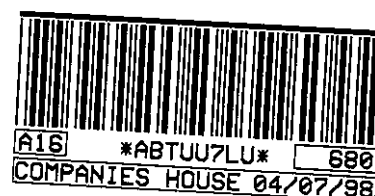


**Shaftesbury Square Properties Limited**

**Directors' report and financial statements**

**31 March 1998**

**Registered in England and Wales number 499495**



# Shaftesbury Square Properties Limited

## Directors' report and financial statements

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# **Shaftesbury Square Properties Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 March 1998.

### **Financial review**

The results for the financial year are set out in the profit and loss account on page 5. A final dividend of £4,995 (1997: *£nil*) is recommended.

### **Principal activities**

The Company is a property investment company. The directors foresee no material change in the nature of the Company's activities.

### **Directors and directors' interests**

The directors who held office during the year were as follows:

The Lord Rayne  
NGE Driver  
W Millsom (alternate to NGE Driver)  
M Newman  
RFJ Spier  
M Waldron (appointed on 16 June 1997)

Mr. M Newman retires by rotation and, being eligible, offers himself for re-election. In accordance with the Company's Articles of Association Mr. M Waldron retires from the Board and offers himself for re-appointment.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

The interests of The Lord Rayne, Mr. NGE Driver, Mr. W Millsom and Mr. RFJ Spier in the shares of the Company's ultimate holding company and fellow subsidiary undertakings are disclosed in the financial statements of London Merchant Securities plc, the ultimate holding company.

The interests of the other directors in the shares of the Company's ultimate holding company and fellow subsidiary undertakings are set out in the financial statements of British Commercial Property Investment Trust Limited, the parent company.

# Shaftesbury Square Properties Limited

## Directors' report (*continued*)

### Auditors

In accordance with S.385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**SC Mitchley**  
*Secretary*

Carlton House  
33 Robert Adam Street  
London  
W1M 5AH

16 June 1998

## **Shaftesbury Square Properties Limited**

### **Directors' responsibilities statement**

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 and of the profit or loss 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 to enable them to ensure that the 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.

## Auditors' report to the members of Shaftesbury Square Properties Limited

We have audited the financial statements on pages 5 to 12.

### *Respective responsibilities of directors and auditors*

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

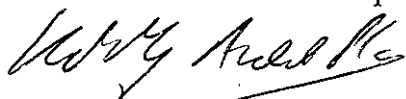
### *Basis of opinion*

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 at 31 March 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG Audit Plc**  
~~Chartered Accountants~~  
Registered Auditor  
London

16 June 1998

# Shaftesbury Square Properties Limited

## Profit and loss account

for the year ended 31 March 1998

	<i>Note</i>	<b>1998</b> £	1997 £
Net rental income from investment properties	2	(3,217)	25,890
Administrative expenses	3	(25)	(260)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>(3,242)</b>	25,630
Interest receivable		15,714	-
Gain on disposal of investment properties		-	437,857
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>12,472</b>	463,487
Tax on profit on ordinary activities	4	(7,517)	(25,631)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		<b>4,955</b>	437,856
Transfer to capital reserve		-	(437,857)
Dividend proposed		(4,955)	-
		<hr/>	<hr/>
<b>Retained (loss) for the financial year</b>		<b>-</b>	(1)
		<hr/> <hr/>	<hr/> <hr/>

All turnover and results are derived from continuing activities.

There were no other recognised gains or losses other than the result for the year





**Shaftesbury Square Properties Limited**

**Note of historical cost profits and losses**  
*for the year ended 31 March 1998*

	1998	1997
<b>Profit on ordinary activities before taxation</b>	12,472	463,487
Realisation of revaluation surpluses of previous years	-	1,352,302
	<hr/>	<hr/>
<b>Historical cost profit on ordinary activities before taxation</b>	12,472	1,815,789
	<hr/>	<hr/>
<b>Historical cost profit for the year retained after taxation, transfer to capital reserve and dividends</b>	-	(1)
	<hr/>	<hr/>

# Shaftesbury Square Properties Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include revaluation of investment properties.

#### *Investment property*

In accordance with SSAP 19 (revised) investment properties are revalued annually at open market values determined in accordance with the Guidance Notes on the valuation of assets, issued by the Royal Institution of Chartered Surveyors. Revaluation surpluses and deficits which are not permanent are included in the revaluation reserve, permanent deficits being taken through the profit and loss account.

No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 50 years to run.

This treatment, as regards certain of the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation and amortisation is only one of the many factors reflected in the annual valuation and the amount which might have otherwise been shown cannot be separately identified or quantified.

#### *Repairs and renewals*

No provision is made for future repairs and renewals of fixed assets, all such items being written off as incurred.

#### *Capital reserve*

The Articles of Association provide that realised gains resulting from the sale of capital assets are not available for distribution. Accordingly any such gains or losses are taken to capital reserve.

# Shaftesbury Square Properties Limited

## Notes (continued)

### 2 Net rental income from investment properties

	1998 £	1997 £
Gross rental income	-	77,210
Rent payable	-	(557)
Property outgoings less amounts recovered from tenants	(3,217)	(50,763)
	<hr/>	<hr/>
	(3,217)	25,890
	<hr/>	<hr/>

### 3 Administrative expenses

Audit fees are accounted for on a group basis. The Company does not have any employees and there were no directors' emoluments (1997: £nil).

### 4 Tax on profit on ordinary activities

	1998 £	1997 £
Corporation tax at 21% on the profit for the year	2,172	-
Group relief payable	5,345	23,425
Adjustment relating to prior years	-	2,206
	<hr/>	<hr/>
	7,517	25,631
	<hr/>	<hr/>

The profit for corporation tax purposes for the year will be relieved in part by the surrender of losses from group companies for which payment will be made.

# Shaftesbury Square Properties Limited

## Notes (continued)

### 5 Debtors

	1998 £	1997 £
Due from tenants	-	4,853
Amounts owed by group undertakings:		
Parent undertaking	4,613,536	2,174,433
Other debtors	5,864	2,521,803
Prepayments and accrued income	-	2,214
	<hr/>	<hr/>
	4,619,400	4,703,303
	<hr/>	<hr/>

### 6 Creditors: amounts falling due within one year

	1998 £	1997 £
Rents received in advance	-	8,734
Amounts owed to group companies:		
Parent company	1,073,757	-
Fellow subsidiary undertakings	-	1,052,581
Group relief payable	5,345	23,425
Dividend payable	4,955	-
Corporation tax	2,172	-
Other creditors	-	85,603
Accruals and deferred income	-	222
	<hr/>	<hr/>
	1,086,229	1,170,565
	<hr/>	<hr/>

# Shaftesbury Square Properties Limited

## Notes (continued)

### 7 Called up share capital

	1998 £	1997 £
<i>Authorised, allotted, called up and fully paid</i>		
10,000 Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>

### 8 Reserves

		Capital reserve £
At 31 March 1997 and 31 March 1998		3,523,526
		<hr/>

### 9 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	4,955	437,856
Dividends	(4,955)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	-	437,856
Opening shareholders' funds	3,533,526	3,095,670
	<hr/>	<hr/>
Closing shareholders' funds	3,533,526	3,533,526
	<hr/>	<hr/>

### 10 Ultimate parent company

The Company is a member of the London Merchant Securities Group and the Company's ultimate parent company is London Merchant Securities plc, which is registered in England and Wales. Copies of the accounts of the above company may be obtained at the following address: Carlton House, 33 Robert Adam Street, London W1M 5AH.

### 11 Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.