

IMI Property Investments Limited

Directors' report and financial statements

For the year ended 31 December 1994

Registered number 2395737



IMI Property Investments Limited

Directors' report and financial statements

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IMI Property Investments Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

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 sales in respect of surplus properties at Leighton Buzzard, Bilston, Willenhall, Glasgow, Kenilworth and Leicester were completed together with the reassignment of the long leasehold interest in surplus land at Stalybridge.

Profit and dividends

The profit and loss account for the year is shown on page 5. The profit for the year ended 31 December 1994, after making provision for taxation, is £11,286,492 (1993: £3,662,209) The directors recommend payment of a dividend of £11,080,000 (1993: £3,660,000) The retained profit of £206,492 (1993: £2,209) has been transferred to reserves.

Fixed assets

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

Directors and directors' interests

The directors of the company during the year were as follows:

Mr AL Emson (chairman)
Mr BK Jones (managing director)
Mr RB Almond
Mr LP Frith
Mr TJ Slack

IMI Property Investments Limited

Directors' report (continued)

Directors and directors' interests (continued)

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 31 December 1994	As at 1 January 1994
RB Almond	7,006	2,276
BK Jones	Nil	Nil
LP Frith	705	Nil
TJ Slack	3,648	1,948

Mr AL 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 financial statements.

Directors' share options

Options granted to and exercised by directors are shown below:

	Options granted during the year	Options exercised during the year
RB Almond	3,918	17,000
BK Jones	1,500	17,000
LP Frith	-	705
TJ Slack	10,316	1,411

Statement of directors' 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 financial statements 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.

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IMI Property Investments Limited

Directors' report (continued)

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.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



CJ White
Secretary

PO Box 216
Witton
Birmingham
B6 7BA

28 February 1995





2 Cornwell Street
Birmingham
B3 2DL

Auditors' report to the members of IMI Property Investments Limited

We have audited the financial statements on pages 5 to 12.

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 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 as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditors

28 February 1995

IMI Property Investments Limited

Profit and loss account for the year ended 31 December 1994

	Note	1994 £	1993 £
Rental income - continuing operations		5,294,085	5,494,384
Administrative expenses		(765,227)	(368,062)
Profit on sale of fixed assets		97,802	93,366
Depreciation written off tangible fixed assets		(1,223,634)	(1,039,319)
Operating profit		3,403,026	4,180,369
Income from other fixed asset investments	5	9,000,000	1,250,000
Interest receivable	2	440,466	685,199
Profit on ordinary activities before taxation	3	12,843,492	6,115,568
Taxation on profit on ordinary activities	4	(1,557,000)	(2,453,359)
Profit on ordinary activities after taxation		11,286,492	3,662,209
Dividend payable	5	(11,080,000)	(3,660,000)
Profit for the financial year		206,492	2,209
Retained profit brought forward		168,971	166,762
Retained profit carried forward		375,463	168,971

IMI Property Investments Limited

Balance sheet

at 31 December 1994

	Note	1994	1993
		£	£
Fixed assets			
Tangible assets	7	17,462,512	18,907,802
Investments	8	100	100
		<u>17,462,612</u>	<u>18,907,902</u>
Current assets			
Debtors	9	16,853,020	8,097,665
Cash at bank		52,174	2,713
		<u>16,905,194</u>	<u>8,100,378</u>
Creditors: Amounts falling due within one year	10	(13,606,042)	(6,410,008)
Net current assets		<u>3,299,152</u>	<u>1,690,370</u>
Total assets less current liabilities		<u>20,761,764</u>	<u>20,598,272</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	224,000	267,000
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account		375,463	168,971
		<u>375,563</u>	<u>169,071</u>
		<u>20,761,764</u>	<u>20,598,272</u>

These financial statements were approved by the board of directors on 28 February 1995 and were signed on its behalf by:

BK Jones

BK Jones

TJ Slack
Directors

TJ Slack

KRMG

IMI Property Investments Limited

Reconciliation of movements in shareholders' funds for the year ended 31 December 1994

	1994 £	1993 £
Profit for the year attributable to shareholders	11,286,492	3,662,209
Dividends	(11,080,000)	(3,660,000)
Net movement in shareholders' funds	206,492	2,209
Shareholders' funds at 31 December 1993	169,071	166,862
Shareholders' funds at 31 December 1994	375,563	169,071

Note of historical cost profits and losses

There is no material difference between the profit before taxation and the retained profit for the period as shown in the profit and loss account and their historical cost equivalents.

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.

IMI Property Investments Limited

Notes

(forming part of the financial statements)

1 Principal accounting policies

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

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards and the Companies Act 1985 and under the historical cost accounting convention.

