

DAVENBUSH LIMITED

DIRECTORS' REPORT AND ACCOUNTS
for the year ended
31 December 1992

Company Number 2341207



DAVENBUSH LIMITED

Directors' Report

The Directors present their report and the audited accounts of the Company for the year ended 31 December 1992.

Principal Activity

The principal activity of the Company is property investment in the United Kingdom.

Review of Business Activities

The Company is a subsidiary of Oppidan Estates Limited (Oppidan), a joint venture company established by London & Edinburgh Trust PLC (LET) and Storehouse plc to acquire a portfolio of primarily retail town centre properties. During the year, the Company acquired the final property from the portfolio identified on creation of the Oppidan joint venture for a consideration of £700,000. Following an internal reorganisation of the space occupied by BhS in the Perth store this property was sold. Investments in Kilburn and Plymouth were also sold and the Company added to existing investments with the purchase of unit shops in Bedford and Exeter and additional interests in Coventry, Stockport and St Albans.

On 4th May 1993 the Oppidan joint venture was ended when Storehouse plc acquired from Oppidan Estates Limited the whole of the Company's issued ordinary share capital and London & Edinburgh Trust PLC purchased from Storehouse plc its 50% interest in Oppidan Estates Limited. The Company will continue to own and manage a substantial retail investment portfolio primarily let to BhS plc.

Fixed Assets

Investment properties have been included at open market value as described in Note 6 to the accounts. The movements in fixed assets are also shown in Note 6 to the accounts. The Company added a further £8,103,000 of properties at cost to its investment portfolio and disposal proceeds totalled £13,350,000.

Directors

The Directors of the Company throughout the year were as follows:

P R Coates	
D Arden	(Resigned 31 December 1992)
P M Ingman	
S C Laws	

None of the Directors had any beneficial interest in the shares of the Company as at 31 December 1992.

Results and Dividends

The results for the year and the financial position of the Company as at 31 December 1992 are set out in the annexed financial statements. The profit on ordinary activities after taxation for the year amounted to £1,768,000. The Directors do not recommend the payment of a dividend for the year.

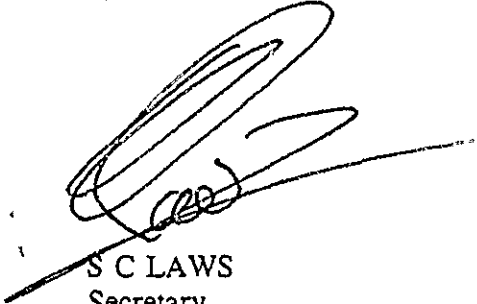
Close Company Status

In the opinion of the Directors, the Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

Price Waterhouse will not be standing for re-election as auditors at the Annual General Meeting. The Directors propose to nominate Arthur Andersen and a resolution proposing their appointment will be put to the Annual General Meeting.

By order of the Board



S C LAWS
Secretary

4 May 1993

DAVENBUSH LIMITED

Auditors' Report

To the Members of Davenbush Limited.

We have audited the financial statements on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor
Southwark Towers
32 London Bridge Street
LONDON SE1 9SY

4 May 1993

DAVENBUSH LIMITED

**Profit and Loss Account for the year
ended 31 December 1992**

		<u>1992</u> <u>£000</u>	<u>1991</u> <u>£000</u>
	Note		
Turnover	1	13,633	8,679
Cost of sales		(5,367)	-
		-----	-----
Gross profit		8,266	8,679
Administrative expenses		(113)	(100)
		-----	-----
Operating profit		8,153	8,579
Income from shares in group companies		-	4,000
Interest receivable		76	111
Interest payable	2	(5,721)	(8,534)
		-----	-----
Profit before exceptional item	3	2,508	4,156
Exceptional item	4	-	(2,713)
		-----	-----
Profit on ordinary activities before taxation		2,508	1,443
Tax on profit on ordinary activities	5	(740)	(67)
		-----	-----
Profit on ordinary activities after taxation		1,768	1,376
Dividend		-	(2,400)
		-----	-----
Retained profit/(loss) for the year	12	1,768	(1,024)
		=====	=====

The notes on pages 6 to 14 form part of these accounts.

