

G. House

CORNLODGE PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS

◆ Year ended 31 December 1997 ◆



COMPANY NO: 2109028

CORNLODGE PROPERTIES LIMITED

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CORNLODGE PROPERTIES LIMITED

COMPANY INFORMATION

Directors Marc Gilbard
 Graham Stanley
 Alexander MacLachlan

Company Secretary Timothy Sanderson

Registered office Premier House
 44-48 Dover Street
 London W1X 3RF

Registered number 2109028

Auditors Robson Rhodes
 Chartered Accountants
 186 City Road
 London EC1V 2NU

Bankers Lloyds Bank Plc

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited financial statements for the year ended 31 December 1997.

Principal activities

The principal activities of the Company are property investment and trading.

Results

The results for the year ended 31 December 1997 are set out in the Profit & Loss Account on page 5. These show a profit after taxation of £61,798 (1996: Loss £26,750). The directors do not recommend the payment of a dividend.

The commercial trading properties were transferred at book value to another group undertakings

Directors

The present directors of the company are set out on Page 1. G Stout resigned as a director on 15 April 1997. Alexander MacLachlan was appointed as a director on 9 June 1997.

Directors Interest

None of the directors had any interest in the shares of the Company. Their interest in the shares of the holding company are shown in the accounts of that company.

Ultimate Parent Company

The company is a wholly owned subsidiary of Moorfield Estates PLC which is incorporated in England.

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 these financial statements, the directors have:

- selected 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.

CORNLODGE PROPERTIES LIMITED

REPORT OF THE DIRECTORS

(Continued)

Auditors

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

The report of the directors was approved by the Board on 31 March 1998 and signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'T.M. Sanderson', written in a cursive style.

Timothy Sanderson
Secretary

**AUDITORS' REPORT TO THE SHAREHOLDERS
OF CORNLODGE PROPERTIES LIMITED**

We have audited the financial statements on pages 5 to 11 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 3 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 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 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robson Rhodes
Chartered Accountants and Registered Auditor

Date 31 October 1998

CORNLODGE PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1997

	Note	1997 £	1996 £
Turnover		178,228	305,227
		<hr/>	<hr/>
Rental income		178,228	305,227
		<hr/>	<hr/>
Less:			
Property outgoings		(6,340)	(1,643)
		<hr/>	<hr/>
Net rental income		171,888	303,584
Administrative expenses	2	(55,108)	(63,535)
Loss on sale of investment Property		(27,970)	-
		<hr/>	<hr/>
Operating profit		88,810	240,049
Interest receivable		321	2,863
Interest payable and similar charges	3	(23,627)	(269,662)
		<hr/>	<hr/>
Profit/loss on ordinary activities before taxation		65,504	(26,750)
Taxation	4	(3,706)	-
		<hr/>	<hr/>
Retained profit/(loss) for the year		61,798	(26,750)
		<hr/>	<hr/>

The notes of pages 8 to 11 form part of these accounts
All activities are continuing activities

CORNLODGE PROPERTIES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 1997

	1997 £	1996 £
Retained profit/(loss) for the financial year	61,798	(26,750)
Unrealised surplus/(deficit) on revaluation of investment property	-	50,000
	<hr/>	<hr/>
	61,798	23,250
	<hr/>	<hr/>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the year ended 31 December 1997

	1997 £	1996 £
Total recognised gains/(losses) for the financial year	61,798	23,250
Opening shareholders' funds	(26,287)	(49,537)
	<hr/>	<hr/>
Closing shareholders' funds	35,511	(26,287)
	<hr/>	<hr/>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 December 1997

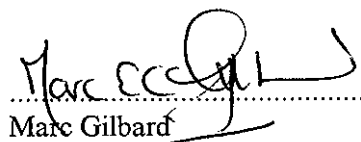
	1997 £	1996 £
Reported profit/(loss) on ordinary activities before taxation	65,504	(26,750)
Realisation of property revaluation gains of previous years	150,000	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	215,504	(26,750)
	<hr/>	<hr/>

