

IMI PROPERTY INVESTMENTS LIMITED
DIRECTORS REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 1993

(Registered in England. Number 2395737)



IMI PROPERTY INVESTMENTS LIMITED

DIRECTORS REPORT

Directors : Mr A L Emson (Appointed Chairman 7th January 1993)
 Mr B K Jones (Managing Director)
 Mr R B Almond
 Mr L P Frith
 Mr T J Slack

Secretary : Mrs C J White

Registered Office : P O Box 216
 Witton
 Birmingham
 B6 7BA

Auditors : KPMG Peat Marwick

The directors present their report and the audited accounts for the year ended 31st December 1993.

Principal Activity

The principal activity of the company is the management of IMI plc's UK freehold and long leasehold properties.

Review of the business

During the year, a lease on property at Blackburn was assigned to a third party, an underlease was granted in respect of part of a vacant property at Eastbourne and a sale in respect of premises at Leicester was completed.

Profit and Dividends

The profit and loss account for the year is shown on page 4. The profit for the year ended 31st December 1993 after making provision for taxation is £3,662,209. The directors recommend payment of a dividend of £3,660,000 for the year on 100 shares of £1 each, payable on 1st March 1994 to shareholders on the register on 2nd January 1994. The retained profit of 22,209 has been transferred to reserves.

Fixed assets

Changes in fixed assets during the year are shown in note 7 to the accounts.

Directors' Interests

The interests of persons who were directors at the end of the year in shares of the company's ultimate holding company, IMI plc are shown below :

	IMI plc Ordinary Shares	
	As at 1st January 1993	As at 31st December 1993
R B Almond	2,104	2,276
B.K. Jones	nil	nil
L.P.Frith	nil	nil
T.J.Slack	2,133	1,948

Mr A L Emson is a director of the company and its ultimate holding company IMI plc, and details of his shareholding in that company are disclosed in that company's accounts.

Directors' Share Options

Options granted to and exercised by directors are shown below.

	Options granted during the year	Options exercised during the year
R B Almond	3,097	172
B K. Jones	9,000	nil
L.P. Frith	7,000	nil
T J. Slack	7,065	nil

Statement of Director's Responsibilities

The directors are required to prepare financial statements for each financial period which comply with the provisions of the Companies Act 1985 and give a true and fair view of the state of affairs of the Company as at the end of the accounting period and of the profit or loss for that period. Suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. Applicable accounting standards have been followed and the accounts have been prepared on a going concern basis. The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' and Officers Insurance

During the year insurance was maintained for directors and officers of the company against certain liabilities which they might incur personally.

Reappointment of auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Peat Marwick as auditor of the company is to be proposed at the forthcoming annual general meeting.

By Order of the Board



C J White

Secretary
25th February 1994

REPORT OF THE AUDITORS, KPMG PEAT MARWICK TO THE MEMBERS OF
IMI PROPERTY INVESTMENTS LIMITED

We have audited the accounts on pages 4 to 12 in accordance with Auditing Standards.

Respective responsibilities of the 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 report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Accounting 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 mis-statement, 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 at 31st December 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG PEAT MARWICK

Chartered Accountants
Registered Auditors

Birmingham

25th February 1994

IMI PROPERTY INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31st DECEMBER 1993**

	Notes	<u>1993</u> £	<u>1992</u> £
Rental income -- continuing operations		5,494,384	7,156,081
Administrative expenses		(368,062)	(240,592)
Profit on sale of fixed assets		93,366	29,275
Depreciation written off tangible fixed assets		(1,039,319)	(1,233,938)
TRADING PROFIT		<u>4,180,369</u>	<u>5,710,826</u>
Income from other fixed asset investments	5	1,250,000	900,000
Interest receivable	2	685,199	884,150
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>6,115,568</u>	<u>7,494,976</u>
Taxation on profit on ordinary activities	4	(2,453,359)	(7,547,000)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>3,662,209</u>	<u>(52,024)</u>
Dividend Payable	5	(3,660,000)	--
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		<u>2,209</u>	<u>(52,024)</u>
Retained profit brought forward		166,762	218,786
RETAINED PROFIT CARRIED FORWARD		<u><u>168,971</u></u>	<u><u>166,762</u></u>

