property market, without the comfort of any prospect of future increases in rentals.

The sale of Clifton was doubly beneficial to the company because the opportunity to sell at a very attractive price came at a time when the company had decided that the property formed too great a proportion of the investment portfolio. The immediate loss in income following the sale was a concern, but this was compensated at least in part by the saving in the costs of borrowing. The main benefit however of the sale was that funds were available for immediate investment into a number of new properties of a size more appropriate to the scale of the portfolio, with potential to be improved over several years using the management skills in the company.

### REFURBISHMENT WORKS

The successful letting of the refurbished industrial units at Castle Vale has enabled a further programme of works at that site to be carried out during the year, and the necessary consents obtained to be able to achieve continuity of work through the current year. The customised approach adopted by the company to the refurbishment works has enabled a number of existing tenants at Castle Vale to move to larger or smaller refurbished units to suit their business requirements.

Internal moves like these have enabled the

units they have vacated to be refurbished and made available to new tenants in a continuous building programme with the obvious cost benefits to the company, and the efficiency advantages to the sub-contractors used on the works.

A similar approach has been carried out on a smaller scale at Walsall with equal success, and plans are well advanced to carry out a phased refurbished scheme at Avonmouth. It is anticipated that over the three years 2003, 2004 and 2005 a total of around £5m will be spent on refurbishment works on properties in the present portfolio.

The company acquired in the year an industrial property at Gloucester, with a rental income of nearly £700k per annum and good potential for future rental growth. The property is in a prime location close to the M5 and the link road to the M4.

#### FUTURE PROSPECTS

The rise in bank lending rates from 3.5% to 4.75% from October 2003 to August 2004 has impacted significantly on the residential market, but less so on other investment property markets. The company has lost a number of tenants in the year through business failures but generally has been able to find new tenants to take up the void space. With many more small businesses operating in the industrial sector, and in a very competitive market for new work, it is inevitable that there will be a greater turnover in tenants than in the past, especially with the move to shorter tenancies and early break clauses.


The market for offices is still difficult with more businesses looking to reduce overheads than to take on more space and the pressure from central government to reduce staff in public authorities, and continue to privatise services. The company is not over exposed in the office investment sector and would be very selective in

the location and spread of tenants in any new property it acquires in the future.

The retail market is still attractive to investors, despite the problems being faced by many retailers to maintain their profit levels in very competitive operating conditions. The company would be attracted to another shopping centre property, but smaller than Clifton and with potential to improve and secure better rents long term.

#### RETIREMENT OF CHAIRMAN

I will be retiring at the end of 2005 and will be succeeded by the Group Chairman, Tony Brotherton Ratcliffe. The company is now well established at Caterham, and the staff has been strengthened in the year by the appointment of an additional Surveyor and a new Accountant. During my period as Chairman, the company has achieved controlled growth and a significant investment in new properties. It was helpful to be Chairman of both the property investment and the housing development companies at the time of the reconstruction of the Croudace Group and to play a part in reconciling the individual objectives of the family shareholders with the commercial needs of the individual businesses. My thanks to all the Directors and staff for their support throughout my term as Chairman. I will be leaving the company in safe and experienced hands and with my very best wishes for its future success.



A.J. Timms  
Chairman  
26th April 2005

## DIRECTORS' REPORT

The Directors present their report and audited accounts for the period ended 31st December 2004.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group's principal activities continued to be property investment and development in England. A detailed review of the Group's activities is included in the Chairman's Statement.

### RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation was £3,512,000 (2003 - £1,930,000).

During the period dividends of £938,000 were paid (2003 - £750,000).

### DIRECTORS

The directors who served during the period were:

A.J. Timms	-	Chairman
P.N.B. Cole	-	Managing Director
A.R. Carey	-	Finance Director
J.G. Cook	-	Property Director

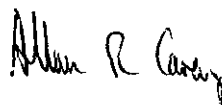
Mr. A.J. Timms and Mr. A.R. Carey retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for re-election.

