

Company No: 879589

**RICH INVESTMENTS LIMITED**

**FINANCIAL STATEMENTS**

**31 MARCH 1999**



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# **RICH INVESTMENTS LIMITED**

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# **RICH INVESTMENTS LIMITED**

## **COMPANY INFORMATION**

Directors	Peter C. Rich D.T. Rich P.A. Fincham K.W. Morgan
Secretary	R.G.M. Young
Registered office	8-12 Brook Street London W1Y 2BH
Registered number	879589
Registered auditors	Robson Rhodes 186 City Road London EC1V 2NU
Bankers	Midland Bank plc 69 Pall Mall London SW1Y 5EY

# **RICH INVESTMENTS LIMITED**

## **REPORT OF DIRECTORS**

The Directors present their report and the audited financial statements for the year ended 31 March 1999.

### **Principal activities**

The principal activities of the company are property investment and development. The principal activities of the company's subsidiary undertakings during the year were insurance and marketing services.

On 16 November 1998, the company acquired the whole of the issued share capital of Dagnall Securities Limited for £4,422,000.

On 25 February 1999, the subsidiary undertakings of Dagnall Securities Limited were reorganised and the company acquired the whole of the issued share capital of CTR Securities Limited, a wholly owned subsidiary undertaking of Dagnall Securities Limited, for £242,789.

### **Results and dividend**

The results of the company for the year are set out on page 6. The directors approved the payment of an interim dividend of 1 pence per share (1998 - nil) on 12 July 1999.

### **Fixed assets**

The company's freehold and long and short leasehold investment properties were professionally revalued at 14 May 1996, except for those acquired from CTR Securities Limited which were revalued immediately prior to the acquisition of Dagnall Securities Limited on 16 November 1998. The revaluations have been incorporated in these financial statements and, the directors do not believe that the current value is materially different from this.

### **Directors and their interests**

The directors of the company are listed on page 1. All the directors served in office throughout the year.

Mrs. D.T. Rich holds 1,318 ordinary shares in the company. Family trusts (of which Mr. Peter C. Rich is a beneficiary) have controlling interests in companies which hold the remaining issued share capital of the company. None of the other directors have a beneficial shareholding in the company.

### **Charitable donations**

The company made charitable donations of £3,551 (1998 £3,921) and political donations to the Conservative Party of £10,000 (1998 - £5,000).

### **Directors' responsibilities for the financial statements**

Company law requires the directors to prepare financial statements 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 these financial statements, the directors have:

- made suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

#### Year 2000

Many of the world's computer systems store only the last two digits of the year end and need to be adapted to cope correctly with the year 2000. Having made enquiries of suppliers and software providers, the directors do not expect material disruptions to our business from the year 2000 problem but the complexity of the matter prevents any business offering absolute assurance on this issue.

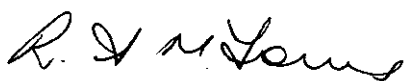
#### Auditors

The auditors, Robson Rhodes, are willing to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

#### Approval

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The report of the directors was approved by the Board on 22 July 1999 and signed on its behalf by:



R.G.M. YOUNG  
Secretary

22 July 1999.

# **RICH INVESTMENTS LIMITED**

## **REPORT OF THE AUDITORS**

### **TO THE MEMBERS OF RICH INVESTMENTS LIMITED**

We have audited the financial statements on pages 6 to 16 which have been prepared on the basis of the accounting policies set out on page 8.

#### **Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of 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.

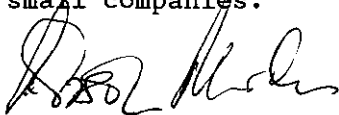
#### **Basis of opinion**

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 the company's affairs as at 31 March 1999 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



**Robson Rhodes**

Chartered Accountants and Registered Auditors

London

22 July 1999

# **RICH INVESTMENTS LIMITED**

## **REPORT OF THE AUDITORS**

**TO THE DIRECTORS OF RICH INVESTMENTS LIMITED**

**PURSUANT TO SECTION 248 OF THE COMPANIES ACT 1985**

We have examined the financial statements of the company and each of its subsidiary undertakings for the year ended 31 March 1999. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemption conferred by section 248 from preparing group accounts.

In our opinion, for the year ended 31 March 1999, the company is entitled to the exemption from preparing group accounts conferred by section 248 of the Companies Act 1985.



