

# Jarvis Property Company Limited

## Report and financial statements for the 15 month period ended 31 March 1997

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**Directors and advisers**

**Directors**

R W Kendall  
H Lafferty

**Secretary**

P A Kingdon

**Auditors**

Coopers & Lybrand  
Harman House  
1 George Street  
Uxbridge  
Middlesex  
UB8 1QQ

**Registered office**

Jarvis House  
Southend Arterial Road  
Romford  
Essex  
RM3 ONU

**Bankers**

The Royal Bank of Scotland Plc  
London Piccadilly Circus Branch  
48 Haymarket  
London  
SW1Y 4SE

**Solicitors**

Nabarro Nathanson  
50 Stratton Street  
London  
W1X 5FL

Eversheds  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4JL

## **Directors' report for the 15 month period ended 31 March 1997**

The directors present their report and the audited financial statements for the 15 month period ended 31 March 1997.

### **Results and dividends**

The profit for the financial period attributable to shareholders which has been dealt with in the financial statements and which has been added to reserves is £641,000 (1995: £476,000). The directors recommend payment of a final dividend of £500,000 in respect of the 15 month period ended 31 March 1997.

### **Principal activities and review of the business**

During the period, as part of a reorganisation within the Jarvis plc group the Company transferred its investment properties to another group company and acquired properties for development or resale from group companies.

The principal activities of the Company are now property dealing and development. The result for the period was satisfactory. For the future the directors will be seeking to optimise the opportunities available within its property assets and investments.

### **Directors and their interests**

The directors of the company during the period were:

H Lafferty

H P Bard (resigned 31 March 1997)

P Moayeddi (resigned 7 November 1996)

Mr R W Kendall was appointed a director of the Company on 1 April 1997.

At 31 March 1997, none of the directors had any beneficial interest in the shares of the company. The interests of Mr P Moayeddi and Mr H Lafferty in the shares of the ultimate parent undertaking, Jarvis plc, are disclosed in the financial statements of that Company.

## 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 as at the end of the financial period and of the profit and loss of the Company for that period. In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently; to make judgements and estimates that are reasonable and prudent; to state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and to prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. The directors confirm that the financial statements comply with these requirements.

The directors are responsible for ensuring that proper accounting records are kept 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.

## Auditors

Coopers & Lybrand have expressed their willingness to continue in office as auditors and accordingly a resolution proposing that reappointment will be submitted at the forthcoming annual general meeting.

By order of the board



**P A Kingdon**

Secretary

11 July 1997

**Report of the auditors  
to the members of Jarvis Property Company Limited**

We have audited the financial statements on pages 5 to 13.

**Respective responsibilities of directors and auditors**

As described on page 3 the Company's directors are responsible for the preparation of the 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 1997 and of the profit for the 15 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

**Coopers & Lybrand  
Chartered Accountants and Registered Auditors**

London

11 July 1997

## Profit and loss account for the 15 month period ended 31 March 1997

	Notes	15 months ended 31 March 1997 £'000	Year ended 31 December 1995 £'000
Turnover	2	1,561	1,449
Direct expenses		(181)	(164)
<b>Gross profit</b>		<b>1,380</b>	<b>1,285</b>
Release of provisions against amounts due from subsidiaries		-	16
Operating expenses		(481)	(124)
<b>Operating profit</b>	6	<b>899</b>	<b>1,177</b>
Profit on transfer of investment		1,069	-
Interest payable and similar charges	5	(683)	(701)
<b>Profit on ordinary activities before taxation</b>		<b>1,285</b>	<b>476</b>
Taxation	7	(144)	-
<b>Profit for the period</b>		<b>1,141</b>	<b>476</b>
Dividends	8	(500)	-
<b>Retained profit for the period</b>		<b>641</b>	<b>476</b>

The results above reflect the continuing operations of the Company.

