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696317

CADOGAN HOLDINGS COMPANY

REPORT AND ACCOUNTS

31 DECEMBER 1995



CADOGAN HOLDINGS COMPANY**31 DECEMBER 1995**

Directors:	Viscount Chelsea
	The Rt Hon The Earl Cadogan MC DL
	S A Corbyn
	R J Grant
	P A Sim
	P A Grant
Secretary:	J L Treves
Registered Office:	18 Cadogan Gardens London SW3 2RP
Registered number:	696317

CADOGAN HOLDINGS COMPANY

DIRECTORS' REPORT

The directors present their report for the period ended 31 December 1995.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

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

ACCOUNTS AND DIVIDEND

The accounts show a profit for the period attributable to shareholders of £466,474. The directors recommend the payment of a dividend of £350,000.

DIRECTORS

The directors listed on page 1 held office throughout the period. In addition Mr S D Staughton was a director until he resigned from the board on 30 April 1996.

None of the directors has any beneficial interest in the shares of the company. The interests of Viscount Chelsea and Mr P A Grant in the shares of the holding company, Cadogan Group Limited and its subsidiaries are shown in the accounts of that company. The interests of The Earl Cadogan in the shares of Cadogan Group Limited at 31 December 1995 were as follows:

	Beneficial	Non beneficial
Ordinary shares	72,656	1,453,125
Deferred shares	21,094	421,875

FIXED ASSETS

The freehold investment properties were revalued at 31 December 1995 and the result of this and other movements of tangible fixed assets can be found in note 8 on the accounts..

THE DIRECTORS' RESPONSIBILITIES IN RELATION TO THE COMPANY'S ACCOUNTS

The directors are required by the Companies Act 1985 to prepare accounts 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 result for the period. The directors consider that, in preparing the accounts which accompany this report, the company has used appropriate accounting policies, and that all accounting standards which they believe to be applicable have been followed. They further consider that these accounting policies have been consistently applied and are supported by reasonable and prudent judgements and estimates.

The accounts have been prepared on a going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. The directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the company's assets and to prevent and detect fraud and other irregularities.

By order of the board

J L Treves
Secretary
30 September 1996



REPORT OF THE AUDITORS
TO THE MEMBERS OF CADOGAN HOLDINGS COMPANY

We have audited the accounts on pages 4 to 14 which have been prepared under the historical cost convention as modified by the revaluation of certain assets and on the basis of the accounting policies set out on pages 7 and 8.

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

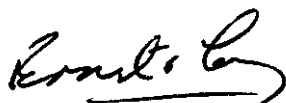
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by 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 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 affairs of the company as at 31 December 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered accountants
Registered auditor
London
30 September 1996

CADOGAN HOLDINGS COMPANY

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 1995

		1995	1994 (note 1)
	Note	£	£
Rents receivable		3,372,115	2,875,915
Property expenses		717,399	623,588
		<hr/> 2,654,716	<hr/> 2,252,327
Other property income		137,816	166,857
Net rents receivable		2,792,532	2,419,184
Administrative expenses		(1,196,270)	(1,190,358)
Dividend from subsidiary undertaking		243,000	-
		<hr/> 1,839,262	<hr/> 1,228,826
OPERATING PROFIT		1,839,262	1,228,826
Profit on sale of fixed assets		1,023,973	159,108
Exceptional item	9	(745,000)	-
		<hr/> 2,118,235	<hr/> 1,387,934
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		2,118,235	1,387,934
Interest receivable		10,547	8,061
Interest payable		(1,495,407)	(1,074,271)
		<hr/> 633,375	<hr/> 321,724
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	633,375	321,724
Tax on profit on ordinary activities	7	166,901	103,750
		<hr/> 466,474	<hr/> 217,974
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		466,474	217,974
Proposed dividend		350,000	58,000
		<hr/> 116,474	<hr/> £159,974
RETAINED PROFIT FOR THE FINANCIAL PERIOD	12	116,474	£159,974