London

27 July 1999

**ROBSON RHODES**  
Chartered Accountants and  
Registered Auditors

# RICH INVESTMENTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	NOTES	1999 £	1998 £
Turnover: continuing operations	1	1,531,979	2,692,508
Administrative expenses		(1,636,453)	(1,679,898)
Investment interest receivable	2	903,087	101,829
Other operating income	1	134,152	97,502
Provision against listed investments		4,480	(6,173)
<b>Operating profit:</b>			
continuing operations	3	937,245	1,205,768
Profit on disposal of investment properties		51,444	365,385
Income from shares in subsidiary undertakings		3,859,838	38,340
Provision against subsidiary undertakings		(3,701,634)	-
Interest payable	5	(140,505)	(288,358)
Other investment income (less losses)		1,481	(265)
<b>Profit on ordinary activities before taxation</b>		<b>1,007,869</b>	<b>1,320,870</b>
Tax on profit on ordinary activities	6	-	(6,920)
<b>Profit on ordinary activities after taxation</b>	18	<b>1,007,869</b>	<b>1,313,950</b>
Dividend payable		(10,000)	-
<b>Retained profit</b>		<b>997,869</b>	<b>1,313,950</b>

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 1999

	1999 £	1998 £
Profit for the financial year	997,869	1,313,950
Unrealised loss on investment property disposed of since the year end	-	(690,435)
<b>Total recognised gains</b>	<b>997,869</b>	<b>623,515</b>

### NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 MARCH 1999

	1999	1998
Reported profit on ordinary activities before taxation	997,869	1,320,870
Realisation of property revaluation gains	7,769,042	2,602,792
<b>Historical cost profit on ordinary activities before taxation</b>	<b>8,766,911</b>	<b>3,923,662</b>
<b>Historical cost retained profit</b>	<b>8,756,911</b>	<b>3,916,742</b>



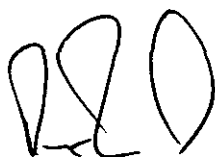
# RICH INVESTMENTS LIMITED

## BALANCE SHEET 31 MARCH 1999

	NOTES	1999 £	1998 £
<b>Fixed assets</b>			
Tangible assets			
- investment properties	7	22,402,419	32,876,281
- other tangible assets	8	78,914	81,116
Investments in subsidiary undertakings	9	988,479	25,372
Other investments	10	5,671	11,209
		<hr/>	<hr/>
		23,475,483	32,993,978
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	11	119,668	112,760
Debtors	12	15,644,123	1,750,282
Cash at bank and in hand		2,561,132	2,797,028
		<hr/>	<hr/>
		18,324,923	4,660,070
<b>Creditors: amounts falling due within one year</b>	13&14	(7,130,932)	(3,982,443)
		<hr/>	<hr/>
<b>Net current assets</b>		11,193,991	667,627
		<hr/>	<hr/>
<b>Net assets less current liabilities</b>		34,669,474	33,671,605
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	16	100,000	100,000
Revaluation reserve	17	15,631,778	21,394,165
Profit and loss account	17	18,937,696	12,177,440
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	18	34,669,474	33,671,605
		<hr/>	<hr/>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 22 July 1999 and signed on its behalf by:



Peter C. Rich  
Director

# **RICH INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention as modified by the inclusion of investment properties at revalued amounts. This is in accordance with SSAP 19 (revised), which unlike the detailed rules of the Companies Act, does not require depreciation to be provided on freehold investment properties. The directors consider that this accounting policy is necessary for the financial statements to give a true and fair view.

#### **Group accounts**

The company is exempt from the preparation of group accounts under section 248 of The Companies Act 1985.

#### **Turnover and other operating income**

Turnover comprises rental income from investment properties and is credited to the profit and loss account in the period to which the rental income relates, net of any rent payable in respect of that property. Where properties are subject to rent reviews, the increase in the rental is only brought into account when agreed, including the increase which may relate to a period commencing in a previous accounting period. Such an amount included in these accounts relating to previous periods was fnil (1998 - £9,153).

Other operating income includes management fees for administrative services.

Other investment income includes net profits from theatre investments and dividends from listed dealing investments.

#### **Depreciation and amortisation**

In accordance with SSAP 19 (Revised), freehold and long leasehold investment properties are not depreciated.

Other tangible fixed assets are depreciated as follows:

Short leasehold property	- Over length of lease
Motor vehicles	- 25% on cost
Fixtures and fittings	- 20% on cost

#### **Taxation**

Group relief is accounted for between group companies for nil consideration.

The charge for taxation is based on the results for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made for deferred taxation only to the extent that it is probable that the tax will become payable. The provision is made at the rate at which the estimated tax will be paid.

