

CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1996



CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1996

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CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31st March 1996.

Statement of directors' responsibilities

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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements 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 financial statements comply with the Companies Act 1985. The directors 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.

Activity

The principal activity of the company which has remained unchanged during the financial year was property investment.

Business review and future developments

Rental income has increased but the company has continued to suffer operating losses during the year under review.

The directors are satisfied with the balance sheet position and are confident that the company will return to profitability in future years.

Dividends

In view of the company's current and future requirements and the maintenance and development of the company's business, the directors do not recommend the payment of a dividend.

Directors and their interests

The directors and their interests, as defined by the Companies Act, in the shares of the company, at 31st March 1996 were as follows:

	Ordinary shares of £1 each	
	31st March 1996	31st March 1995
R S McNally Esq	1,385	1,385
Miss H C McNally	1,385	1,385
F R McNally Esq	724	724
Mrs M E McNally	512	512

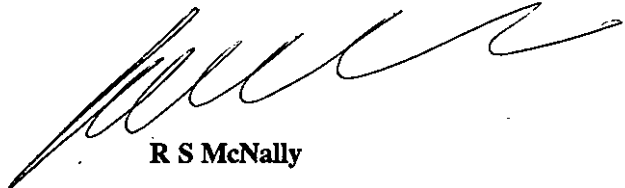
CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

DIRECTORS' REPORT

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of Casson Beckman, chartered accountants, as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD



R S McNally

Secretary

22nd January 1997

Registered Office: Unit 10, Craufurd Business Park
Silverdale Road
Hayes
Middlesex
UB3 3BN

CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies as set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described in the directors' report, 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 financial 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, are consistently applied and are 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 31st March 1996 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.



CASSON BECKMAN

Chartered Accountants
and Registered Auditors

Hobson House
155 Gower Street
London WC1E 6BJ

22nd January 1997

CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST MARCH 1996**

	Notes	1996 £	1995 £
Rental income from investment properties	2	222,864	101,763
Property management and maintenance		(78,020)	(252,508)
Income from property		144,844	(150,745)
Administrative expenses	3	(155,207)	(163,901)
		(10,363)	(314,646)
Other operating income	4	-	89,455
Operating loss		(10,363)	(225,191)
Dividends receivable		-	1,741,753
Interest receivable		5,240	4,325
Interest payable	5	(40,669)	(49,470)
(Loss)/profit on ordinary activities before taxation		(45,792)	1,471,417
Tax on (loss)/profit on ordinary activities	7	-	(210)
(Loss)/profit for the year		£ (45,792)	£ 1,471,207

Rental income and operating loss all derive from continuing operations.

CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST MARCH 1996

	1996	1995
	£	£
(Loss)/profit for the financial year	(45,792)	1,471,207
Unrealised surplus on revaluation of investment properties	961,732	-
	<hr/>	<hr/>
Total gains and losses recognised since last annual report	£915,940	£1,471,207
	<hr/>	<hr/>

CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

BALANCE SHEET

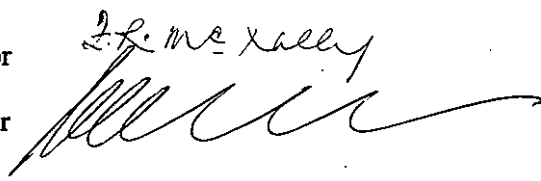
AT 31ST MARCH 1996

	Notes	£	1996 £	£	1995 £
Fixed assets					
Tangible assets	8		3,040,482		2,080,078
Investments	9		4,002		4,002
			<u>3,044,484</u>		<u>2,084,080</u>
Current assets					
Debtors	10	41,594		65,140	
Investments	11	56,509		56,509	
Cash at bank and in hand		95,812		105,347	
		<u>193,915</u>		<u>226,996</u>	
Creditors: Amounts falling due within one year	12	(512,499)		(486,533)	
Net current liabilities			<u>(318,584)</u>		<u>(259,537)</u>
Total assets less current liabilities			<u>2,725,900</u>		<u>1,824,543</u>
Creditors: Amounts falling due after more than one year	13		<u>(335,417)</u>		<u>(350,000)</u>
			<u>£ 2,390,483</u>		<u>£1,474,543</u>
Capital and reserves					
Called up share capital	15		4,006		4,006
Revaluation reserve	16		961,732		-
Profit and loss account	16		1,424,745		1,470,537
			<u>£ 2,390,483</u>		<u>£1,474,543</u>

Approved by the board on 22nd January 1997 and signed on its behalf by

F. R McNally - Director

R. S McNally - Director



CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1996

1. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the going concern basis.

