

**FIVE OAKS PROPERTIES LIMITED**

**(Registered Number 688310)**

**ACCOUNTS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

*3/accs.prp*



**FIVE OAKS PROPERTIES LIMITED**

**REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

The directors present herewith their report and audited accounts for the year ended 30th June 1996.

**Principal Activities and Business Review**

The principal activity of the company continues to be that of property investment.

**Results**

The accounts show a profit on ordinary activities before taxation of £1,667,018 (1995: £1,401,655). The retained profit for the year has been transferred to reserves.

**Dividend**

The directors do not recommend the payment of a dividend for the year (1995: nil).

**Directors**

The directors of the company during the year were:

T.P. Walter  
J.H. Watkins  
A.W. Brouwer

**Directors' Interests**

The interests of T.P. Walter and J.H. Watkins in the issued share capital of the ultimate parent company are shown in that Company's accounts. A.W. Brouwer had the following interests in the ordinary share capital of the ultimate parent company:

	<u>At 30/6/96</u>		<u>At 30/6/95</u>	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
A W Brouwer	<u>30,100</u>	<u>264,816</u>	<u>30,100</u>	<u>249,816</u>

**FIVE OAKS PROPERTIES LIMITED**

**REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

**(Continued)**

**Directors' Interests (Continued)**

Options over 149,816 ordinary shares are exercisable up to 27th November 2000 at 32.25p per share. Options over 100,000 ordinary shares are exercisable at 23.75p per share between 14th December 1997 and 13th December 2004. Options over 15,000 shares were issued in the year and are exercisable at 22.5p between 3rd November 1998 and 2nd November 2005

No share options lapsed or were exercised during the year.

The market price of the ordinary shares of the ultimate parent company at 30th June 1996 was 26.5p each. The range of market prices during the year was 22.0p to 27.75p.

By Order of the Board



M.R.G. Wilkinson  
Secretary  
5th November 1996

Registered Office:  
130 Jermyn Street  
St. James's  
London SW1Y 4UJ

**FIVE OAKS PROPERTIES LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**IN RESPECT OF THE ACCOUNTS**

The following statement, which should be read in conjunction with the Auditors' statement of Auditors' responsibilities set out on page 4, is made for the purpose of clarifying for members the respective responsibilities of the directors and the Auditors in the preparation of the accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the financial year. The directors consider that in preparing the accounts, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. They confirm that all applicable accounting standards have been followed and that it is appropriate for the accounts to have been prepared on a going concern basis. The directors are responsible for safeguarding the assets of the company, for maintaining adequate accounting records to ensure that the financial statements comply with the Companies Act 1985 and for preventing and detecting irregularities including fraud.

**REPORT OF THE AUDITORS, KPMG**  
**TO THE MEMBERS OF FIVE OAKS PROPERTIES LIMITED**

We have audited the accounts on pages 5 to 14.

**Respective responsibilities of directors and auditors**

As described on page 3 the Company's directors are responsible for the preparation of 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that 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.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 30th June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Birmingham  
5th November 1996

*KPMG*  
KPMG  
Chartered Accountants  
Registered Auditors

**FIVE OAKS PROPERTIES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 30TH JUNE 1996**

	<u>Notes</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
<b>Turnover from continuing operations</b>	1	3,320,025	3,308,257
Property expenses less recoveries		(113,006)	(149,918)
Depreciation	6	(18,458)	(17,284)
Other operating charges		<u>(42,965)</u>	<u>(41,405)</u>
<b>Operating profit from continuing operations</b>		3,145,596	3,099,650
Loss on sale of investment property		(82,846)	-
Net interest payable	3	<u>(1,395,732)</u>	<u>(1,697,995)</u>
<b>Profit on ordinary activities before taxation</b>	4	1,667,018	1,401,655
Taxation on profit on ordinary activities	5	<u>(433,880)</u>	<u>(238,452)</u>
<b>Profit on ordinary activities after taxation and retained profit for the financial year</b>		<u>1,233,138</u>	<u>1,163,203</u>

Movements on reserves are shown in note 12.