CADOGAN HOLDINGS COMPANY
BALANCE SHEET
31 DECEMBER 1995

	Note	31 December 1995 £	6 January 1995 £
FIXED ASSETS			
Tangible assets	8	116,765,000	101,659,500
Investments	9	4,724,809	5,369,809
		<u>121,489,809</u>	<u>107,029,309</u>
CURRENT ASSETS			
Debtors		1,199,532	392,036
Amount owed by parent undertaking		23,888,074	19,089,506
Amount owed by subsidiary undertaking		243,000	-
Cash at bank		-	76,057
		<u>24,330,606</u>	<u>19,557,599</u>
CREDITORS - amounts falling due within one year			
Bank overdraft		220,130	-
Deferred income		205,740	231,947
Other creditors		226,488	319,362
Amount owed to fellow subsidiary undertaking		-	1,361,390
Amount owed to subsidiary undertakings		1,500,000	-
Taxation		1,033,565	35,358
Dividend		350,000	58,000
		<u>3,535,923</u>	<u>2,006,057</u>
NET CURRENT ASSETS		<u>20,794,683</u>	<u>17,551,542</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>142,284,492</u>	<u>124,580,851</u>
CREDITORS - amounts falling due after more than one year	10	(16,000,000)	(16,000,000)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	7	(8,000,000)	(6,000,000)
		<u>£118,284,492</u>	<u>£102,580,851</u>
CAPITAL AND RESERVES			
Called-up share capital	11	500,000	500,000
Share premium account		305,362	305,362
Revaluation reserve	12	93,846,328	80,958,518
Capital reserve	12	23,238,000	20,422,329
Profit and loss account	12	394,802	394,642
S A Corbyn - Director			
R J Grant - Director			
30 September 1996			
	13	<u>£118,284,492</u>	<u>£102,580,851</u>

CADOGAN HOLDINGS COMPANY

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 31 DECEMBER 1995

	1995	1994 (note 1)
	£	£
Profit attributable to shareholders	466,474	217,974
Unrealised surplus on revaluation of freehold investment properties	18,444,007	13,619,202
Deferred tax on revaluation of freehold investment properties	(2,000,000)	(6,000,000)
Taxation on realised revaluation surplus on freehold investment properties sold during period	(856,840)	-
	<hr/>	<hr/>
Total recognised gains and losses	<u>£16,053,641</u>	<u>£7,837,176</u>

CADOGAN HOLDINGS COMPANY

NOTES ON THE ACCOUNTS 31 DECEMBER 1995

1 YEAR END

This accounting period runs from 7 January 1995 to 31 December 1995. The previous accounting period commenced on 26 December 1993 and finished on 6 January 1995 and for convenience is referred to as 1994 in the profit and loss account and relevant notes.

2 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention modified by the revaluation of investment properties and fixed asset investments and in accordance with all applicable accounting standards. Compliance with SSAP 19 "Accounting for Investment Properties" requires a departure from the requirements of the Companies Act 1985 relating to depreciation and amortisation and an explanation of this departure is given in (b) below.

(b) Depreciation

In accordance with SSAP 19 no depreciation is provided on freehold investment properties. Although the Companies Act 1985 requires all properties to be depreciated the directors believe that departure from this requirement is necessary in order for the accounts to give a true and fair view. Depreciation is reflected in the open market value of the investment properties included in the accounts and cannot be quantified separately.

Other fixed assets are depreciated on a straight line basis at varying annual rates as set out below:

Motor vehicle	25%
Fixtures and fittings	33%

(c) Investment properties

Investment properties are included in the accounts at open market valuation at the period end. Any surplus arising on revaluation is taken through the statement of total recognised gains and losses to the revaluation reserve. Any resulting deficit, if temporary is taken through the statement of total recognised gains and losses to the revaluation reserve. If a deficit below original cost arises and is deemed to be permanent it is taken through the profit and loss account. Additions to properties include costs of a capital nature only; interest and other costs in respect of developments and refurbishments are treated as revenue expenditure and written off as incurred.

(d) Sale of properties

Profits on disposal of properties are included where contracts have been exchanged during the accounting period and completion has taken place before the accounts for that period are approved.

(e) Fixed asset investments

Fixed asset investments are included at directors' valuation.

(f) Deferred taxation

Provision is made for deferred taxation on all material timing differences which are expected to crystallise in the foreseeable future.

CADOGAN HOLDINGS COMPANY

NOTES ON THE ACCOUNTS 31 DECEMBER 1995

2 ACCOUNTING POLICIES (continued)

(g) Pension benefits

The annual contribution for the defined contribution scheme is charged to the profit and loss account as incurred.

The cost of the defined benefit scheme is charged to the revenue account so as to spread the cost to the company of providing benefits over the employees' working lives with the company. Actuarial surpluses or deficits are spread over the anticipated remaining service lives of the participating employees.

(h) Consolidated accounts

Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of Cadogan Group Limited.

