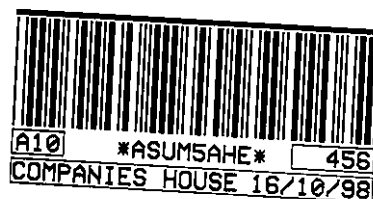


# Croydon Properties Limited

Accounts - Period from 1st January 1997 to 31st March 1998  
together with directors' and auditors' report

Registered number: 2902133



## Directors' report

For the period from 1st January 1997 to 31st March 1998

The directors present their report on the affairs of the company together with the accounts and auditors' report, for the period from 1st January 1997 to 31st March 1998.

### Share Capital

On 2nd May 1997 the Company's immediate parent company waived all rights and liabilities in respect of £5,310,000 of the Company's unsecured loan stock 1999, which was subsequently cancelled in consideration of the issue of 5,487,484 ordinary shares of £1 each in the Company credited as fully paid.

### Principal activity

The principal activity of the company is the purchase and sale of properties.

### Results and dividends

The results of the company are set out in the profit and loss account on page 4. The directors expect the general level of activity to continue for the foreseeable future. The directors do not recommend the payment of a dividend.

### Directors and their interests

The directors who served during the period were as follows:

N G Ellis	(appointed 20th May 1997)
A R Wyatt	(appointed 20th May 1997)
E S Dugdale	(appointed 2nd May 1997)
R P Hewitt	
N S K Shattock	(appointed 2nd May 1997)
C.M. Masterson	(resigned 2nd May 1997)
R.B. Blaxland	(resigned 2nd May 1997)
R.W. Hinde	(resigned 2nd May 1997)

No director held a beneficial interest in the share capital of the Company. Messrs E S Dugdale, N G Ellis, N S K Shattock and A R Wyatt are also directors of the ultimate parent Company and, as such, their interests in the share and loan capital of that company are shown in its director's report.

### Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

## Directors' report (continued)

### Directors' responsibilities (continued)

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

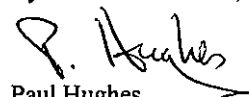
### Payments Policy

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. Creditors at the year end solely represent amounts owed to the ultimate parent company.

### Auditors

In accordance with section 385 of the Companies Act 1985 a resolution concerning the re-appointment of KPMG Audit Plc as auditors of the Company will be proposed at the forthcoming Annual General Meeting

By order of the Board,

  
Paul Hughes  
Secretary

58 Davies Street  
London  
W1Y 1LB

15th June 1998

## Auditors' report

To the shareholders of Croydon Properties Limited:

We have audited the accounts on pages 4 to 10.

### **Respective responsibilities of directors and auditors**

As described on pages 1 and 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the Company's state of affairs at 31st March 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc

Chartered Accountants and Registered Auditor

8 Salisbury Square

London

EC4Y 8BB

15th June 1998

## Profit and loss account

For the period from 1st January 1997 to 31st March 1998

	Notes	Period from 1st January 1997 to 31st March 1998 £	Year ended 31st December 1996 £
<b>Turnover</b>	1e)	4,497,263	802,664
Cost of sales		(2,888,237)	(581,696)
<b>Gross profit</b>		1,609,026	220,968
Operating expenses		(60,799)	(17,519)
<b>Operating profit</b>		1,548,227	203,449
Interest receivable	2	18,762	12,080
Interest payable and similar charges	3	(467,709)	(849,578)
<b>Profit (loss) on ordinary activities before taxation</b>	4	1,099,278	(634,049)
Tax on profit (loss) on ordinary activities	5	-	-
<b>Retained profit (loss) for the financial period</b>		1,099,280	(634,049)

The company had no recognised gains or losses in the period other than those disclosed in the profit and loss account.

The results arise from continuing operations.

A statement of movements on reserves is provided in note 11.