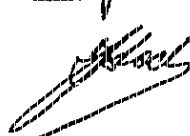
IMI PROPERTY INVESTMENTS LIMITED

BALANCE SHEET

AT 31st DECEMBER 1993

	Notes	1993	1992
		£	£
FIXED ASSETS			
Tangible assets	7	18,907,802	19,755,175
Investments	8	<u>100</u>	<u>100</u>
		18,907,902	19,755,275
CURRENT ASSETS			
Debtors	9	8,097,665	9,213,243
Cash at bank		<u>2,713</u>	<u>8,796</u>
		8,100,378	9,222,039
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(6,410,008)	(8,426,251)
NET CURRENT ASSETS		1,690,370	795,788
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,598,272</u>	<u>20,551,063</u>
Financed by :			
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	20,162,201	20,162,201
PROVISIONS FOR LIABILITIES AND CHARGES	12	267,000	222,000
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account		<u>168,971</u>	<u>166,762</u>
		169,071	166,862
		<u>20,598,272</u>	<u>20,551,063</u>

These accounts were approved by the board of directors on 25th February 1994

Barry Jones


B K Jones)

T J Slack)

DIRECTORS

IM) PROPERTY INVESTMENTS**Note of historical cost profits and losses**

There is no material difference between the profit for the year as shown in the profit and loss account and their historical cost equivalents

Reconciliation of movements in shareholders' funds

	1993 £'000	1992 £'000
Profit for the year attributable to shareholders	3,662,209	(52,024)
Dividends	(3,666,70)	—
Revaluation	—	—
Net movement in shareholders' funds	2,209	(52,024)
Shareholders' funds at 1 January	166,862	218,886
Shareholders' funds at 31 December	169,071	166,862

Statement of total recognised gains and losses

There were no recognised gains or losses attributable to the shareholders of the company other than those already dealt with in the profit and loss account.

IML PROPERTY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 1993

1 Principal accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards and the Companies Act 1985.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

a) Basis of accounting

The accounts have been prepared under the historical cost accounting convention.

b) Cash Flow Statement

A Group cash flow statement for the year ended 31 December 1993 is included in the IMI plc Annual Report and accordingly no cash flow statement is shown in these accounts.

b) Depreciation

Freehold land is not depreciated. Depreciation is calculated so as to write off the cost of other tangible fixed assets by equal instalments over their estimated useful lives as follows :

- Freehold buildings — 20 to 50 years.
- Long leasehold land and buildings — over the term of the lease or 40 years, whichever is the shorter.
- Plant Services — 5 to 20 years

c) Deferred Taxation

Provision is made in respect of timing differences arising from accelerated capital allowances and other timing differences to the extent that such liabilities are expected to become payable in the foreseeable future.

2. Interest receivable

	<u>1993</u>	<u>1992</u>
	£	£
From group undertaking	685,048	683,992
Other	151	158
	<u>685,199</u>	<u>884,150</u>

3. Profit on ordinary activities before taxation

	<u>1993</u>	<u>1992</u>
	£	£
Profit before taxation is stated after charging :—		
Auditors remuneration and expenses	<u>3,900</u>	<u>3,900</u>

IMI PROPERTY INVESTMENTS LIMITEDNOTES TO THE ACCOUNTS (continued)FOR THE YEAR ENDED 31st DECEMBER 19934. Taxation on profit

	<u>1993</u> <u>£</u>	<u>1992</u> <u>£</u>
Taxation based on the profit for the year of the company:		
U K. Corporation tax at 33% (1992:33%)	1,310,000	568,000
Group relief	1,333,000	7,422,000
Deferred taxation	45,000	222,000
Adjustment in respect of previous year	(234,641)	(665,000)
	<u>2,453,359</u>	<u>7,547,000</u>

5. Dividends

	<u>1993</u> <u>£</u>	<u>1992</u> <u>£</u>
Proposed dividend receivable	<u>1,250,000</u>	<u>900,000</u>
Proposed dividend payable	<u>3,660,000</u>	<u>-</u>

6. Directors' emoluments

In common with previous years, neither the chairman nor any of the directors received any emoluments during the year.