3 EMOLUMENTS OF DIRECTORS

	1995	1994 (note 1)
	£	£
Fees	2,350	2,350
Remuneration, including pension contributions	260,630	233,732
	<u>£262,980</u>	<u>£236,082</u>

The emoluments, excluding pension contributions, of the directors are detailed as follows:

	1995	1994 (note 1)
	£	£
Chairman	nil	nil
Highest paid director	80,186	67,753

Number of directors

The emoluments of directors were within the bands set out below:

	1995	1994
Not more than £5,000	3	3
£40,001 to £45,000	1	1
£45,001 to £50,000	-	1
£50,001 to £55,000	1	-
£55,001 to £60,000	-	1
£65,001 to £70,000	-	1
£75,001 to £80,000	1	-
£80,001 to £85,000	1	-

CADOGAN HOLDINGS COMPANY

NOTES ON THE ACCOUNTS 31 DECEMBER 1995

4 EMPLOYEES AND EMPLOYEE COSTS

The average number of persons employed by the company, including directors, during the period was 29 (1994 - 27).

Employee costs comprise:

	1995	1994 (note 1)
	£	£
Wages and salaries	948,163	841,812
Social security costs	80,821	72,429
Pension costs	133,296	152,146
	<u>£1,162,280</u>	<u>£1,066,387</u>

5 INTEREST PAYABLE

	1995	1994 (note 1)
	£	£
Interest on bank advances repayable within 5 years	802,148	753,864
Interest on debenture stock repayable after 5 years	678,120	278,679
Other interest	15,139	41,728
	<u>£1,495,407</u>	<u>£1,074,271</u>

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION is stated after charging:

	1995	1994 (note 1)
	£	£
Auditors' remuneration:		
As auditors	9,400	7,755
Other services	22,000	28,125
	<u> </u>	<u> </u>

CADOGAN HOLDINGS COMPANY

NOTES ON THE ACCOUNTS 31 DECEMBER 1995

7 TAXATION

- (a) Provision has been made for corporation tax at current rates on the assessable profits for the period. Group relief relates to inter-company payments for losses surrendered. The taxation charge in the profit and loss account comprises:

	1995	1994 (note 1)
	£	£
Corporation tax	171,918	34,409
Group relief payments	-	69,341
Adjustment in respect of previous years	(5,017)	-
	<u>£166,901</u>	<u>£103,750</u>

The company is a close company.

- (b) The full potential liability for deferred taxation comprises the following:

	31 December 1995	6 January 1995
Provided in the accounts		
Revaluation of freehold properties	£8,000,000	£6,000,000
Not provided in the accounts:		
	£	£
Accelerated capital allowances	51,000	-
Short term timing differences	(11,000)	-
Roll over relief on disposal of freehold property	462,000	345,000
	<u>£502,000</u>	<u>£345,000</u>

Deferred taxation has been provided as shown above for those investment properties where there is an intention to sell. No estimate of the potential liability to taxation which would arise in the event of the sale of the remainder of the investment properties at their balance sheet values has been prepared because, in the directors' opinion, preparation of such an estimate would be unnecessarily time consuming and expensive.

CADOGAN HOLDINGS COMPANY

NOTES ON THE ACCOUNTS 31 DECEMBER 1995

8 TANGIBLE FIXED ASSETS

	Freehold investment properties £	Fixtures & fittings £	Motor vehicle £	Total £
Cost or valuation At 6 January 1995	101,659,500	10,304	23,752	101,693,556
Additions	1,504,276	-	-	1,504,276
Disposals	(4,842,783)	(10,304)	-	(4,853,087)
Revaluation	18,444,007	-	-	18,444,007
At 31 December 1995	116,765,000	-	23,752	116,788,752
Depreciation At 6 January 1995	-	10,304	23,752	34,056
Disposals	-	(10,304)	-	(10,304)
At 31 December 1995	-	-	23,752	23,752
Net book amounts at 31 December 1995	£116,765,000	-	-	£116,765,000
6 January 1995	£101,659,500	-	-	£101,659,500

The company's investment properties were revalued at 31 December 1995 by Chapman Petrie (commercial properties) and Cluttons (residential properties), both firms of chartered surveyors, in conjunction with the property director, Peter A Sim FRICS on the basis of open market value, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

It has not proved possible to obtain, without unreasonable expense and delay, details of the original cost of these revalued assets.