The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

31st March 1998

	Notes	31st March 1998 £	31 December 1996 £
<b>Current assets</b>			
Stocks		3,244,882	4,347,044
Debtors	6	3,323,845	1,338,835
Cash at bank and in hand	7	361,186	1,840,822
		<u>6,929,913</u>	<u>7,526,701</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(366,222)</u>	<u>(1,107,694)</u>
<b>Net current assets</b>		<u>6,563,691</u>	<u>6,419,007</u>
<b>Creditors: Amounts falling due after more than one year</b>	9	<u>(1,710,212)</u>	<u>(8,152,292)</u>
<b>Net assets (liabilities)</b>		<u>4,853,479</u>	<u>(1,733,285)</u>
<b>Capital and reserves</b>			
Called-up share capital	10	5,487,584	100
Profit and loss account	11	(634,105)	(1,733,385)
<b>Total equity shareholders' funds</b>	12	<u>4,853,479</u>	<u>(1,733,285)</u>

Signed on behalf of the Board

R.P. Hewitt                      }  
N.S.K. Shattock                }

Director  
Director

RP Hewitt  
N.S.K. Shattock

15th June 1998

The accompanying notes are an integral part of this balance sheet.

## Notes to accounts

For the period from 1st January 1997 to 31st March 1998

### 1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the period and with the preceding period, are set out below.

#### *a) Basis of accounting*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *b) Stocks*

Stocks comprise properties held for resale and are recorded at the lower of cost and net realisable value. Net realisable value is based upon professional valuations carried out on an open market basis by independent firms of valuers.

#### *c) Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Amount payable or receivable for group relief related to losses for taxation purposes surrendered between group undertakings and provided for on the basis of consideration agreed between relevant group undertakings.

#### *d) Cost of term loans*

Costs incurred directly in connection with obtaining term loans are recognised in the profit and loss account over the term of the loan at a constant rate on the carrying amount. Term loans are reported net of unamortised costs.

#### *e) Turnover*

Turnover comprises receipts from sales of trading stock and rental income derived from trading stock. Both are stated net of VAT.

#### *f) Basis of profit recognition*

Sales of properties are recognised in the accounts if an independent contract is exchanged by the balance sheet date and the sale is completed before the date of approval of the accounts.

#### *g) Cash flow statement*

Under the provisions of Financial Reporting Standard No. 1, the company has not prepared a cashflow statement because its ultimate parent company, Quintain Estates and Development Plc, which is incorporated in Great Britain, has prepared consolidated accounts which include the accounts of the company for the year and which contain a cashflow statement.

#### *h) Finance costs*

Direct costs incurred in connection with the establishment of debt facilities are not charged to the profit and loss account in the year incurred, they are amortised over the term of the facilities to which they relate. Fixed fees payable under facilities are amortised over the term of those facilities. Costs incurred in the operation of facilities, including professional and bank fees are charged to the profit and loss account in the year incurred. The unamortised finance costs are deducted from the loans to which they relate.

## Notes to accounts (continued)

For the period from 1st January to 31st March 1998

### 2 Interest receivable

Interest receivable comprises amounts earned on cash balances.

### 3 Interest payable and similar charges

	Period from 1st January 1997 to 31st March 1998 £	Year ended 31st December 1996 £
On bank loans and other loans repayable within five years		
- bank loans	284,089	349,280
- intra group loans	151,144	473,795
Other interest and charges including loan finance costs amortised	32,476	26,503
	<u>467,709</u>	<u>849,578</u>

### 4 Profit on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Period from 1st January 1997 to 31st March 1998 £	Year ended 31st December 1996 £
Auditors' remuneration		
i. audit	-	5,522
ii. other	5,083	2,950
	<u>5,083</u>	<u>8,472</u>

The audit fee for the current period has been borne by the ultimate parent company.

The company paid no remuneration to directors during the period, and the company had no employees.

### 5 Tax on loss on ordinary activities

No provision for taxation has been made due to the availability of group relief.

### 6 Debtors

Amounts falling due within one period:

	31st March 1998 £	31 December 1996 £
Trade debtors	121,452	90,229
Current accounts with group undertakings	3,201,730	1,241,635
Prepayments	663	6,971
	<u>3,323,845</u>	<u>1,338,835</u>



## Notes to accounts (continued)

For the period from 1st January to 31st March 1998

### 7 Cash at bank and in hand

The cash at bank and in hand at 31 March 1998 may only be used for interest or capital payments in respect of the term loan shown in notes 8 and 9.