**Note Of Historical Cost Profits And Losses**

	<u>Note</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Profit on ordinary activities before taxation		1,667,018	1,401,655
Revaluation reserve realised on disposal of investment properties	12	57,478	115,000
Historical cost profit on ordinary activities before taxation		<u>1,724,496</u>	<u>1,516,655</u>
Retained historical cost profit for the financial year		<u>1,315,984</u>	<u>1,278,203</u>

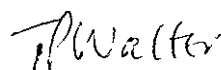
**FIVE OAKS PROPERTIES LIMITED**

**BALANCE SHEET**

**AS AT 30TH JUNE 1996**

	<u>Notes</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
<b>Fixed assets</b>			
Tangible assets	6	31,560,000	33,960,000
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	7	428,469	511,124
Bank deposits	8	20,587	25,260
Cash at bank and in hand		1,465,507	-
		<hr/>	<hr/>
		1,914,563	536,384
<b>Creditors:</b> Amounts falling due within one year	9	(29,307,445)	(31,654,296)
		<hr/>	<hr/>
Net current liabilities		(27,392,882)	(31,117,912)
		<hr/>	<hr/>
Total net assets		4,167,118	2,842,088
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Revaluation reserve	12	1,053,335	1,018,921
Profit and loss account	12	3,113,683	1,823,067
		<hr/>	<hr/>
		4,167,118	2,842,088
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board of Directors on 5th November 1996 and signed on its behalf by:



T.P. Walter  
Director

**FIVE OAKS PROPERTIES LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 30TH JUNE 1996**

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
Profit for the financial year		1,233,138	1,163,203
Unrealised surplus/(deficit)on revaluation of investment properties	12	91,892	(1,053,553)
Total recognised gains and losses for the financial year		<u>1,325,030</u>	<u>109,650</u>

**Reconciliation of movements in shareholders' funds  
for the year ended 30th June 1996**

	<u>1996</u> £	<u>1995</u> £
Total recognised gains and losses for the financial year	<u>1,325,030</u>	<u>109,650</u>
Net addition to shareholders' funds	1,325,030	109,650
Opening shareholders' funds	<u>2,842,088</u>	<u>2,732,438</u>
Closing shareholders' funds	<u>4,167,118</u>	<u>2,842,088</u>



**FIVE OAKS PROPERTIES LIMITED**

**NOTES ON THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

1. **Accounting policies**

**Accounting convention**

The accounts are prepared in accordance with applicable Accounting Standards and under the alternative accounting rules set out in Schedule 4 of the Companies Act 1985, being prepared under the historical cost convention as adjusted by the valuation of investment properties.

Under Financial Reporting Standard No. 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary.

**Turnover**

Turnover comprises rent receivable less head rents payable.

**Tangible fixed assets and depreciation**

In accordance with Statement Accounting Practice No 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve; and no depreciation or amortisation is provided in respect of freehold and leasehold investment properties with over 20 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 or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. Short leasehold investment properties are amortised so as to write off the cost or valuation over the unexpired term of the lease in equal annual instalments. Sales of investment properties form part of normal portfolio management. On disposal of such properties, profits and losses representing the difference between the net sales proceeds and the carrying value, are included in the profit and loss account below operating profit, in accordance with Financial Reporting Standard No. 3; any realised revaluation surplus or deficit being dealt with as a transfer on reserves.

**FIVE OAKS PROPERTIES LIMITED**

**NOTES ON THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

**(continued)**

1. **Accounting policies (continued)**

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2. **Staff costs**

The company makes use of the services of personnel employed by the ultimate parent company, which makes management charges for these services. No staff costs nor directors' emoluments are paid directly.

The aggregate amount paid to the ultimate parent company for the services of directors and the emoluments of the highest paid director for services to the company were £34,756 (1995: £32,543).

The number of directors whose emoluments during the year fell within the following bands was as follows:

	<u>1996</u>	<u>1995</u>
	<u>No</u>	<u>No</u>
£0-5,000	2	2
£30,001-35,000	<u>1</u>	<u>1</u>

3. **Net interest payable**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Interest comprises:		
Group interest payable	(1,374,603)	(1,666,384)
Bank interest payable	(21,375)	(31,611)
Other interest receivable	246	-
	<u>(1,395,732)</u>	<u>(1,697,995)</u>

**FIVE OAKS PROPERTIES LIMITED**

**NOTES ON THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

4. **Profit on ordinary activities before taxation**

Profit on ordinary activities arises from property investment and is stated after crediting/(charging):

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Rents receivable less outgoings	3,320,025	3,308,257
Auditors' remuneration	(3,000)	(3,000)
	<u>=====</u>	<u>=====</u>

5. **Taxation**

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Taxation charge based on U.K. corporation tax on the profit for the year at 33% (1995: 33%)	468,071	238,452
Adjustment in respect of previous year - corporation tax	(34,191)	-
	<u>=====</u>	<u>=====</u>
	433,880	238,452
	<u>=====</u>	<u>=====</u>

There was no reduction in the taxation charge for the year in respect of indexation on capital gains arising from the sale of investment properties (1995:nil).

