543586

ABBEY INVESTMENTS LIMITED

REPORT AND ACCOUNTS

30 APRIL 2005

ABBEY INVESTMENTS LIMITED

COMPANY INFORMATION

DIRECTORS :	C. H. Gallagher B. R. Hawkins	(Chairman)
SECRETARY :	D.J. Dawson	
REGISTERED OFFICE :	Abbey House 2 Southgate Road Potters Bar Hertfordshire EN6 5DU Telephone : Potters Bar (01707) 651266 Fax : Potters Bar (01707) 646836	
REGISTERED NO. :	0543586	
AUDITORS :	Ernst & Young Chartered Accountants Ernst and Young Building Harcourt Centre Harcourt Street Dublin 2	
BANKERS :	Barclays Bank plc Barclays Business Centre St. Albans Branch Blenheim Gate 22/24 Upper Marlborough Road St. Albans Hertfordshire AL1 3AL	
SOLICITORS :	Dickins Shiebert Matthew House (first floor) 45/47 High Street Potters Bar Hertfordshire EN6 5AW	

ABBEY INVESTMENTS LIMITED

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ABBEY INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 30 April 2005.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £338,108 which has been added to reserves. The directors proposed a final dividend of £500,000 (£2 per ordinary share), which will be met from accumulated reserves.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

A review of the business of the Abbey plc group, of which the company forms a part, is given in the 2005 Report and Accounts of the ultimate holding company, Abbey plc.

FIXED ASSETS

Information relating to changes in tangible fixed assets is given in note 8 to the accounts.

In accordance with the company's accounting policy, all freehold and leasehold properties were revalued by external valuers at 30 April 2005. The valuation of £7,723,000 is incorporated into these accounts.

DIRECTORS AND THEIR INTERESTS

The directors stated above all held office throughout the year.

Mr B.R. Hawkins 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 B.R. Hawkins 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;
* comply with applicable accounting standards, 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

The auditors, Ernst & Young, Chartered Accountants, have expressed a willingness to continue in office and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the board

D. J. DAWSON

Secretary

13 July 2005

ERNST & YOUNG
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBEY INVESTMENTS LIMITED

We have audited the company's financial statements for the year ended 30 April 2005, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 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 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 as at 30 April 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Ernst & Young
Registered Auditor

Dublin

13 July 2005

ABBEY INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2005

	Note	2005 £	2004 £
TURNOVER - continuing	2	574,659	578,587
COST OF SALES		(60,508)	(56,230)
GROSS PROFIT		514,151	522,357
ADMINISTRATIVE EXPENSES		(26,330)	(18,946)
OPERATING PROFIT - continuing	3	487,821	503,411
PROFIT ON DISPOSAL OF FIXED ASSETS		-	73,290
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		487,821	576,701
Interest	5	(4,809)	(21,895)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		483,012	554,806
Taxation	6	(144,904)	(105,986)
PROFIT FOR THE FINANCIAL YEAR		338,108	448,820
Dividends	7	(500,000)	-
(LOSS) PROFIT RETAINED FOR THE FINANCIAL YEAR	13	(161,892)	448,820

ABBEY INVESTMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 2005

	2005 £	2004 £
Profit for the financial year	338,108	448,820
Unrealised surplus on revaluation of investment properties	475,000	-
Unrealised surplus on revaluation of trading properties	1,335,500	-
Total gains and losses recognised	2,148,608	448,820

NOTE OF HISTORICAL COST PROFITS

	2005 £	2004 £
Reported profit on ordinary activites before taxation	483,012	554,806
Historical cost profit on ordinary activities before taxation	483,012	554,806
Historical cost profit on ordinary activities after taxation	338,108	448,820

ABBEY INVESTMENTS LIMITED

BALANCE SHEET - 30 APRIL 2005

	Note	2005 £	2004 £
TANGIBLE FIXED ASSETS	8	7,723,000	5,912,500
CURRENT ASSETS			
Debtors	9	110,726	11,541
CREDITORS: Amounts falling due within one year	10	(585,312)	(324,235)
NET CURRENT LIABILITIES		(474,586)	(312,694)
TOTAL ASSETS LESS LIABILITIES		7,248,414	5,599,806
CAPITAL AND RESERVES			
Called up share capital	11	250,000	250,000
Property revaluation reserve	12	4,665,578	2,855,078
Profit and loss account	13	2,332,836	2,494,728
SHAREHOLDERS' FUNDS (All equity interest)	13	7,248,414	5,599,806

B.R. HAWKINS

Director

13 July 2005

ABBEY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2005

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 are in accordance with applicable accounting standards.

(b) Cash flow statement
Under the provisions of Financial Reporting Standard 1 (Revised 1996) " Cash Flow Statements", exempts subsidiary undertakings from the requirement to prepare a cash flow statement where 90% or more of the voting rights are controlled by a group that prepares publicly available consolidated financial statements in which the subsidiary undertaking's results are included. The company has availed of this exemption.