# RICH INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

### 2. INVESTMENT INTEREST RECEIVABLE

	1999 £	1998 £
Bank and other short term interest	852,123	101,829
Other interest receivable	50,964	-
	<u>903,087</u>	<u>101,829</u>

### 3. OPERATING PROFIT: CONTINUING OPERATIONS

	1999 £	1998 £
Operating profit is arrived at after charging:		
Operating lease commitments	55,000	101,291
Depreciation	55,071	59,615
Auditors' remuneration		
- for audit services	10,500	10,500
- for non audit services	34,675	30,426
	<u>          </u>	<u>          </u>

### 4. EMPLOYEES AND DIRECTORS

The aggregate payroll costs of the company's employees, including directors, were as follows:

	1999 £	1998 £
Wages and salaries	797,619	768,376
Social security costs	81,399	76,789
Other pension costs	33,000	27,000
	<u>912,018</u>	<u>872,165</u>

Directors' remuneration amounted to £454,007 (1998 - £469,410). Included in this amount are pension contributions to a money purchase scheme in respect of one director of £21,000 (1998 - £17,000).

### 5. INTEREST PAYABLE

	1999 £	1998 £
Interest on amounts owed to shareholders	149,038	272,474
Bank interest	(8,533)	15,884
	<u>140,505</u>	<u>288,358</u>

# RICH INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

### 6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
Corporation tax at 21% (1998-21%)	-	6,920

The tax charge for the current year has been reduced as a result of payment of accrued interest in respect of prior years.

### 7. TANGIBLE ASSETS - INVESTMENT PROPERTIES

	Freehold £	Long Leasehold £	Short Leasehold £	Total £
Cost or valuation				
At 1 April 1998	31,088,851	1,750,000	57,586	32,896,437
Additions	869,821	-	-	869,821
Disposals	(14,734,589)	-	-	(14,784,589)
Transfer from subsidiary undertaking	3,402,423	-	-	3,402,423
At 31 March 1999	20,626,506	1,750,000	57,586	22,434,092
Amortisation				
At 1 April 1998	-	-	20,156	20,156
Charge for year	-	-	11,517	11,517
At 31 March 1999	-	-	31,673	31,673
Net book value				
At 31 March 1999	20,626,506	1,750,000	25,913	22,402,419
At 31 March 1998	31,088,851	1,750,000	37,430	32,876,281

Certain of the company's freehold, long and short leasehold properties were revalued at 14 May 1996 at open market value. Those acquired from a subsidiary undertaking were revalued on 30 September 1998. These valuations, which were carried out by Nelson Bakewell, members of the Royal Institution of Chartered Surveyors, have been incorporated in these financial statements.

# RICH INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

The comparable amounts if stated under historic cost rules would be:

	Freehold £	Long Leasehold £	Short Leasehold £	Total £
At 31 March 1999	6,266,131	478,597	25,913	6,770,641
At 31 March 1998	11,470,041	478,597	37,700	11,482,116

### 8. OTHER TANGIBLE ASSETS

	Motor vehicles £	Fixtures and fittings £	Total £
Cost			
At 1 April 1998	139,255	138,654	277,909
Additions	29,726	12,506	42,232
Disposals	(21,618)	-	(21,618)
At 31 March 1999	147,363	151,160	298,523
Depreciation			
At 1 April 1998	110,229	86,564	196,793
Charge for year	22,825	20,729	43,554
Released on disposal	(20,738)	-	(20,738)
At 31 March 1999	112,316	107,293	219,609
Net book value			
At 31 March 1999	35,047	43,867	78,914
At 31 March 1998	29,026	50,004	81,116

# RICH INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

### 9. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares £	Loans £	Total £
<b>Cost</b>			
At 1 April 1998	25,472	97,721	123,193
Additions	4,664,841	-	4,664,841
Disposals	(200)	(97,721)	(97,921)
	<hr/>	<hr/>	<hr/>
At 31 March 1999	4,690,113	-	4,690,113
Less: Amounts provided	(3,701,634)	-	(3,701,634)
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 March 1999	988,479	-	988,479
	<hr/>	<hr/>	<hr/>
At 31 March 1998	25,372	-	25,372
	<hr/>	<hr/>	<hr/>

The shares in subsidiary undertakings comprise investments in the following:

Name of subsidiary undertakings	Country of registration	Capital and reserves £	Profit/(loss) for the year £	Interest in ordinary shares
Rich Insurance Services Limited	England	31,231	22,820	100%
Rich Real Estate Limited	England	53,889	42,129	100%
RRE Limited	England	3,953	non-trading	100%
Russell Rich Marketing Limited	England	(41,461)	(3,153)	100%
CTR Securities Limited	England	938,155	350,393	100%
Dagnall Securities Limited	England	25,000	(564)	100%

### 10. OTHER INVESTMENTS

	1999 £	1998 £
Listed securities (market value at 31 March 1999 £5,671) (1998 £11,209)	5,671	11,209
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# RICH INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