At 31st March 1996, current liabilities exceeded current assets by approximately £318,000. However, the directors have obtained bank financing facilities and have given undertakings to continue to provide such financial support as is necessary to enable the company to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate for the financial statements to be prepared on the going concern basis.

Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value of each asset over the expected useful life as follows:

Furniture, fixtures and fittings	- 10% per annum on the reducing balance basis
Motor vehicles	- 25% per annum on the reducing balance basis

In accordance with Statement of Standard Accounting Practice No 19:

- investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- no depreciation or amortisation is provided in respect of freehold investment properties.

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 show a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred taxation

Deferred taxation is calculated on the liability method. It is provided to the extent that it is considered, with reasonable probability, that a liability will become payable within the foreseeable future.

Pensions

The company operates a defined contribution scheme covering its permanent employees. Pension costs charged against profits, represent the amounts payable to the scheme in respect of the year.

CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 1996

1. Accounting policies (continued)

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the average rate for the year ended 31st March 1996. All differences are taken to the profit and loss account.

Investments

Fixed asset investments are stated at cost, less any provision for diminution in value.

Investments held as current assets are stated at the lower of cost and net realisable value.

2 Rental income from investment properties

	1996	1995
Rental income	£222,864	£101,763

The entire rental income during the year was within the United Kingdom.

3. Administrative expenses

Administrative expenses include:-

Auditors' emoluments	5,016	16,758
Depreciation	9,836	12,395
Directors' remuneration	40,000	35,000

4. Other operating income

	1996	1995
Management charges	£ -	£89,455

5. Interest payable

On bank loans and overdrafts	36,768	10,683
Interest to subsidiary companies	-	38,787
Other interest	3,901	-

£40,669	£49,470
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CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 1996

6. Employees and directors	1996	1995
	£	£
Staff costs including executive directors during the year amounted to:-		
Wages and salaries	50,000	45,300
Social security costs	6,721	6,631
Other pension costs	600	1,000
	<u>£57,321</u>	<u>£52,931</u>
	<u>1996</u>	<u>1995</u>
	<u>No</u>	<u>No</u>
The average monthly number of employees during this year was:	5	5
Directors' remuneration		
	1996	1995
	£	£
Staff costs include the following emoluments in respect of directors:		
Salaries	40,000	35,000
Benefits in kind	19,522	20,129
Pension contributions	600	1,000
	<u>£ 60,122</u>	<u>£56,129</u>
Included above is remuneration paid to:-		
The Chairman	£ 9,605	£14,667
The highest paid director	£24,825	£19,188
The number of other directors who received remuneration in the following ranges were:	No.	No.
£ 5,001 - £10,000	-	1
£10,001 - £15,000	2	-
£15,001 - £20,000	-	1
	<u> </u>	<u> </u>

CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 1996

7. Taxation	1996 £	1995 £
The taxation charge which is based on the results of the year is made up as follows:-		
Current year corporation tax	-	-
Foreign withholding tax	-	210
	<u>£ -</u>	<u>£ 210</u>

There are unrelieved losses of approximately £148,000 which are available for set off against future profits.

8. Tangible fixed assets	Freehold investment property	Furniture fixtures and fittings	Motor vehicles	Total
Cost or valuation				
At 1st April 1995	2,031,647	18,122	42,704	2,092,473
Additions	6,621	1,887	-	8,508
Surplus on revaluation	961,732	-	-	961,732
At 31st March 1996	<u>£3,000,000</u>	<u>£20,009</u>	<u>£42,704</u>	<u>£3,062,713</u>
Depreciation				
At 1st April 1995	-	1,719	10,676	12,395
Charge for the year	-	1,829	8,007	9,836
At 31st March 1996	<u>£ -</u>	<u>£3,548</u>	<u>£18,683</u>	<u>£22,231</u>
Net book value				
At 31st March 1996	<u>£3,000,000</u>	<u>£16,461</u>	<u>£24,021</u>	<u>£3,040,482</u>
At 31st March 1995	<u>£2,031,647</u>	<u>£16,403</u>	<u>£32,028</u>	<u>£2,080,078</u>

Investment properties were valued at their open market value of £3,000,000 at 31st March 1996 by the directors.

