

ARTHUR
ANDERSEN

ARTHUR ANDERSEN & CO. SC

Croydon Land (No 2) Limited

Accounts 31 December 1995
together with directors' and auditors' reports

Registered number: 2918348



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COMPANIES HOUSE 25/06/96

Directors' report

For the year ended 31 December 1995

The directors present their report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1995.

Principal activity

The principal activity of the company is the holding of property for investment.

Results and dividends

The results of the company show a loss for the year of £197,441 (1994 - £104,983 loss). Accordingly the directors do not recommend the payment of a dividend. The directors expect the general level of activity to continue for the foreseeable future.

Directors and their interests

C.M. Masterson

E.C. Knowles

R.W. Hinde

R.B. Blaxland

S.J. Watts (resigned 1 August 1995))

R.L. Hickson (resigned 3 November 1995)

A.A. Mackaness (resigned 5 January 1996)

E.C. Knowles had, during the year, interests in the share capital of the ultimate parent company, Croydon Land and Estates Limited, which are disclosed in the accounts of that company.

No other directors have any interests in the shares of the company required to be disclosed under Sch.7 of the Companies Act 1985.

Directors' responsibilities

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

Directors' report (continued)

Directors' responsibilities (continued)

- 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.

Fixed assets

Information relating to significant changes in fixed assets is given in note 5 to the accounts.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

94 Mount Street
London
W1Y 5HG

By order of the Board,



S.J. Rice
Secretary

23 May 1996

ARTHUR ANDERSEN

Auditors' report

London

To the Shareholders of Croydon Land (No 2) Limited:

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with the accounting policies set out on page 6.

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 state of affairs of the company at 31 December 1995 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

23 May 1996

Profit and loss account

For the year ended 31 December 1995

	Notes	Year ended 31 December 1995 £	Period ended 31 December 1994 £
Turnover	1b)	293,234	266,672
Cost of sales		(77,130)	(42,686)
Gross profit		216,104	223,986
Operating expenses		(8,555)	(9,056)
Operating profit		207,549	214,930
Profit on sale of investment properties		90,000	-
Interest payable and similar charges	2	(495,322)	(319,913)
Interest receivable and similar income		332	-
Loss on ordinary activities before taxation	3	(197,441)	(104,983)
Tax on loss on ordinary activities	4	-	-
Retained loss for the financial year		(197,441)	(104,983)

A statement of movement on reserves is given in note 10.

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

Statement of total recognised gains and losses

For the year ended 31 December 1995

	Year ended 31 December 1995 £	Period ended 31 December 1994 £
Loss for the financial year	(197,441)	(104,983)
Unrealised surplus on revaluation of investment properties	930,000	200,103
Total recognised gains and losses relating to the year	732,559	95,120

The accompanying notes are an integral part of this statement.

Balance sheet

31 December 1995

	Notes	1995 £	1994 £
Fixed assets			
Investment properties	5	<u>10,333,000</u>	<u>5,254,000</u>
Current assets			
Debtors	6	1,026,313	32,474
Cash at bank and in hand		<u>3,755</u>	<u>56,218</u>
		1,030,068	88,692
Creditors: Amounts falling due within one year	7	<u>(5,607,062)</u>	<u>(319,245)</u>
Net current liabilities		<u>(4,576,994)</u>	<u>(230,553)</u>
Total assets less current liabilities		5,756,006	5,023,447
Creditors: Amounts falling due after more than one year	8	<u>(4,928,227)</u>	<u>(4,928,227)</u>
Net assets		<u>827,779</u>	<u>95,220</u>
Capital and reserves			
Called -up share capital	9	100	100
Revaluation reserve	10	1,124,961	200,103
Profit and loss account	10	<u>(297,282)</u>	<u>(104,983)</u>
Total equity shareholders' funds	12	<u>827,779</u>	<u>95,220</u>

Signed on behalf of the Board

E.C. Knowles

Director



Approved by the Board on

23 May 1996

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

Notes to accounts

31 December 1995

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and with the preceding period, is set out below.

a) 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.

b) Turnover

Turnover comprises rental income derived from investment properties and is stated net of VAT.

c) Investment properties

Investment properties are subject to annual valuations by the directors and are stated at their open market values. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, unless a deficit, or its reversal, is expected to be permanent in which case it is charged, or credited to the profit and loss account. Depreciation is not provided in respect of freehold investment properties or of leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy (which represents a departure from the statutory accounting rules) is necessary to provide a true and fair view as required under SSAP 19, since the current values of investment properties, and the changes in those current values, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation and the amount that might otherwise have been shown for depreciation cannot be separately identified or quantified.