DAVENBUSH LIMITED**Balance Sheet as at 31 December 1992**

		<u>1992</u> <u>£000</u>	<u>1991</u> <u>£000</u>
	Note		
FIXED ASSETS			
Tangible assets:			
Investment properties	6	73,010	75,967
Investment in subsidiary undertakings	7	-	-
		<u>73,010</u>	<u>75,967</u>
CURRENT ASSETS			
Debtors	8	6,463	13,215
Cash		17,632	11,614
		<u>24,095</u>	<u>24,829</u>
CREDITORS (amounts falling due within one year)	9	(32,008)	(20,844)
NET CURRENT (LIABILITIES)/ASSETS		<u>(7,913)</u>	<u>3,985</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		65,097	79,952
CREDITORS (amounts falling due after more than one year)	10	(47,000)	(64,500)
		<u>18,097</u>	<u>15,452</u>
CAPITAL AND RESERVES			
Called-up share capital	11	1	1
Share premium account	12	15,340	15,340
Revaluation reserve	12	946	-
Profit and loss account	12	1,810	111
		<u>18,097</u>	<u>15,452</u>

Approved by the Board on 4 May 1993

SE Laws Director

The notes on pages 6 to 14 form part of these accounts.

DAVENBUSH LIMITED

ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards.

Compliance with SSAP19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and amortisation and an explanation of the departure is given below.

Group Financial Statements are not submitted since the Company is a wholly owned subsidiary of Oppidan Estates Limited.

Turnover

Turnover includes net rental income from investment properties and proceeds from the disposal of a trading property.

Investment Properties

Investment properties are included in the balance sheet at current market value. In accordance with SSAP 19, depreciation is not charged on investment properties other than those held on short leaseholds with less than 20 years to run. This departure from The Companies Act 1985, which requires all properties to be depreciated, is in the opinion of the Directors necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

The Depreciation or amortisation (which would, had the provisions of the Act been followed, have reduced operating profit for the year) is only one of the factors reflected in the annual valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold and long term leasehold investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

- i) short leasehold buildings and improvements where there are 20 or less years of the lease to run are written off over the remaining period of the lease;
- ii) other fixed assets at 4%-25% per annum.

Deferred Taxation

Provision is made for deferred taxation to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes. The provision is maintained to the extent that timing differences are not expected, with reasonable certainty, to continue into the foreseeable future.

DAVENBUSH LIMITED

Notes to the Accounts for the year ended 31 December 1992

1. TURNOVER

Turnover is analysed as follows:

	<u>1992</u> <u>£000</u>	<u>1991</u> <u>£000</u>
Property investment	6,983	8,679
Property trading	6,650	-
	<u>-----</u>	<u>-----</u>
	13,633	8,679
	<u>-----</u>	<u>-----</u>

2. INTEREST PAYABLE

Interest payable arises wholly on bank loans and overdrafts repayable within five years.

3. PROFIT BEFORE EXCEPTIONAL ITEM

Profit before exceptional item is determined after crediting/(charging):

	<u>1992</u> <u>£000</u>	<u>1991</u> <u>£000</u>
Rents receivable (net)	6,983	8,679
Depreciation	(6)	(6)

The auditors' remuneration including expenses was paid by the holding company.

None of the Directors received any emoluments from the Company during the year. The Company did not have any employees during the year.

4. EXCEPTIONAL ITEM

A revaluation of the investment portfolio carried out as at 31 December 1991 by Healey & Baker (International Real Estate Consultants), St Quintin (Chartered Surveyors) or Churston Heard (Estate Agents and Valuers) showed a net diminution in value of £2,713,000 and this was included as an exceptional item in the profit and loss account for the year ended 31 December 1991.

5. TAXATION

Tax on profit on ordinary activities is analysed as follows:

	<u>1992</u> <u>£000</u>	<u>1991</u> <u>£000</u>
Corporation tax at 33%	457	220
Deferred taxation	283	(153)
	-----	-----
	740	67
	=====	=====

The deferred tax results from short term timing differences and is analysed as follows:

	<u>£000</u>
Balance as at 31 December 1991	350
Credit for year taken to Profit and Loss Account	(283)

Balance as at 31 December 1992 (Note 8)	67
	=====

6. INVESTMENT PROPERTIES

Investment properties are analysed as follows:

	<u>Freehold</u> <u>£000</u>	<u>Long</u> <u>Leasehold</u> <u>£000</u>	<u>Short</u> <u>Leasehold</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Cost or valuation:				
Balance as at 31 December 1991	32,660	35,452	7,862	75,974
Additions at cost	5,619	2,484	-	8,103
Disposals at cost	(4,790)	(7,210)	-	(12,000)
Category transfer	1,733	275	(2,008)	-
Surplus/(deficit) on revaluation	3,518	(2,176)	(396)	946
	<u>38,740</u>	<u>28,825</u>	<u>5,458</u>	<u>73,023</u>
Balance as at 31 December 1992				
Depreciation:				
Balance as at 31 December 1991	-	-	7	7
Provided during the year	-	-	6	6
	<u>-</u>	<u>-</u>	<u>13</u>	<u>13</u>
Balance as at 31 December 1992				
Net Book Value:				
As at 31 December 1991	32,660	35,452	7,855	75,967
	<u>38,740</u>	<u>28,825</u>	<u>5,445</u>	<u>73,010</u>
As at 31 December 1992				

The historical cost of investment properties at 31 December 1992 was £77,242,000 (1991 - £80,608,000).

Investment properties were valued by Healey & Baker (International Real Estate Consultants), St Quintin (Chartered Surveyors) or Hillier Parker (International Real Estate Consultants) as at 31 December 1992.

If the investment portfolio were to be sold at valuation, no liability to Capital Gains Tax would arise after indexation relief.

7. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Investment in subsidiary undertakings represents the cost of subscribing for share capital (£2).

The Company owns 100% of the issued ordinary share capital of Davenvale Limited, a company incorporated in the United Kingdom and registered in England. The principal activity of Davenvale Limited is property development and property trading in the United Kingdom .

The Company is exempt from preparing consolidated accounts under S228 Companies Act 1985. In the opinion of the Directors the value of the Company's investment in its subsidiary undertakings is not less than the amount that is included in the balance sheet.

8. DEBTORS

Debtors are analysed as follows:

	<u>1992</u>	<u>1991</u>
	<u>£000</u>	<u>£000</u>
Trade debtors	106	1,173
Amounts owed by group companies	5,649	7,391
Prepayments and accrued income	641	816
Deferred taxation	67	350
Other	-	3,485
	<u>6,463</u>	<u>13,215</u>

9. CREDITORS (amounts falling due within one year)

Creditors are analysed as follows:

	<u>1992</u> <u>£000</u>	<u>1991</u> <u>£000</u>
Trade creditors	-	1
Amounts owed to group companies	24,160	12,196
Corporation tax	880	468
Dividend	2,900	2,900
Accruals and deferred income	3,733	4,815
Other	335	464
	<u>32,008</u>	<u>20,844</u>

10. CREDITORS (amounts falling due after more than one year)

On 27 July 1989 the Company together with all the companies within the Oppidan Estates Limited Group entered into a £130 million syndicated revolving credit facility with a five year term arranged by Morgan Grenfell & Co. Limited, who also act as Agent. Borrowings under the facility are secured by first legal mortgages in favour of the Agent over individual properties comprising the majority of the Company's portfolio. In addition the Company has created a first fixed and floating charge over the whole of its assets and undertaking. There is a complete system of cross guarantees covering the obligations of the Company and any borrowing member of the Group under the facility.

Amounts falling due after more than one year represent the balance outstanding under the above facility.

11. SHARE CAPITAL

The authorised and issued share capital of the Company as at 31 December 1992 and 31 December 1991 is analysed as follows:

	Authorised		Issued and Fully Paid	
	Number of Shares	£000	Number of Shares	£000
Ordinary shares of £1 each	2	-	2	-
Ordinary redeemable shares of £1 each	98	-	10	-
Irredeemable Preference shares of £1 each	900	1	900	1
		-----		-----
		1		1
		=====		=====

12. RESERVES

	<u>Share Premium</u>	<u>Reval'n Reserve (Unrealised)</u>	<u>Capital Reserve (Realised)</u>	<u>Profit and Loss Account</u>
	£000	£000	£000	£000
Balance as at 31 Dec 1991	15,340	-	-	111
Retained profit for the year	-	-	-	1,768
Revaluation of investment properties	-	946	-	-
Reserve transfer	-	-	69	(69)
Sale of investment properties	-	-	(69)	-
	-----	-----	-----	-----
Balance as at 31 Dec 1992	15,340	946	-	1,810
	=====	=====	=====	=====

13. PARENT UNDERTAKINGS

The Company's ultimate parent undertaking until the date of these accounts was Oppidan Estates Limited which is incorporated in the United Kingdom and registered in England. This is the only group of which the Company is a member and for which group accounts are prepared. Copies of the accounts can be obtained from the Company Secretary at 243 Knightsbridge, London SW7 1DH.