IMI PROPERTY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31st DECEMBER 1993

7. Tangible fixed assets

	Freehold		Leasehold		Plant	Total
	Land	Buildings	Land	Buildings	Services	
	£	£	£	£	£	£
Cost or Valuation						
At 1st January 1993	1,262,565	27,440,012	139,274	9,368,193	1,385,863	39,595,907
Expenditure in year		175,070			100,460	275,530
Reclassification of assets		(332,020)		332,020		—
Disposals and demolitions	(250)	(173,427)		(78,893)		(252,570)

At 31st December 1993 1,262,315 27,109,635 139,274 9,621,320 1,486,323 39,618,867

Depreciation						
At 1st January 1993	—	16,158,332	—	2,695,577	986,823	19,840,732
Charged in year		724,991		243,471	70,857	1,039,319
Reclassification of assets		(55,988)		55,988		—
Disposals and demolitions		(149,454)		(19,532)		(168,986)

At 31st December 1993 — 16,677,881 — 2,975,504 1,057,680 20,711,065

Net Book Value

At 31st December 1993 1,262,315 10,431,754 139,274 6,645,816 428,643 18,907,802

At 31st December 1992 1,262,565 11,281,680 139,274 6,672,616 399,040 19,755,175

IMI PROPERTY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31st DECEMBER 1993

8 Fixed assets – investments

	<u>1993</u> £	<u>1992</u> £
Shares in group undertaking	<u>100</u>	<u>100</u>

In the opinion of the directors, the value of the company's shares in its subsidiary is not less than the amount at which the cost of the shares is included in the balance sheet.

Group accounts have not been prepared because the company is a wholly owned subsidiary of IMI plc, incorporated in England.

Details of the subsidiary undertaking are as follows :

<u>Company</u>	<u>Shares</u>	<u>Holding</u>	<u>Activity</u>
Holford Estates Limited (incorporated in England)	£1 Ordinary	100%	Property management

9. Debtors

	<u>1993</u> £	<u>1992</u> £
Trade Debtors	27,509	19,193
Amounts owed by group undertakings	7,983,905	9,170,039
Prepayments and accrued income	40,348	24,011
Value added Tax	45,903	–
	<u>8,097,665</u>	<u>9,213,243</u>

10. Creditors: amounts falling due within one year

	<u>1993</u> £	<u>1992</u> £
Trade creditors	17,666	10,555
Amounts owed to group undertakings	53,064	7,422,000
Proposed Dividend	3,660,000	–
Value added tax	–	205,463
Accruals and Deferred Income	81,588	30,902
Corporation Tax	2,597,690	757,331
	<u>6,410,008</u>	<u>8,426,251</u>

IMI PROPERTY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31st DECEMBER 1993

11. Creditors: amounts falling due after more than one year

	<u>1993</u> <u>£</u>	<u>1992</u> <u>£</u>
Amount owed to group undertaking	<u>20,162,201</u>	<u>20,162,201</u>

The above loan is with IMI plc and no interest is payable. There is no fixed term for repayment and the loan is only repayable on receipt of 12 months notice.

12. Provisions for liabilities and charges

Deferred taxation

Calculated on the liability method at 33%.

	<u>1993</u>		<u>1992</u>	
	Provided	Not provided	Provided	Not provided
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Accelerated capital allowances	267,000	3,152,000	222,000	3,301,000
Other timing differences	--	--	--	--
Total	<u>267,000</u>	<u>3,152,000</u>	<u>222,000</u>	<u>3,301,000</u>

IML PROPERTY INVESTMENTS LIMITEDNOTES TO THE ACCOUNTS (continued)FOR THE YEAR ENDED 31st DECEMBER 199313 Share capital

	<u>1993</u> £	<u>1992</u> £
Authorised -- 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued, allotted, called up and fully paid -- 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

14. Contingent liabilities

The company has overdraft facilities which form part of a composite accounting arrangement with those of IML plc and certain of its subsidiaries. Accordingly, the company in concert with those other group companies has entered into arrangements whereby each has offered a limited guarantee in respect of the others' overdraft borrowings from time to time. The company's maximum liability is limited to the extent of its current account cash balances from time to time which at 31 December 1993 amounted to £nil.

15. Ultimate holding company

The ultimate parent company is IML plc which is registered in England. A copy of the Group Accounts of that company can be obtained from :

The Company Secretary
P.O. Box 216
Witton
Birmingham
B6 7BA