### 11. STOCKS

Stocks comprise:

	1999	1998
	£	£
Dealing investments	115,713	106,317
Paintings	3,955	6,443
Theatre investments		
	<u>119,668</u>	<u>112,760</u>

### 12. DEBTORS

	1999	1998
	£	£
Trade debtors	261,664	564,663
Amount owed by subsidiary undertakings	4,288,714	928,448
Amounts owed by related companies	1,035,256	127,768
Other debtors	6,017,956	60,137
Prepayments	180,695	30,926
Dividends receivable	3,859,838	38,340
	<u>15,644,123</u>	<u>1,750,282</u>

### 13. CREDITORS DUE WITHIN ONE YEAR

	1999	1998
	£	£
Amounts owed to subsidiary undertakings	4,802,227	31,031
Amount owed to ultimate parent company (note 14)	1,459,554	2,159,654
Amount owed to related companies	-	394,491
Corporation tax	40,231	21,812
Other taxation and social security	114,042	198,105
Other creditors	256,716	415,704
Accruals and deferred income	448,162	761,646
Dividend payable	10,000	-
	<u>7,130,932</u>	<u>3,982,443</u>

### 14. ULTIMATE PARENT COMPANY LOAN

A loan of £512,471 (1998: £512,471) is unsecured and repayable within 28 days of notice in writing at the company's or ultimate parent company's option. Interest is payable at Midland Bank base rate plus 1.5% (1998 - same).

Accrued interest on this loan of £947,084 (1998: £1,647,184) is included in the balance in Note 13.

# RICH INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

### 15. PROVISION FOR LIABILITIES AND CHARGES

Amounts of deferred taxation are as follows:

Not provided	1999 £	1998 £
Accelerated capital allowances	185,660	189,850
Other timing differences	(293,595)	(510,627)
Revaluation of investment properties	768,385	643,737
	<u>660,450</u>	<u>322,960</u>

Other timing differences arise through corporation tax relief being calculated on accrued interest payable (see note 13).

### 16. CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised, allotted, issued and fully paid 1,000,000 ordinary shares of 10p each	<u>100,000</u>	<u>100,000</u>

### 17. RESERVES

	Profit and loss account £	Revaluation reserve £	Total £
At 1 April 1998	12,177,440	21,394,165	33,571,605
Retained profit	997,869	-	997,869
Transfer to distributable reserve on realisation of investment property	7,769,042	(7,769,042)	-
Transfer to non-distributable reserves of an amount equal to the excess of market value over historic cost on acquisition of investment properties transferred from subsidiary undertaking	<u>(2,006,655)</u>	<u>2,006,655</u>	
At 31 March 1999	<u>18,937,696</u>	<u>15,631,778</u>	<u>34,569,474</u>



# RICH INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

### 18. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	1999 £	1998 £
Total recognised gains for the year	1,007,869	623,515
Dividend payable	(10,000)	-
	<hr/>	<hr/>
Opening shareholders' funds	997,869 33,671,605	623,515 33,048,090
	<hr/>	<hr/>
Closing shareholders' funds	34,669,474	33,671,605
	<hr/> <hr/>	<hr/> <hr/>

### 19. FINANCIAL COMMITMENTS

#### Leasing commitments

The company has annual commitments under operating leases for leasehold properties as follows:

	1999 £	1998 £
expiring		
- in 2 to 5 years	39,000	39,000
- over 5 years	44,000	44,000
	<hr/>	<hr/>
	83,000	83,000
	<hr/> <hr/>	<hr/> <hr/>

### 20. RELATED PARTY TRANSACTIONS

The company entered into transactions with related parties during the year as follows:

Property and other insurance premiums amounting to £137,946 (1998 - £217,715) were paid to a subsidiary undertaking (Rich Insurance Services Limited). The amount due to Rich Insurance Services Limited at 31 March 1999 was £125,558 (1998 - £69,072).

Property management, supervision and other similar services of £134,152 (1998 - £97,502) were provided to subsidiary undertakings. Included in this are property management services provided as follows:

Rich Real Estate Limited	£90,000 (1998-nil)
CTR Securities Limited	£39,375 (1998 - £52,500)

In addition freehold properties to the value of £3,400,185 (1998 - nil) were transferred from CTR Securities Limited.

Amounts due to/(from) Rich Investments Limited:

Rich Real Estate Limited	£4,212,454 (1998 - £85,222)
CTR Securities Limited	(£3,583,780) (1998 - £392,250)

# **RICH INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999**

### **21. ULTIMATE PARENT COMPANY**

The company's ultimate holding company is Tanhauser Investments (Bermuda) Limited, a company incorporated in Bermuda.