CORNLODGE PROPERTIES LIMITED

BALANCE SHEET at 31 December 1997

	Note	1997 £	1996 £
Fixed assets			
Tangible assets	5	-	800,000
Current assets			
Stocks	6	-	2,400,679
Debtors	7	35,505	61,413
Cash at bank		6	86,962
		<hr/>	<hr/>
		35,511	2,549,054
Creditors: Amounts falling due within one year	8	-	(3,375,341)
		<hr/>	<hr/>
Net current assets		35,511	(826,287)
		<hr/>	<hr/>
Net assets		35,511	(26,287)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	100	100
Investment property revaluation reserve	10	-	150,000
Profit and loss account	10	35,411	(176,387)
		<hr/>	<hr/>
Shareholders' funds (all equity)		35,511	(26,287)
		<hr/>	<hr/>

The financial statements were approved by the Board on 31 March 1998 and signed on its behalf by:


.....
Marc Gilbard

The notes of pages 8 to 11 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1997

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties. The financial statements are prepared in accordance with applicable accounting standards, including SSAP 19, which unlike the detailed rules of the Companies Act does not require depreciation of freehold and long leasehold investment properties. The lack of depreciation is necessary to give a true and fair view for the reasons explained below.

Turnover

Turnover, excluding VAT, comprises of rental income and gross sale proceeds of trading properties.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

Investments Properties

In accordance with SSAP 19 investment properties are included in the balance sheet at an open market value. The surplus or deficit of such value over cost is transferred to the revaluation reserve. Properties are revalued annually and at least once in every five years by external professional valuers. Freehold and long leasehold investment properties are not depreciated. Depreciation is only one of many factors reflected in the annual valuation and the amount which otherwise would have been shown cannot be separately identified or quantified. Where there is a permanent diminution in the value of a building, a charge is made to the profit and loss account.

Trading Properties

Trading properties included within stock are shown at the lower of cost and net realisable value.

Surplus or Deficit Arising on Sale of Investment Properties

The surplus or deficit over the cost or valuation arising on the sale of investment properties is recognised in the profit and loss account before arriving at the profit before taxation.

CORNLODGE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1997**2. ADMINISTRATIVE EXPENSES**

	1997 £	1996 £
Management fee from parent company	55,000	63,500
Other	108	35
	<hr/>	<hr/>
	55,108	63,535
	<hr/>	<hr/>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Interest on loans and overdrafts repayable wholly within five years	23,627	269,662
	<hr/>	<hr/>

4. TAXATION

	1997 £	1996 £
UK corporation tax at 33% (1996: 0%)	3,706	-
	<hr/>	<hr/>

5. TANGIBLE FIXED ASSETS

	Freehold Investment Property £
Valuation at 1 January 1997	800,000
Revaluation surplus	-
Disposal	800,000
	<hr/>
Valuation at 31 December 1997	-
	<hr/>
Cost at 31 December 1997	-
	<hr/>

CORNLODGE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1997**6. STOCKS**

	1997 £	1996 £
Commercial trading properties	-	2,400,679
	<hr/>	<hr/>

7. DEBTORS

	1997 £	1996 £
Trade debtors	-	35,352
Amounts due by group undertaking	34,041	21,297
Other debtors and prepayments	1,464	4,764
	<hr/>	<hr/>
	35,505	61,413
	<hr/>	<hr/>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Trade creditors	-	5,455
Amounts owed to group undertakings	-	903,158
Accruals and other deferred income	-	96,728
Loan (secured charge over properties held)	-	2,370,000
	<hr/>	<hr/>
	-	3,375,341
	<hr/>	<hr/>

The loan was repaid in January 1997 and carried a fixed rate of interest of 11.32%.

9. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised, issued and fully paid 100 Ordinary share of £1 each	100	100
	<hr/>	<hr/>

CORNLODGE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

10. RESERVES

	Revaluation reserve	Profit and loss account
	£	£
At 1 January 1997	150,000	(176,387)
Transfer to profit and loss account	(150,000)	(150,000)
Retained profit	-	61,798
	<hr/>	<hr/>
At 31 December 1997	-	35,411
	<hr/>	<hr/>

11. PARENT UNDERTAKING

The ultimate parent company is Moorfield Estates PLC, which is registered in England and Wales.

Its group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.