The directors do not have any interests required to be disclosed under Section 234(3) of the Companies Act 1985.

### AUDITORS

The company's auditors, Slater Maidment, have indicated their willingness to continue as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



Allan R Carey  
Secretary

Croudace House  
Caterham  
Surrey  
CR3 6XQ

26th April 2005

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CROUDACE PROPERTIES LIMITED

We have audited the financial statements of Croudace Properties Limited for the period ended 31st December 2004 set out on pages 8 to 25. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is

consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### 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.

### OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December 2004, and of the profit of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Slater Maidment*

Slater Maidment

Chartered Accountants and Registered Auditors

London

26th April 2005

## STATEMENT OF ACCOUNTING POLICIES

### (1) Basis of accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of land and buildings and investments and in accordance with applicable accounting standards.

### (2) Basis of consolidation

The consolidated accounts include the accounts of the Company and of all its subsidiary undertakings made up to the balance sheet date.

### (3) Investments

In the Company's accounts, investments in subsidiary undertakings are stated at cost plus the Company's share of post acquisition retained profits and reserves, with a corresponding credit to revaluation reserve.

### (4) Turnover

Turnover is the amount receivable in the normal course of business from gross rental income, the sale of property by property dealing subsidiaries and the value of work executed on development contracts.

### (5) Tangible fixed assets

#### a) Investment properties

All investment properties are valued each year by Chartered Surveyors who are employees of the group, and any surpluses or deficits are carried to a revaluation reserve. On the disposal of an investment property any balance relating to that property held in the revaluation reserve is transferred to realised reserves.

No depreciation is provided in respect of investment properties as explained in note 10a.

Interest and other outgoings on properties

held for or in the course of development are written off to revenue in the accounts of subsidiary companies. These costs, less rents receivable from those properties, are capitalised in the consolidated accounts on the following bases:-

(i) Where the development is financed by a specific borrowing the amount of interest arising is capitalised.

(ii) Where the development is financed partly or wholly out of group facilities, interest on the group funds required to finance the costs incurred is capitalised at a rate which reflects the short term borrowing costs to the group.

(iii) Other costs including attributable overheads are capitalised as incurred.

A property will cease to be in the course of development at the earliest of:-

(i) The property becoming fully let.

(ii) The rents receivable exceeding the outgoings.

(iii) Six months after practical completion

#### b) Other tangible assets

Depreciation is provided at rates calculated to write off all the cost on a straight line basis over their estimated useful lives as follows:

Fixtures and fittings-	3-5 years
Motor vehicles -	5 years

### (6) Stocks

(i) Properties held for development and resale are valued at the lower of cost, including interest where appropriate, and net realisable value.

(ii) Long term contracts are stated at costs incurred less amounts transferred to cost of sales and, where applicable, after deduction of foreseeable losses and payments on



## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

account not matched with turnover. The net balances are classified as long term contract balances under stocks.

The excess of contract turnover over related payments on account received, are classified as amounts recoverable on contracts under debtors.

(7) Deferred taxation

Deferred tax is provided under the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. The group has not adopted a policy of discounting deferred tax assets and liabilities.

(8) Revaluation reserve

Surpluses and deficits arising on the revaluation of tangible fixed assets are carried to a non-distributable reserve known as the revaluation reserve. On the disposal of a revalued tangible fixed asset the surplus or deficit on prior valuation is carried to profit and loss account and prior year valuation surpluses or deficits are transferred to retained profit.

(9) Pension scheme

The Group contributes to a contributory defined benefit pension and life assurance scheme. Annual contributions at a rate determined by a practising actuary are paid by the Group to trustees and are charged to the profit and loss account so as to spread the pension cost over the remaining service lives of eligible employees.

The Group also contributes to a money purchase scheme at rates determined by the Trust Deed and Rules. These contributions are charged to the profit and loss account as incurred.