The historical cost of investment properties transferred from subsidiary undertakings during the year ended 31st March 1995 is £578,562.

CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 1996

9. Fixed asset investments

Cost	Subsidiary undertakings £
At 31st March 1995 and 31st March 1996	<u>£4,002</u>

The company held 100% of the equity of the following companies at the balance sheet date:

Name of company	County of registration	Holding	Nature of business
Craufurd Stainless Steel Company Limited	England	2,000 ordinary shares of £1 each	Dormant
Centreline Properties (Egham) Limited	England	2,000 ordinary shares of £1 each	Dormant
Craufurd Flares International Limited	England	2 ordinary shares of £1 each	Dormant

The company has not produced group accounts in respect of its subsidiary undertakings, since the group which the company heads qualifies as a small group.

The subsidiary companies' share capital and reserves at the end of the financial year and profit or loss for that year were as follows:-

Subsidiary	Share capital and reserves 1996 £	(Loss)/profit after tax 1996 £	Share capital and reserves 1995 £	(Loss)/profit after tax 1995 £
Craufurd Stainless Steel Limited	2,000	-	2,000	(793,275)
Centreline Properties (Egham) Limited	2,000	-	2,000	(819,654)
Craufurd Flares International Limited	2	-	2	(72,900)
	<u>£ 4,002</u>	<u>£ -</u>	<u>£4,002</u>	<u>£(1,685,829)</u>

CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 1996

10. Debtors

Amounts falling due within one year:	1996 £	1995 £
Rents receivable	8,839	11,592
Other debtors	29,806	48,704
Prepayments and accrued income	2,949	4,844
	<u>£ 41,594</u>	<u>£65,140</u>

Other debtors include amounts owed by companies in which directors have an interest, as follows:-

Director	Company	Maximum outstanding in year £	1996 £	1995 £
R.S. McNally	Centurion (UK) Limited	£42,848	£29,214	£42,848
R S McNally and H C McNally	Craufurd Finance Company Limited	£4,004	£ -	£4,004

11. Current Asset Investments

	1996	1995
Unlisted investments at cost	£ 56,509	£ 56,509

12. Creditors: Amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	84,450	1,666
Trade creditors	18,951	41,121
Amounts owed to group undertakings	42,998	44,406
Other taxation and social security costs	3,744	12,715
Other creditors	224,197	256,253
Accruals and deferred income	138,159	130,372
	<u>£512,499</u>	<u>£ 486,533</u>

Bank overdrafts amounting to £84,450 are secured on the company's freehold investment property.

CENTRELINE PROPERTIES (DEVELOPMENTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 1996

13. Creditors: Amounts falling due after more than one year

	1996 £	1995 £
Bank loan	<u>£335,417</u>	<u>£350,000</u>

Bank loans amounting to £335,417 are secured on the company's freehold investment property. Interest is payable at 2% over bank base rate and the loans are repayable by instalments over a 10 year period to November 2004.

14. Provision for liabilities and charges

The provision for deferred tax on the liability method at 33% is

	Provision		Potential	
	1996 £	1995 £	1996 £	1995 £
Tax on revaluation surpluses on investment properties transferred from subsidiary companies	<u>£ -</u>	<u>£ -</u>	<u>£718,000</u>	<u>£405,000</u>

15. Share capital

	1996	1995
Authorised: 5,000 ordinary shares of £1 each	<u>£5,000</u>	<u>£ 5,000</u>
Allotted, issued and fully paid: 4,006 ordinary shares of £1 each	<u>£4,006</u>	<u>£ 4,006</u>

16. Reserves and reconciliation of movements in shareholders' funds

	Share capital £	Revaluation reserve £	Profit and loss account £	Total shareholders' funds £
Balance at 1st April 1995	4,006	-	1,470,537	1,474,543
Surplus on property revaluation	-	961,732	-	961,732
Loss for the financial year	-	-	(45,792)	(45,792)
Closing shareholders' funds	<u>£4,006</u>	<u>£961,732</u>	<u>£1,424,745</u>	<u>£2,390,483</u>