(c) Fixed assets
Properties occupied by group companies are classified as trading properties and are revalued triennially by external valuers on an open market value basis. The directors review the valuations of all properties annually. Such revaluations, if material, are incorporated in the financial statements and are charged to the property revaluation reserve accordingly. Any impairment loss is firstly charged to the revaluation reserve to the extent that a surplus exists and thereafter to the profit and loss account.

(d) Depreciation
No depreciation is provided on land. Properties occupied by group companies are depreciated where considered significant after having regard to their estimated remaining useful economic lives and residual values.

(e) Deferred taxation
Provision for deferred taxation is recognised in full on timing differences which exist at the balance sheet date. Deferred tax is measured using tax rates substantively enacted at the balance sheet date.

(f) 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.

3 *OPERATING PROFIT*

The operating profit is stated after charging :	**2005** **£**	**2004** **£**
Management charge payable to parent undertaking	12,000	12,000
Operating lease rentals - land and buildings	59,133	56,000
Auditors' remuneration - audit fees	2,000	1,959
- non audit fees	1,500	1,000

4 STAFF COSTS AND REMUNERATION OF DIRECTORS

Staff costs and directors' remuneration were not incurred during the years ended 30 April 2005 and 30 April 2004 by virtue of the fact that no persons were employed directly by the company during those years.

ABBEY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2005

5 INTEREST PAYABLE

	2005 £	2004 £
Payable:		
Abbey Group Limited	(5,618)	(22,929)
Sundry	(51)	
Receivable:		
Sundry	860	1,034
	(4,809)	(21,895)

6 *TAXATION*

The tax charge is made up as follows:	2005 £	2004 £
Based on the profit for the year:		
Corporation tax at 30% (2004 : 30%)	144,904	166,442
Over provided in prior year	-	(60,456)
	144,904	105,986

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are reconciled below:

UK corporation tax rate	30.0%	30.0%
Effect of:		
Adjustments in respect of previous years	-	-10.9%
Non taxable income	-	-3.9%
Capital gains	-	3.9%
	30.0%	19.1%

The potential deferred taxation on the revaluation of trading and investment properties is £485,536.

7 DIVIDEND

	2005 £	2004 £
	500,000	-

8 TANGIBLE FIXED ASSETS

	Land and Buildings £
Valuation	
At 1 May 2004	5,912,500
Revaluation	1,810,500
At 30 April 2005	7,723,000

(i) All land and buildings were valued at 30 April 2005 by Glenny, Chartered Surveyors. The directors reviewed that overall valuation at 30 April 2005 and considered that no adjustment was required.

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

	2005 £	2004 £
Trading properties:		
Freehold land and buildings	6,320,500	5,085,000
Long leasehold property	420,000	320,000
Investment properties:		
Freehold land and buildings	982,500	507,500
	7,723,000	5,912,500

ABBEY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2005

8 TANGIBLE FIXED ASSETS (Continued)

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

	2005 £	2004 £
Cost:		
Trading properties	3,060,265	3,060,265
Investment properties	183,236	183,236
	3,243,501	3,243,501
Impairment loss on revalued fixed assets	(186,079)	(186,079)
	3,057,422	3,057,422

9 DEBTORS

	2005 £	2004 £
Amounts owed from group undertaking	100,469	-
Prepayments and accrued income	10,257	11,541
	110,726	11,541

10 CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Amount owed to group undertaking	-	232,651
Corporation tax	70,729	84,334
Accruals and deferred income	14,583	7,250
Dividend proposed	500,000	-
	585,312	324,235

11 CALLED UP SHARE CAPITAL

	Authorised, allotted and fully paid			
At 30 April	2005 No.	2005 £	2004 No.	2004 £
Ordinary shares of £1 each	250,000	250,000	250,000	250,000

12 PROPERTY REVALUATION RESERVE

	2005 £	2004 £
The property revaluation reserve comprises :		
Trading properties	3,866,314	2,530,814
Investment properties	799,264	324,264
	4,665,578	2,855,078

ABBEY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2005

13 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 2003	250,000	2,855,078	2,045,908	5,150,986
Profit after taxation and dividends	-	-	448,820	448,820
At 1 May 2004	250,000	2,855,078	2,494,728	5,599,806
Profit after taxation and dividends	-	-	(161,892)	(161,892)
Revaluation	-	1,810,500	-	1,810,500
At 30 April 2005	250,000	4,665,578	2,332,836	7,248,414

14 OBLIGATIONS UNDER LEASES

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

At 30 April	2004 £	2003 £
Operating leases which expire:		
between one and five years	39,500	12,000
over five years	18,500	44,000
	58,000	56,000

15 RELATED PARTY TRANSACTIONS

Abbey Group Limited is the company's immediate controlling party and Abbey plc is the company's ultimate controlling party.

The company has taken advantage of the exemption, under FRS 8, from disclosing transactions with group companies as it is a wholly owned subsidiary of Abbey Plc.

16 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.