

ABBHEY INVESTMENTS LIMITED

REPORT AND ACCOUNTS

30 APRIL 1995



ABBHEY INVESTMENTS LIMITED

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DIRECTORS' REPORT

Directors: C. H. Gallagher (Chairman) : Irish
D. A. Jackson

Secretary: D. A. Maher

Registered office: Abbey House, 2 Southgate Road, Potters Bar, Hertfordshire EN6 5DU

Registered No: 0543586

The directors present their report and the accounts for the year ended 30 April 1995.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £244,574, which has been transferred to reserves. The directors do not propose the payment of a dividend for the year ended 30 April 1995.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be property investment. The company intends to continue and develop its activities.

A review of the business of the Abbey plc group, of which the company forms a part, is given in the 1995 Report and Accounts of the ultimate holding company, Abbey plc.

FIXED ASSETS

Information relating to changes in tangible fixed assets is given in note 7 to the accounts.

In accordance with the company's accounting policy, all freehold and leasehold properties were revalued by external valuers at 30 April 1993. The valuation of £ 4,595,002 has been incorporated in these accounts. The directors have reviewed the valuation at 30 April 1995 and consider there to be no adjustment required. During the year a further freehold property was purchased in Oxford and this property is included at a cost of £214,536.

DIRECTORS AND THEIR INTERESTS

The directors stated above all held office throughout the year.

Mr. D. A. Jackson retires by rotation and, being eligible, offers himself for re-election.

The directors who held office at the end of the financial year had, at no time, any beneficial interest in the shares of the company. Mr. C. H. Gallagher and Mr. D. A. Jackson were directors of the ultimate holding company, Abbey plc, and their interests in the shares of Abbey plc are disclosed in that company's directors' report.

ABBEY INVESTMENTS LIMITED

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make adjustments 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 accounts.
- * prepare the accounts 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 accounts 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.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the board


D. A. MAHER

Secretary

14 July 1995

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ABBEY INVESTMENTS LIMITED**

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention (as modified by the revaluation of land and buildings) and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts 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 accounts.

Qualified opinion

As stated in note 1 (c), no provision has been made for the depreciation of trading properties. This is not in accordance with the requirements of Statement of Standard Accounting practice No. 12 and of Schedule 4 to the Companies Act 1985. In our opinion, a provision of £45,500 should have been made; the effect of the company's accounting policy has been to overstate the company's profits before and after tax by this amount.

Except for the effect of not providing for depreciation on trading properties, in our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 April 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young

Chartered Accountants
Registered Auditor
Luton
14 July 1995

ABBHEY INVESTMENTS LIMITED
**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1995**

	Note	1995 £	1994 £
TURNOVER	2	612,293	525,931
COST OF SALES		(132,451)	(176,971)
GROSS PROFIT		479,842	348,960
ADMINISTRATIVE EXPENSES		(18,569)	(15,243)
OPERATING PROFIT	3	461,273	333,717
Interest	5	(93,926)	(101,644)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		367,347	232,073
Taxation	6	(122,773)	(76,584)
PROFIT FOR THE FINANCIAL YEAR	12	244,574	155,489

There are no recognised gains or losses other than the profit for the financial year.

ABBAY INVESTMENTS LIMITED

BALANCE SHEET – 30 APRIL 1995

	Note	1995 £	1994 £
TANGIBLE FIXED ASSETS	7	4,809,538	4,595,002
CURRENT ASSETS			
Debtors	8	20,515	22,708
CREDITORS: Amounts falling due within one year	9	(1,758,440)	(1,790,671)
NET CURRENT LIABILITIES		(1,737,925)	(1,767,963)
TOTAL ASSETS LESS LIABILITIES		3,071,613	2,827,039
CAPITAL AND RESERVES			
Called up share capital	10	250,000	250,000
Property revaluation reserve	11	1,092,999	1,092,999
Profit and loss account	12	1,728,614	1,484,040
		3,071,613	2,827,039



C. H. GALLAGHER

Director

14 July 1995

ABBEY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS — 30 APRIL 1995

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention (modified to include the revaluation of land and buildings) and except for not depreciating trading properties, are in accordance with applicable accounting standards.

(b) Cash flow statement

A cash flow statement has not been prepared as the company is a wholly owned subsidiary of a UK company.

(c) Fixed assets

Properties occupied by group companies are classified as trading properties and are revalued triennially by external valuers on an "existing use, with the benefit of vacant possession", basis. Investment properties are revalued triennially by external valuers on an open market value basis. The directors review the valuations of all properties annually. The revaluation is incorporated in the accounts, any deficit regarded as temporary or surplus being taken to property revaluation reserve. Deficits regarded as permanent are charged to the profit and loss account. Depreciation is not provided on buildings because the directors consider that, if disposed of, the properties would realise the revalued amount.