No funds are invested in nor lent to Group companies.

(10) Operating leases

Rental payments under operating leases are charged to the profit and loss account as incurred.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1ST OCTOBER 2003 TO  
31ST DECEMBER 2004

	Notes	2004 £,000	Year ended 30th September 2003 £,000
1 Turnover	2	4,914	4,889
2 Cost of sales	3	(1,631)	( 730)
3 Gross profit		3,283	4,159
4 Administrative expenses		( 740)	( 834)
5 Operating profit		2,543	3,325
6 Profit on sales of investment properties	4	2,167	103
7 Interest receivable and similar income	5	353	27
8 Interest payable and similar charges	6	( 88)	( 567)
9 Profit on ordinary activities before taxation	2 & 7	4,975	2,888
10 Tax on profit on ordinary activities	9	(1,463)	( 958)
11 Profit on ordinary activities after taxation		3,512	1,930
12 Dividends paid		( 938)	( 750)
13 Retained profit for the period	15	£2,574	£1,180

Movements on reserves are shown on pages 23 and 24.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD FROM  
1ST OCTOBER 2003 TO 31ST DECEMBER 2004

	2004 £,000	Year ended 30th September 2003 £,000
Profit on ordinary activities after taxation	3,512	1,930
Unrealised surplus on revaluation of investment properties	2,174	1,422
Total recognised gains and losses since last annual report	<u>£5,686</u>	<u>£3,352</u>

GROUP RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £,000	2003 £,000
Balance as at 30th September 2003	40,401	37,799
Profit on ordinary activities after taxation	3,512	1,930
Dividends paid	( 938)	( 750)
Other recognised gains less losses for the period	2,174	1,422
Balance as at 31st December 2004	<u>£45,149</u>	<u>£40,401</u>

GROUP HISTORICAL COST PROFITS

	2004 £,000	Year ended 30th September 2003 £,000
Reported profit on ordinary activities before taxation	4,975	2,888
Realisation of revaluation gains of previous years	2,840	556
Historical cost profit on ordinary activities before taxation	<u>£7,815</u>	<u>£3,444</u>
Historical cost retained profit for the period	<u>£5,414</u>	<u>£1,736</u>

PARENT COMPANY STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD FROM  
1ST OCTOBER 2003 TO 31ST DECEMBER 2004

	2004 £,000	Year ended September 2003 £,000
Profit on ordinary activities after taxation	3,512	1,930
Unrealised surplus on revaluation of investments and investment properties	2,174	1,422
Total recognised gains and losses since last annual report	<u>£5,686</u>	<u>£3,352</u>


PARENT COMPANY RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £,000	2003 £,000
Balance as at 30th September 2003	40,401	37,799
Profit on ordinary activities after taxation	3,512	1,930
Dividends paid	( 938)	( 750)
Other recognised gains less losses for the period	2,174	1,422
Balance as at 31st December 2004	<u>£45,149</u>	<u>£40,401</u>

## CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER 2004

	Notes	2004 £,000	30th September 2003 £,000
Fixed assets			
1 Investment properties	10a	43,175	55,920
2 Other tangible assets	10b	49	68
3 Total fixed assets		<u>43,224</u>	<u>55,988</u>
Current assets			
4 Debtors	11	827	762
5 Cash at bank and in hand		4,982	729
6		<u>5,809</u>	<u>1,491</u>
7 Creditors: amounts falling due within one year	12	(2,886)	(15,530)
8 Net current assets/(liabilities)		<u>2,923</u>	<u>(14,039)</u>
9 Total assets less current liabilities		46,147	41,949
10 Provisions for liabilities and charges	13	( 998)	(1,548)
11 Net assets		<u>£45,149</u>	<u>£40,401</u>
Capital and reserves			
12 Called up share capital	14	6,243	6,243
13 Revaluation reserve	15b	15,715	16,381
14 Profit and loss account	15c	23,191	17,777
15 Shareholders' funds		<u>£45,149</u>	<u>£40,401</u>

Signed on behalf of the Board on 26th April 2005



A.J. Timms  
Chairman



## NOTES TO THE ACCOUNTS

### 1. Parent company profit and loss account

The company has taken advantage of the exemption in Section 230 Companies Act 1985 not to present its own profit and loss account. That part of the consolidated profit for the period after tax which is dealt with in the parent company's accounts is £3,512,000 (2003 - £1,930,000).