### 8 Creditors: Amounts falling due within one year

	31st March 1998 £	31st December 1996 £
Trade creditors	-	1,255
Amounts owed to group undertakings	-	738,162
Current portion of term loan (see note 9 below)	148,000	148,000
Term loan interest accrued	28,236	55,928
Other creditors	92,627	50,024
Accruals and deferred income	97,359	114,325
	<u>366,222</u>	<u>1,107,694</u>

### 9 Creditors: Amounts falling due after more than one year

	31st March 1998 £	31st December 1996 £
Term loan (secured) – repayable by instalments	1,738,235	3,690,750
Loan notes - repayable 1999	-	4,521,920
	<u>1,738,235</u>	<u>8,212,670</u>
Unamortised costs of finance	(28,023)	(60,378)
	<u>1,710,212</u>	<u>8,152,292</u>

The term loan carries a fixed rate of interest reviewed annually and is secured by a charge over the trading stock of the company and a fixed and floating charge over the company's assets.

The loan notes are payable to the company's immediate parent company, Croydon Land (Holdings) Limited, in 1999 and carry interest at a rate of 10% per annum. On 2nd May 1997 Croydon Land (Holdings) Limited waived all rights and liabilities in respect of £4,521,920 of 10% unsecured loan stock 1999, which was subsequently cancelled, in consideration of the issue of 5,487,484 ordinary shares of £1 each in the Company credited as fully paid.

## Notes to accounts (continued)

For the period from 1st January to 31st March 1998

### 9. Creditors: Amounts falling due after more than one year (continued)

Analysis of borrowings:

	31st March 1998 £	31 December 1996 £
Amounts payable		
- within 1 year	148,000	148,000
- between 1 and 2 years	1,738,235	148,000
- between 2 and 5 years	-	8,064,670
	<u>1,886,235</u>	<u>8,360,670</u>

### 10 Called-up share capital

	31st March 1998 £	31st December 1996 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
5,487,484 ordinary shares at £1 each	5,487,484	-
	<u>5,488,484</u>	<u>1,000</u>

Allotted, called up and fully paid

100 ordinary shares of £1 each	100	100
5,487,484 ordinary shares of £1 each	5,487,484	-
	<u>5,487,584</u>	<u>100</u>

On 2nd May 1997 the Company increased the authorised share capital from £1,000 to £5,488,484 by the creation of £5,487,484, ordinary shares of £1 each. On the same date the Company allotted 5,487,484 ordinary shares of £1 each credited as fully paid (see note 9)

## Notes to accounts (continued)

For the period from 1st January to 31st March 1998

### 11 Reserves

	Profit and loss account
Beginning of period	(1,733,385)
Retained profit for the period	1,099,280
End of period	<u>(634,105)</u>

### 12 Reconciliation of movements in shareholders' funds

	Period from 1st January 1997 to 31st March 1998 £	Year ended 31st December 1996 £
Profit (loss) for the period	1,099,280	(634,049)
Increase in share capital	5,487,484	-
Net increase (reduction) in shareholders' funds	6,586,764	(634,049)
Opening shareholder's funds	(1,733,285)	(1,099,236)
Closing shareholder's funds	<u>4,853,479</u>	<u>(1,733,285)</u>

### 13 Related party transactions

The company is a wholly owned subsidiary of Quintain Estates and Development Plc and therefore it has taken advantage of the exemption under FRS8 not to provide information on related party transactions with other undertakings within the group.

### 14 Ultimate parent company

The company is a subsidiary undertaking of Croydon Land (Holdings) Limited, registered in England and Wales.

The Company's ultimate parent company is Quintain Estates and Development Plc. The results of the Company are consolidated in the accounts of Quintain Estates and Development Plc. Group accounts are available on request from 58 Davies Street, London, W1Y 1LB