Cash flow statement

A group cash flow statement for the year ended 31 December 1994 is included in the IMI plc annual report and accordingly, no cash flow statement is shown in these financial statements.

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

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

	1994 £	1993 £
From group undertaking	439,325	685,048
Other	1,142	151
	<hr/> 440,467	<hr/> 685,199

IMI Property Investments Limited

Notes (continued)

3 Profit on ordinary activities before taxation

	1994	1993
	£	£
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration and expenses	<u>3,250</u>	<u>3,900</u>

4 Taxation

	1994	1993
	£	£
Taxation based on the profit for the year of the company:		
UK corporation tax at 33 % (1993: 33%)	1,600,000	1,310,000
Group relief	-	1,333,000
Deferred taxation	(43,000)	45,000
Adjustment in respect of previous year	-	(234,641)
	<u>1,557,000</u>	<u>2,453,359</u>

5 Dividends

	1994	1993
	£	£
Dividend receivable	<u>9,000,000</u>	<u>1,250,000</u>
Dividend paid	80,000	-
Proposed dividend payable	<u>11,080,000</u>	<u>3,660,000</u>
	<u>11,080,000</u>	<u>3,660,000</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 (continued)

7 Tangible fixed assets

	Freehold		Leasehold		Plant services	Total
	Land	Buildings	Land	Buildings		
	£	£	£	£	£	£
<i>Cost or valuation</i>						
At beginning of year	1,262,315	27,109,635	139,274	9,621,320	1,486,323	39,618,867
Expenditure in year	134,395	338,311	-	-	195,293	667,999
Intergroup transfer in	-	-	-	-	8,942	8,942
Disposals and demolitions	(171,900)	(1,150,255)	-	(146,750)	-	(1,468,945)
At end of year	1,224,810	26,297,691	139,274	9,474,570	1,690,558	38,826,853
<i>Depreciation</i>						
At beginning of year	-	16,677,381	-	2,975,504	1,057,630	20,711,065
Charged in year	-	767,779	-	384,007	71,848	1,223,634
Disposals and demolitions	-	(514,030)	-	(56,318)	-	(570,348)
At end of year	-	16,931,630	-	3,303,193	1,129,528	21,364,351
<i>Net book value</i>						
At 31 December 1994	1,224,810	9,366,061	139,274	6,171,337	561,030	17,462,512
At 31 December 1993	1,262,315	10,431,754	139,274	6,645,816	428,643	18,907,802

8 Fixed assets - investments

	1994	1993
	£	£
Shares in group undertaking	100	100

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 financial statements 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:

Company	Shares	Holding	Activity
Holford Estates Limited (incorporated in England)	£1 ordinary	100%	Property management

IMI Property Investments Limited

Notes (continued)

9 Debtors

	1994 £	1993 £
Trade debtors	27,407	27,509
Amounts owed by group undertakings	16,777,063	7,983,905
Prepayments and accrued income	43,545	40,348
Value added tax	-	45,903
	<u>16,853,020</u>	<u>8,097,665</u>

10 Creditors: Amounts falling due within one year

	1994 £	1993 £
Trade creditors	128,203	17,666
Amounts owed to group undertakings	759,620	53,064
Proposed dividend	11,000,000	3,660,000
Value added tax	41,016	-
Accruals and deferred income	77,203	81,588
Corporation tax	1,600,000	2,597,690
	<u>13,606,042</u>	<u>6,410,008</u>

11 Creditors: Amounts falling due after more than one year

	1994 £	1993 £
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 twelve months notice.

IMI Property Investments Limited

Notes (continued)

12 Provisions for liabilities and charges

Deferred taxation

The amounts provided for deferred tax and amounts not provided, calculated using the liability method, at a rate of 33% (1993: 33%) are as follows:

	1994		1993	
	Provided	Not provided	Provided	Not provided
	£	£	£	£
Accelerated capital allowances	241,000	2,795,000	267,000	3,152,000
Other timing differences	3,000	-	-	-
ACT receivable	(20,000)	-	-	-
	<u>224,000</u>	<u>2,795,000</u>	<u>267,000</u>	<u>3,152,000</u>

13 Share capital

	1994	1993
	£	£
<i>Authorised:</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Issued, allotted, called up and fully paid:</i>		
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 IMI 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 1994, amounted to £52,174.

15 Ultimate holding company

The ultimate parent company is IMI plc which is registered in England. A copy of the group financial statements of that company can be obtained from:

The company secretary
PO Box 216
Witton
Birmingham
B6 7BA

KPMG