### 2. Turnover and profit

Analysis of turnover and profit on ordinary activities before taxation is as follows:	Turnover 2004 £,000	Turnover 2003 £,000	Profit 2004 £,000	Profit 2003 £,000
Rental income - UK	4,914	4,889	2,808	2,785
Profit on sales of investment properties	-	-	2,167	103
	<u>£4,914</u>	<u>£4,889</u>	<u>£4,975</u>	<u>£2,888</u>

All turnover and profit on ordinary activities relate to continuing activities.

### 3. Cost of sales

	2004 £,000	2003 £,000
Rents payable	20	29
Property outgoings	1,611	701
	<u>£1,631</u>	<u>£ 730</u>

### 4. Profit on sales of investment properties

	2004 £,000	2003 £,000
Profit on sales of investment properties	<u>£2,167</u>	<u>£ 103</u>

## NOTES TO THE ACCOUNTS (CONTINUED)

5.	Interest receivable and similar income	2004	2003
		£,000	£,000
	Interest receivable - operational	£ 353	£ 27
		<u>£ 88</u>	<u>£ 567</u>
6.	Interest payable and similar charges	2004	2003
		£,000	£,000
	Bank	83	157
	Related undertaking	2	410
	Other	3	-
		<u>£ 88</u>	<u>£ 567</u>
7.	Profit on ordinary activities before taxation	2004	2003
		£,000	£,000
	Profit on ordinary activities before taxation is stated after charging:		
	Staff costs (See note 8)	754	667
	Auditors' remuneration	12	10
	Depreciation	19	11
8.	Staff costs	2004	2003
		£,000	£,000
	Particulars of staff costs are shown below -		
	Salaries	597	523
	Social Security costs	75	62
	Other pension contributions	82	82
		<u>£ 754</u>	<u>£ 667</u>

The average number of persons employed by the Group during the period was 5 (2003 - 5).



## NOTES TO THE ACCOUNTS (CONTINUED)

8. Staff costs (continued)	2004 £,000	2003 £,000
Directors' remuneration excluding pension contributions	<u>£ 473</u>	<u>£ 302</u>
The Directors' remuneration included:		
Highest paid Director	<u>£ 280</u>	<u>£ 227</u>

Retirement benefits are accruing to one director under the defined benefit scheme. The accrued pension of the highest paid director is £74,000 (2003 - £68,000).

9. Tax on profit on ordinary activities	2004 £,000	2003 £,000
The tax charge is based on the profit for the period and comprises:		
Corporation tax at the rate of 30% (2003 - 30%)	2,056	764
Deferred taxation (See note 13)	( 550)	127
Prior years' adjustments - corporation tax	( 43)	48
- deferred taxation	-	19
	<u>£1,463</u>	<u>£ 958</u>
Reconciliation of tax charge:		
Profit per profit and loss account	4,975	2,888
Tax at 30%	1,492	866
Disposal of investment properties	14	25
Prior years' adjustments	( 43)	67
Tax charge per profit and loss account	<u>£1,463</u>	<u>£ 958</u>

## NOTES TO THE ACCOUNTS (CONTINUED)

## 10. Fixed assets

10a. Investment properties	Freehold	Long leasehold	Freehold awaiting development	Total
Group and Company	£,000	£,000	£,000	£,000
Valuation at 30th September 2003	51,395	4,075	450	55,920
Additions	9,028	18	-	9,046
Disposals	(23,965)	-	-	(23,965)
Surplus on valuation	1,912	262	-	2,174
Valuation at 31st December 2004	<u>£38,370</u>	<u>£4,355</u>	<u>£ 450</u>	<u>£43,175</u>