d) Taxation

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

Deferred taxation (which arises from differences in the timing of the recognition of items in the accounts and by the tax legislation) is calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of deferred tax, including that which will probably not reverse, is shown in the notes to the accounts.

e) Recognition of property sales and purchases

Sales and purchases of properties are recognised on exchange of contract, subject to satisfactory subsequent completion.

f) Cashflow statement

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

Notes to accounts (continued)

2 Interest payable and similar charges

	Year ended 31 December 1995 £	Period ended 31 December 1994 £
On bank loans, overdrafts and other loans		
- repayable within five years, not by instalments	495,263	319,228
Other interest and charges	59	685
	<u>495,322</u>	<u>319,913</u>

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year ended 31 December 1995 £	Period ended 31 December 1994 £
Auditors' remuneration		
- audit	1,360	800
- taxation and other services	<u>1,980</u>	<u>7,800</u>

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

4 Tax on loss on ordinary activities

No provision for taxation has been made as there is no taxable profit for the year.

Notes to accounts (continued)

5 Investment properties

The movement in the year was as follows:

	1994 £	1995 £
Cost or valuation		
Beginning of the year	5,254,000	-
Additions	4,284,000	5,053,897
Disposals	(135,000)	-
Revaluation	930,000	200,103
End of year	<u>10,333,000</u>	<u>5,254,000</u>
Historic cost	<u>9,208,039</u>	<u>5,053,897</u>

Investment properties are shown at the aggregate of their open market values at 31 December 1995 as assessed by the directors of the company who are qualified chartered surveyors.

6 Debtors

	1995 £	1994 £
Amounts falling due within one year:		
Trade debtors	1,025,076	32,151
Prepayments	<u>1,237</u>	<u>323</u>
	<u>1,026,313</u>	<u>32,474</u>

7 Creditors: Amounts falling due within one year

	1995 £	1994 £
Trade creditors	588	17,044
Current accounts with other group undertakings	5,303,604	258,186
VAT	-	6,131
Accruals and deferred income	<u>302,870</u>	<u>37,884</u>
	<u>5,607,062</u>	<u>319,245</u>

Notes to accounts (continued)

8 Creditors: Amounts falling due after more than one year

	1995 £	1994 £
Loan notes - repayable 1999	<u>4,928,227</u>	<u>4,928,227</u>

The loan notes are payable to the company's immediate parent company, Croydon Land (Holdings) Limited, in 1999 and incur interest at a rate of 10%.

9 Called-up share capital

The authorised share capital of the company consists of 1,000 £1 ordinary shares, of which 100 have been issued, called up and fully paid.

10 Reserves

	Revaluation reserve £	Profit and loss account £
Beginning of the year	200,103	(104,983)
Revaluation surplus	930,000	-
Transfer on disposal of investment properties	(5,142)	5,142
Retained loss for the year	-	(197,441)
End of year	<u>1,124,961</u>	<u>(297,282)</u>

11 Note of historical cost losses

	1995 £	1994 £
Reported loss on ordinary activities before taxation	(197,441)	(104,983)
Realisation of property revaluation gains of previous years	5,142	-
Historical cost loss on ordinary activities before taxation	<u>(192,299)</u>	<u>(104,983)</u>
Historical cost loss for the year retained after taxation	<u>(192,299)</u>	<u>(104,983)</u>

Notes to accounts (continued)

12 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Loss for the financial year	(197,441)	(104,983)
Other recognised gains and losses relating to the revaluation of investment properties	930,000	200,103
New share capital subscribed	-	100
Net addition to shareholders' funds	732,559	95,220
Opening shareholders' funds	95,220	-
Closing shareholders' funds	827,779	95,220

13 Contingent liabilities

The company benefits from a group bank facility, and has participated in multilateral guarantees to the group's bankers. It is also part of a group wide VAT group, and is therefore liable for the full amount of VAT outstanding if this should not be met from elsewhere within the group.

No deferred taxation has been provided in respect of the revaluation of the company's investment properties since the directors consider that no liability to tax will arise in the foreseeable future.

The full potential amount of deferred taxation not provided, were investment properties to be disposed of at their carrying values, amounts to approximately £150,000 (1994 - £51,000) after taking account of allowances, other timing differences and losses for taxation purposes.

13 Ultimate parent company

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

The largest and smallest group of which the company is a member and for which group accounts are drawn up is that headed by Croydon Land and Estates Limited, registered in England and Wales. The consolidated accounts of this group are available to the public and may be obtained from 94 Mount Street, London W1Y 5HG.