## Statement of total recognised gains and losses for the 15 month period ended 31 March 1997

	15 months ended 31 March 1997 £'000	Year ended 31 December 1995 £'000
Profit retained for the period	1,141	476
Unrealised surplus on revaluation of investment properties	-	225
	<b>1,141</b>	<b>701</b>

## Historical cost profits and losses

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

# Jarvis Property Company Limited

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## Balance sheet at 31 March 1997

	Notes	31 March 1997 £'000	31 December 1995 £'000
<b>Fixed assets</b>			
Investment properties	9	-	10,695
Investments	10	1,551	1,551
		<u>1,551</u>	<u>12,246</u>
<b>Current assets</b>			
Properties held for resale and development		2,295	1,628
Debtors	11	1,806	112
Cash at bank and in hand		245	-
		<u>4,346</u>	<u>1,740</u>
<b>Creditors: amounts falling due within one year</b>	12	(772)	(2,854)
<b>Net current assets/(liabilities)</b>		<u>3,574</u>	<u>(1,114)</u>
<b>Total assets less current liabilities</b>		<u>5,125</u>	<u>11,132</u>
<b>Creditors: amounts falling due after more than one year</b>	13	-	(6,648)
<b>Net assets</b>		<u><u>5,125</u></u>	<u><u>4,484</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	10	10
Revaluation reserve	15	231	1,567
Profit and loss account	15	4,884	2,907
<b>Equity shareholders' funds</b>	16	<u><u>5,125</u></u>	<u><u>4,484</u></u>

The financial statements on pages 5 to 13 were approved by the board on 11 July 1997 and were signed on its behalf by:



**H Lafferty**

Director

11 July 1997

## Notes to the financial statements for the 15 month period ended 31 March 1997

### 1 Principal accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain assets and in accordance with applicable accounting standards in the United Kingdom, except as explained below.

As the Company is a wholly owned subsidiary of Jarvis plc, group accounts have not been prepared in accordance with Section 228 of the Companies Act 1985.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### Property transactions

Profit or losses from the disposal of investment properties, dealing properties and developments are included where binding contracts have been exchanged during the accounting period and have been completed before signing off the financial statements. On disposal, any existing revaluation surplus/deficit is credited/debited to distributable reserves.

#### Freehold and leasehold properties

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold and leasehold investment properties with over twenty years to run although the Companies Act 1985 would normally require the systematic annual depreciation of fixed assets. The directors believe that this accounting policy is necessary for the financial statements to give a true and fair view since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified. The effect of not depreciating these properties is not considered material.

#### Properties held for resale and development

These assets are stated at the lower of cost or in the case of those previously held as fixed assets, at revalued amounts and net realisable value. Cost, in the case of properties under development, includes related development overheads and finance costs.



## **Taxation**

Provision is made for deferred tax using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

## **Operating leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

## **Cash flow statement**

The Company is a wholly owned subsidiary of Jarvis plc and the cash flows of the Company are included in the consolidated cash flow statement of Jarvis plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 (revised) from publishing a cash flow statement.

## **Related party transactions**

The Company is a wholly owned subsidiary undertaking of Jarvis plc and as such the Company has taken advantage under the terms of Financial Reporting Standard No. 8 not to disclose related party transactions which are eliminated on consolidation.

## **2 Turnover**

Turnover, all of which arises from operations in the United Kingdom represents gross rental income receivable during the period and proceeds from the sale of investment properties during the period.

## **3 Director's emoluments**

The emoluments of the directors are paid by the parent undertaking and are included in the aggregate of directors' emoluments disclosed in the financial statements of that company.

## **4 Employee information**

No one was directly employed by the Company during the period. Services were provided by employees of other group undertakings.

**5 Interest payable and similar charges**

	15 months ended 31 March 1997 £'000	Year ended 31 December 1995 £'000
Interest payable on bank loans and overdrafts	<u>683</u>	<u>701</u>

**6 Operating profit**

The operating profit is stated after charging:

	15 months ended 31 March 1997 £'000	Year ended 31 December 1995 £'000
Operating leases - rent payable	<u>59</u>	<u>64</u>

The audit fee for the 15 month period ended 31 March 1997 and the year ended 31 December 1995 was borne by the parent undertaking.

**7 Taxation**

	15 months ended 31 March 1997 £'000	Year ended 31 December 1995 £'000
Corporation tax at 33%	<u>144</u>	<u>-</u>

No tax arises on the profit on transfer of investment properties.

**8 Dividends**

	15 months ended 31 March 1997 £'000	Year ended 31 December 1995 £'000
<b>Dividends on ordinary shares:</b>		
Final proposed of £50.00 per share (1995: Nil)	<u>500</u>	<u>-</u>

## 9 Investment properties

	Freehold £'000	Long leasehold £'000	Total £'000
At 1 January 1996	7,670	3,025	10,695
Intra group transfer	(7,670)	(3,025)	(10,695)
At 31 March 1997	-	-	-

All investment properties were transferred to Jarvis Estates Limited in the period.