All properties were valued by Chartered Surveyors who are employees of the Group. The portfolio has been valued on the basis of Market Value at 31st December 2004, that is to say, the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

## NOTES TO THE ACCOUNTS (CONTINUED)

## 10a. Investment properties (continued)

In accordance with SSAP 19 investment properties are revalued at each balance sheet date on this basis, any surplus or deficit being carried to revaluation reserve. Accordingly, such interests are not depreciated, as required by the Companies Act 1985, as this would conflict in the directors' opinion, with the requirement to give a true and fair view. The amount of depreciation which might otherwise have been shown cannot be quantified.

The cost of investment properties in both the Group's and the Company's accounts includes interest paid amounting to £1,282,964 (2003 - £1,282,964). The historical cost of investment properties including capitalisations is estimated to be £27,460,000 (2003 - £39,539,000) in the Group's and the Company's accounts.

## 10b. Other tangible fixed assets

	Office equipment £,000	Motor vehicles £,000	Total £,000
Group and Company			
Cost:			
1st October 2003	9	75	84
31st December 2004	9	75	84
Depreciation:			
1st October 2003	9	7	16
Provision for the period	-	19	19
31st December 2004	9	26	35
Net book amounts:			
31st December 2004	£ -	£ 49	£ 49
30th September 2003	£ -	£ 68	£ 68

## NOTES TO THE ACCOUNTS (CONTINUED)

10c. Fixed asset investments	Company £,000
Subsidiary undertakings	
Shares at valuation at 30th September 2003	2,624
Surplus on revaluation	-
Valuation at 31st December 2004	<u>£2,624</u>

The principal subsidiary undertaking is Croudace Properties Developments Limited, which is wholly owned, and its principal activities are property investment and development. The Company's holding comprises ordinary shares.

11. Debtors	Group 2004 £,000	Group 2003 £,000	Company 2004 £,000	Company 2003 £,000
Trade debtors	600	729	600	729
Other debtors	18	17	18	17
Prepayments and accrued income	209	16	209	16
	<u>£ 827</u>	<u>£ 762</u>	<u>£ 827</u>	<u>£ 762</u>

## NOTES TO THE ACCOUNTS (CONTINUED)

## 12. Creditors

	Group 2004 £,000	Group 2003 £,000	Company 2004 £,000	Company 2003 £,000
Amounts falling due within one year:				
Bank loans and overdrafts	-	12,539	-	12,539
Trade creditors	28	57	28	57
Amounts owed to related undertakings	-	500	-	500
Amounts owed to subsidiary undertakings	-	-	2,624	2,624
Corporation tax	1,131	313	1,131	313
Other taxation and social security	194	225	194	225
Accruals and deferred income	1,533	1,896	1,533	1,896
	<u>£2,886</u>	<u>£15,530</u>	<u>£5,510</u>	<u>£18,154</u>

## 13. Provisions for liabilities and charges

	Group 2004 £,000	Group 2003 £,000	Company 2004 £,000	Company 2003 £,000
Deferred taxation:				
Balance at 30th September 2003	1,548	1,402	1,548	1,402
Transfer (to)/from profit and loss account	( 550)	146	( 550)	146
31st December 2004	<u>£ 998</u>	<u>£1,548</u>	<u>£ 998</u>	<u>£1,548</u>

## NOTES TO THE ACCOUNTS (CONTINUED)

## 13. Provisions for liabilities and charges (continued)

The deferred tax balance relates to:	Group 2004 £,000	Group 2003 £,000	Company 2004 £,000	Company 2003 £,000
Accrued expenses	-	( 7)	-	( 7)
Excess of capital allowances over depreciation	998	1,555	998	1,555
	<u>£ 998</u>	<u>£1,548</u>	<u>£ 998</u>	<u>£1,548</u>

No liability to taxation would arise if the investment properties were realised at valuation.