**FIVE OAKS PROPERTIES LIMITED**

**NOTES ON THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

**(continued)**

**6. Tangible assets**

	<u>Investment Properties</u>			
	<u>Short</u> <u>Leasehold</u> <u>Properties</u>	<u>Long</u> <u>Leasehold</u> <u>Properties</u>	<u>Freehold</u> <u>Properties</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost or valuation				
At 1st July 1995	220,000	5,535,000	28,205,000	33,960,000
Additions	15,331	-	11,235	26,566
Disposals	-	-	(2,500,000)	(2,500,000)
Revaluation	(35,331)	(25,000)	133,765	73,434
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 1996	<u>200,000</u>	<u>5,510,000</u>	<u>25,850,000</u>	<u>31,560,000</u>
Depreciation				
At 1st July 1995	-	-	-	-
Charge for the year	(18,458)	-	-	(18,458)
Revaluation	18,458	-	-	18,458
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 1996	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30th June 1996	<u>200,000</u>	<u>5,510,000</u>	<u>28,850,000</u>	<u>31,560,000</u>
At 30th June 1995	<u>220,000</u>	<u>5,535,000</u>	<u>29,205,000</u>	<u>33,960,000</u>

Freehold properties include feuholds in Scotland.

The book value based on historical cost of investment properties stated at valuation in the accounts is £30,506,664 (1995: £32,941,079).

Charges have been granted over certain investment properties shown above in respect of debenture loan stock of the ultimate parent company which amount to £15,000,000.

**FIVE OAKS PROPERTIES LIMITED**

**NOTES ON THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

**(continued)**

6. **Tangible assets (continued)**

The investment properties have been valued as at 30th June 1996 on the basis of Open Market value as defined in the Statements of Asset Valuation and Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors, by Asset Valuers, as defined therein, acting as capacity of External Valuers, D E & J Levy valued properties in England and Wales, Healey & Baker those in Scotland.

7. **Debtors**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Trade debtors	315,167	383,295
Amounts owed by group undertakings	34,078	8,163
Other debtors	27,455	7,462
Advance corporation tax recoverable	-	55,829
Prepayments and accrued income	51,769	56,375
	<u>428,469</u>	<u>511,124</u>

8. **Bank deposits**

There is included in bank deposits an amount of £20,587 (1995: £25,260) relating to rent deposits to which the company has access in the event of tenant default.

**FIVE OAKS PROPERTIES LIMITED**

**NOTES ON THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

**(continued)**

9. **Creditors: Amounts falling due within one year**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Bank overdrafts	-	24,911
Trade creditors	135,440	90,889
Amounts owed to group undertakings	28,228,162	30,561,053
Other creditors	60,940	47,361
Corporation tax	125,574	101,314
Accruals and deferred income	757,329	828,768
	<u>29,307,445</u>	<u>31,654,296</u>

10. **Provisions for liabilities and charges**

The full potential liability for deferred taxation calculated at 33% (1994: 33%) using the liability method is as follows:

	<u>1996</u>		<u>1995</u>	
	<u>Full</u>		<u>Full</u>	
	<u>potential</u>	<u>Provided</u>	<u>potential</u>	<u>Provided</u>
	<u>liability</u>		<u>liability</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Capital allowances	<u>-</u>	<u>-</u>	<u>549,000</u>	<u>-</u>

No deferred tax is provided because it is not the company's present intention to sell investment properties on which capital allowances are claimed.

11. **Called up share capital**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

**FIVE OAKS PROPERTIES LIMITED**

**NOTES ON THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH JUNE 1996**  
**(continued)**

12. **Reserves**

	<u>Revaluation Reserve</u> £	<u>Profit &amp; Loss Account</u> £
At 1st July 1995	1,018,921	1,823,067
Released on disposal	(57,478)	57,478
Revaluation of investment properties	91,892	-
Retained profit for the year	-	1,233,138
	<hr/>	<hr/>
At 30th June 1996	1,053,335	3,113,683
	<hr/>	<hr/>

The revaluation of investment properties, £91,892, comprises a gross surplus of £73,434 together with a release of depreciation of £18,458.

13. **Contingent liabilities**

The Company has guaranteed debenture stock of the ultimate parent company amounting to £15,000,000 at 30th June 1996 (1995: £15,000,000).

16. **Ultimate parent company**

The Company is a wholly owned subsidiary undertaking of Five Oaks Investments PLC which is registered in England and Wales. The consolidated accounts of the group are available to the public from Five Oaks Investments PLC, 130 Jermyn Street, St James's, London SW1Y 4UJ.