9 FIXED ASSET INVESTMENTS

	31 December 1995	6 January 1995
Shares in subsidiary undertakings		
Cost at 6 January 1995	5,369,809	-
Additions	100,000	5,369,809
Provision for diminution in value	(745,000)	-
Cost less provision for diminution in value at 31 December 1995	£4,724,809	£5,369,809

CADOGAN HOLDINGS COMPANY

NOTES ON THE ACCOUNTS 31 DECEMBER 1995

9 FIXED ASSET INVESTMENTS (continued)

The directors revalued the fixed asset investments as at 31 December 1995. The value of the fixed asset investments was based on the net assets of the subsidiary companies in which the company had invested at that date.

The company owns the whole of the issued share capital of Oakley Leisure Parks Limited, a leisure parks operator and Chelsea Land Developments Limited, a property development company. Both companies are registered in England.

10 CREDITORS - amounts falling due after more than one year

	31 December 1995 £	6 January 1995 £
Secured bank loans		
8.5% repayable in 1997	5,000,000	5,000,000
7.05% repayable in 1997	5,000,000	5,000,000
11.302% debenture stock 2014/2015	6,000,000	6,000,000
	<u>£16,000,000</u>	<u>£16,000,000</u>

The above loans are secured on specific freehold investment properties.

11 CALLED-UP SHARE CAPITAL

	31 December 1995	6 January 1995
Authorised, allotted and fully paid shares of £1 each	<u>£500,000</u>	<u>£500,000</u>

CADOGAN HOLDINGS COMPANY

NOTES ON THE ACCOUNTS 31 DECEMBER 1995

12 RESERVES

	Revaluation reserve £	Capital reserve £	Profit and loss account £
Profit attributable to members	-	-	116,474
Items transferred to capital reserve:			
Profit on sale of fixed assets	-	1,023,973	(1,023,973)
Attributable taxation	-	(162,659)	162,659
Provision against fixed asset investment	-	(745,000)	745,000
Revaluation surplus on freehold investment properties sold during period	(3,556,197)	3,556,197	-
Attributable taxation	-	(856,840)	-
Increase in revaluation reserve resulting from revaluation of freehold properties	18,444,007	-	-
Deferred tax on revaluation of freehold properties	(2,000,000)	-	-
	<u>12,887,810</u>	<u>2,815,671</u>	<u>160</u>
Balances at 6 January 1995	80,958,518	20,422,329	394,642
	<u>£93,846,328</u>	<u>£23,238,000</u>	<u>£394,802</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 1995 £000	6 January 1995 £000
Profit attributable to members	466,474	217,974
Dividend	350,000	58,000
	<u>116,474</u>	<u>159,974</u>
Surplus on revaluation of freehold investment properties	18,444,007	13,619,202
Deferred tax on revaluation of freehold investment properties	(2,000,000)	(6,000,000)
Taxation on realised revaluation surplus on freehold investment properties sold during period	(856,840)	-
	<u>15,703,641</u>	<u>7,779,176</u>
Net addition to shareholders' funds	102,580,851	94,801,675
	<u>£118,284,492</u>	<u>£102,580,851</u>

CADOGAN HOLDINGS COMPANY

NOTES ON THE ACCOUNTS 31 DECEMBER 1995

14 PENSION ARRANGEMENTS

The company participates in an externally funded defined benefit pension scheme and a defined contribution pension scheme for certain of its employees. Both schemes are operated by Cadogan Estates Limited.

Defined benefit scheme

The Cadogan Pension and Assurance Scheme provides benefits based on final pensionable earnings, and contributions are based on regular valuations by independent actuaries using the projected unit method. The most recent valuation was made at 26 December 1992. The assumptions which had the most significant effect on the results of the valuation were as follows:

Investment return	9%
Pay increases	7%
Pension increases	5%

At the date of the last actuarial valuation the market value of the assets in the scheme was £2,081,000 and the actuarial value of the assets was sufficient to cover, on average, approximately 111% of the benefits which had accrued to the members after allowing for future increases in earnings.

The pension charge for the period was £123,563 (1994 - £133,749).

Defined contribution scheme

The assets of this scheme are held separately from those of the company in independently administered funds. The pension charge represents contributions payable to this fund, and amounted to £9,733 (1994 - £18,397).

15 CAPITAL COMMITMENTS

At 31 December 1995 there were contracted capital commitments of £12,000 (1994 - nil).

16 ULTIMATE HOLDING COMPANY

The holding company for all operational purposes in Cadogan Group Limited and the ultimate holding company is Cadogan Settled Estates Limited, both of which are registered in England and Wales.

Group accounts are prepared by Cadogan Settled Estates Limited and Cadogan Group Limited and can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.