(d) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences which are expected to reverse in the foreseeable future.

(e) Leasing

Operating lease rentals are charged to profit and loss account as incurred.

2 TURNOVER

Turnover comprises rents receivable wholly derived from one continuing activity in the United Kingdom, with £ 569,750 (1994 — £ 482,400) receivable from a fellow subsidiary.

3 OPERATING PROFIT

	1995 £	1994 £
The operating profit is stated after charging :		
Management charge payable to parent undertaking	12,000	12,000
Operating lease rentals — land and buildings	117,335	148,750
Auditors' remuneration — audit fees	1,200	1,200
— non audit fees	1,200	1,200

4 STAFF COSTS AND REMUNERATION OF DIRECTORS

Staff costs and directors' remuneration were not incurred during the years ended 30 April 1995 and 30 April 1994 by virtue of the fact that no persons were employed directly by the company during those years.

ABBEEY INVESTMENTS LIMITED
NOTES TO THE ACCOUNTS – 30 APRIL 1995
5 INTEREST PAYABLE

	1995 £	1994 £
Parent undertaking	93,926	101,644

6 TAXATION

The tax charge is made up as follows:

	1995 £	1994 £
Based on the profit for the year:		
Corporation tax at 33%	122,773	76,584

7 TANGIBLE FIXED ASSETS

	Land and Buildings £
Cost or valuation	
At 1 May 1994	4,595,002
Additions – at cost	214,536
At 30 April 1995	4,809,538

- (i) All land and buildings held at 1 May 1994 were valued at 30 April 1993 by Glenny, Chartered Surveyors. The directors reviewed the overall valuation at 30 April 1995 and considered that no adjustment was required.

During the year a further freehold property was purchased in Oxford and this property is included at cost.

- (ii) The cost or valuation of land and buildings comprises:

	1995 £	1994 £
Trading properties:		
Freehold land and buildings	4,304,536	4,090,000
Long leasehold property	230,000	230,000
Investment properties:		
Freehold land and buildings	275,002	275,002
	4,809,538	4,595,002

- (iii) Under the historical cost convention land and buildings would be stated as follows:

	1995 £	1994 £
Cost:		
Trading properties	3,634,522	3,419,986
Investment properties	183,238	183,238
	3,817,760	3,603,224
Provision for permanent diminution in value	(101,221)	(101,221)
	3,716,539	3,502,003

ABBEEY INVESTMENTS LIMITED
NOTES TO THE ACCOUNTS – 30 APRIL 1995
8 DEBTORS

	1995	1994
	£	£
Prepayments and accrued income	20,515	22,708
	<u>20,515</u>	<u>22,708</u>

9 CREDITORS: Amounts falling due within one year

	1995	1994
	£	£
Amount owed to parent undertaking	1,609,674	1,708,871
Corporation Tax	122,773	76,584
Accruals and deferred income	25,993	5,216
	<u>1,758,440</u>	<u>1,790,671</u>

10 CALLED UP SHARE CAPITAL

At 30 April	Authorised, allotted and fully paid			
	1995		1994	
	No.	£	No.	£
Ordinary shares of £1 each	250,000	250,000	250,000	250,000
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

11 PROPERTY REVALUATION RESERVE

	1995	1994
	£	£
The property revaluation reserve comprises :		
Trading properties	1,001,235	1,001,235
Investment properties	91,764	91,764
	<u>1,092,999</u>	<u>1,092,999</u>

ABBAY INVESTMENTS LIMITED
NOTES TO THE ACCOUNTS – 30 APRIL 1995
12 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 1993	250,000	1,092,999	1,328,551	2,671,550
Profit for the year	—	—	155,489	155,489
At 1 May 1994	250,000	1,092,999	1,484,040	2,827,039
Profit for the year	—	—	244,574	244,574
At 30 April 1995	250,000	1,092,999	1,728,614	3,071,613

13 OBLIGATIONS UNDER LEASES

The company had annual commitments under non-cancellable operating leases for land and buildings as follows:

At 30 April	1995 £	1994 £
Operating leases which expire:		
between two and five years	65,000	33,000
over five years	54,750	86,750
	119,750	119,750

14 PARENT UNDERTAKINGS

The parent undertaking and ultimate holding company of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Abbey plc, incorporated in the Republic of Ireland and the parent undertaking of the smallest such group is Abbey Group Limited, registered in England and Wales. Copies of Abbey plc's accounts may be obtained from Abbey House, 2 Southgate Road, Potters Bar, Hertfordshire EN6 5DU.