No provision has been made for taxation that would arise if the investments in subsidiaries were realised at the valuations stated.

## 14. Called up share capital

	Number of shares	£
Ordinary shares of 25p each		
Authorised at 30th September 2003 and 31st December 2004	25,600,000	£6,400,000
Issued and fully paid at 30th September 2003 and 31st December 2004	24,973,950	£6,243,487

## NOTES TO THE ACCOUNTS (CONTINUED)

## 15. Reserves

Group:

(a) Of total reserves shown in the Balance Sheet, the following amounts are realised or otherwise:

	2004 £,000	2003 £,000
Realised		
Profit and loss account	23,191	17,777
Unrealised		
Revaluation reserve	15,715	16,381
	<u>          </u>	<u>          </u>
Total reserves	£38,906	£34,158
	<u>          </u>	<u>          </u>

## (b) Revaluation reserve

Balance at 1st October 2003	16,381	15,515
Surplus on valuation of investment properties	2,174	1,422
Transfer to profit and loss account on sale of investment properties	(2,840)	( 556)
	<u>          </u>	<u>          </u>
31st December 2004	£15,715	£16,381
	<u>          </u>	<u>          </u>

The revaluation reserve arises from the surplus on valuation of investment properties.

## (c) Profit and loss account

Balance at 1st October 2003	17,777	16,041
Retained profit for the period	2,574	1,180
Transfer from revaluation reserve on sale of investment properties	2,840	556
	<u>          </u>	<u>          </u>
31st December 2004	£23,191	£17,777
	<u>          </u>	<u>          </u>

## NOTES TO THE ACCOUNTS (CONTINUED)

15. Reserves (continued)	2004	2003
	£,000	£,000

Company:

(d) Revaluation reserve

Balance at 1st October 2003	19,005	18,139
Surplus on valuation of investment properties	2,174	1,422
Transfer to profit and loss account on sale of investment properties	(2,840)	( 556)
	<u>          </u>	<u>          </u>
31st December 2004	£18,339	£19,005
	<u>          </u>	<u>          </u>

The revaluation reserve arising from the valuation of investment properties is £15,715,000 (2003 - £16,381,000).

(e) Profit and loss account

Balance at 1st October 2003	15,153	13,417
Profit for the period	3,512	1,930
Dividends paid	( 938)	( 750)
Transfer from revaluation reserve on sale of investment properties	2,840	556
	<u>          </u>	<u>          </u>
31st December 2004	£20,567	£15,153
	<u>          </u>	<u>          </u>



## NOTES TO THE ACCOUNTS (CONTINUED)

## 16. Guarantees and other financial commitments

## (a) Leasing commitments

Rents payable in the next year under leases for land and buildings which expire:

	Group 2004	Company 2004	Group 2003	Company 2003
Beyond five years	£15,925	£15,925	£15,925	£15,925
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## (b) Capital commitments

The Company has contracted for capital expenditure of £787,000 (2003 - £nil).

## 17. Ultimate parent company

The company's ultimate parent company is Croudace Properties Holdings Limited.

## 18. Related party transactions

The Company owed £nil as at 31st December 2004 (2003 - £500,000) to Croudace Homes Limited, a subsidiary of Croudace Group Limited in which shareholders of Croudace Properties Holdings Limited have shareholding interests. Interest of £2,000 (2003 - £410,000) was paid on borrowings during the year. Croudace Homes in Partnership Limited, a subsidiary of Croudace Group Limited, is a tenant of Croudace Properties Limited at its property in Westerham, Kent. Rents paid during the period were £28,000. A.J. Timms and A.R. Carey are directors of Croudace Homes Limited, Croudace Group Limited and Croudace Homes in Partnership Limited.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing those financial statements, the directors are required to:

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