## 10 Investments

	31 March 1997 £'000	31 December 1996 £'000
Shares at costs:		
Associated undertaking	835	835
Subsidiary undertakings	716	716
	<u>1,551</u>	<u>1,551</u>

The interest in the associated undertaking comprises 34.4% of the 101,000 ordinary £1 shares in Chapel Wharf Limited. Chapel Wharf Limited is engaged in property, investment and development. The company is unlisted and is registered in England and Wales.

The principal subsidiary undertakings at 31 March 1997 were:

Name of undertaking	Description of shares held
Jarvis Developments Limited	Ordinary £1 shares
Fairbeeck Limited	Ordinary £1 shares
Old Borough Holdings Limited	Ordinary £1 shares

All of the Companies above are registered in Great Britain, operate in the United Kingdom and are 100% owned. None of the Companies were trading at 31 March 1997.

**11 Debtors**

	<b>31 March 1997 £'000</b>	<b>31 December 1995 £'000</b>
Trade debtors	3	107
Amounts owed by group undertakings	1,803	-
Prepayments and accrued income	-	5
	<u>1,806</u>	<u>112</u>

**12 Creditors: amounts falling due within one year**

	<b>31 March 1997 £'000</b>	<b>31 December 1995 £'000</b>
Bank loans and overdrafts	-	888
Amounts owed to group undertakings	-	1,519
Corporation tax	144	-
Accruals and deferred income	128	447
Dividends payable	500	-
	<u>772</u>	<u>2,854</u>

Amounts owed to group undertakings are included under amounts falling due within one year as there are no specific terms as to their repayment. While the amounts are technically repayable on demand and hence, are included in creditors falling due within one year, the directors are of the opinion that, in the ordinary course of business, repayment within such a time scale would not be required.

## 13 Creditors: amounts falling due after more than one year

	31 March 1997 £'000	31 December 1995 £'000
Bank loan - repayable within five years	-	3,141
- repayable after five years	-	3,507
	<u>-</u>	<u>6,648</u>

The bank loan is repayable by quarterly instalments between 27 January 1996 and 27 October 2005. The rate of interest is currently 1.75% above LIBOR. The loan is secured by fixed charges on certain Company's investment properties, which were all transferred to Jarvis Estates Limited in the period. Due to the loan agreement being secured on these properties, the loan has been disclosed in that Company at 31 March 1997.

There is a composite guarantee and legal mortgage over the property at Derby Road, Chesterfield which is held as security in relation to borrowings entered into by other group undertakings.

## 14 Called up share capital

	31 March 1997 £'000	31 December 1995 £'000
<b>Authorised</b>		
Ordinary shares of £1 each	10	10
	<u>10</u>	<u>10</u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	10	10
	<u>10</u>	<u>10</u>

## 15 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 1996	1,567	2,907
Transfer of realised profits	(1,336)	1,336
Retained profit for the financial period	-	641
<b>At 31 March 1997</b>	<u>231</u>	<u>4,884</u>

**16 Reconciliation of movements on shareholders' funds**

	31 March 1997 £'000	31 December 1995 £'000
Opening shareholders' funds	4,484	3,783
Profit for the financial period	641	476
Other recognised gains and losses related to the period:		
Revaluation of property - unrealised surplus	-	225
Closing shareholders' funds	<u>5,125</u>	<u>4,484</u>

**17 Deferred taxation**

The Company had no deferred tax liability at 31 March 1997 (1995: Nil).

**18 Capital commitments**

The Company had no capital commitments at 31 March 1997 (1995: Nil).

**19 Contingent liabilities**

The Company has guaranteed performance bonds in respect of contracts entered into by fellow subsidiary undertakings in the normal course of business. Guarantees have been given by the Company in the ordinary course of business, without limit, in respect of loans and overdrafts of its ultimate parent and fellow subsidiary undertakings, which amounted to £8,233,000 at 31 March 1997 (1995: £12,993,000).

**20 Financial commitments**

The Company has the following obligations under operating leases:

	31 March 1997 £'000	31 December 1995 £'000
Expiring in over 5 years	-	64

**21 Ultimate parent undertaking**

The Company's ultimate parent undertaking and ultimate controlling party is Jarvis plc, a Company registered in England and Wales, whose financial statements may be obtained from the Secretary, Jarvis plc, Jarvis House, Southend Arterial Road, Romford, Essex RM3 ONU.