

2924211

## **Report and Accounts**

# *Greycoat London Investments Limited*

**30 June 1998**



# Greycoat London Investments Limited

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Registered No. 2924211

## **DIRECTORS**

M H D McAlpine  
D M McAlpine  
D E A Budden  
P A Thornton  
C N Strickland  
M A Poole

## **SECRETARY**

N C Brown

## **AUDITORS**

Ernst & Young  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

## **REGISTERED OFFICE**

9 Savoy Street  
London WC2E 7EG

**DIRECTORS' REPORT**

The directors present their report and accounts for the year ended 30 June 1998.

**RESULTS AND DIVIDENDS**

The loss on ordinary activities before and after taxation amounted to £63,626 (1997 – loss after tax of £46,681).

The directors do not recommend the payment of a dividend.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the group is property investment and development. These activities are expected to continue for the foreseeable future.

**FIXED ASSETS**

The group owns freehold and long leasehold property in the UK.

The investment properties were valued at 31 March 1998 on an open market basis. The results are shown in note 7 to the accounts.

**CONTINUING FINANCIAL SUPPORT**

The shareholders have confirmed that they will continue to support the group.

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year ended 30 June 1998 were as shown on page 1 with the exception of R A Woolf who resigned on 5 January 1999 and L Freedman who died on 21 December 1998.

None of the directors held any interest in the share capital of the company at any time during the year.

**YEAR 2000**

The directors are aware of the potential system problems with Year 2000.

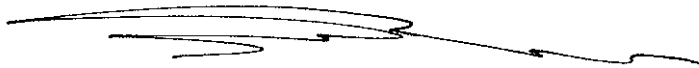
A project team, established by the ultimate parent undertaking, will establish the extent of compliance of software and hardware used by the company, suppliers and agents as well as building management systems in group properties.

The results of the project to date have not identified any area where significant expenditure is expected.

**AUDITORS**

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



N C Brown

Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 group and of the profit or loss of the group 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;
- 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 group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
to the shareholders of Greycoat London Investments Limited

We have audited the accounts on pages 5 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3 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.

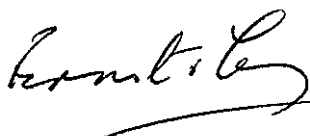
**Basis of opinion**

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 group'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 and of the group as at 30 June 1998 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
London

# Greycoat London Investments Limited

## GROUP PROFIT AND LOSS ACCOUNT for the year ended 30 June 1998

	Notes	1998 £	1997 £
<b>TURNOVER</b>	2	778,159	754,757
Property outgoings		(114,972)	(182,690)
		<hr/>	<hr/>
Administrative expenses	3	663,187 (6,875)	572,067 (5,323)
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>		656,312	566,744
		<hr/>	<hr/>
Write back of costs relating to previously owned properties		–	559
Interest receivable		11,869	5,558
Interest payable	4	(731,807)	(619,542)
		<hr/>	<hr/>
		(719,938)	(613,425)
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(63,626)	(46,681)
Tax on loss on ordinary activities	5	–	–
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(63,626)	(46,681)
		<hr/>	<hr/>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1998 £	1997 £
Retained loss for the year	(63,626)	(46,681)
Valuation (deficit)/surplus	(146,018)	464,538
	<hr/>	<hr/>
Total recognised (loss)/gain relating to the year	(209,644)	417,857
	<hr/>	<hr/>

# Greycoat London Investments Limited

## GROUP BALANCE SHEET

at 30 June 1998

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets:			
Properties at valuation	7	8,500,000	8,500,000
<b>CURRENT ASSETS</b>			
Debtors	9	100,743	164,770
Cash at bank and in hand		387,301	392,192
		488,044	556,962
<b>CREDITORS: amounts falling due within one year</b>	10	(2,611,438)	(1,870,712)
<b>NET CURRENT LIABILITIES</b>		(2,123,394)	(1,313,750)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,376,606	7,186,250
<b>CREDITORS: amounts falling due after more than one year</b>	11	(6,644,800)	(7,244,800)
		(268,194)	(58,550)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,200	1,200
Revaluation reserve	13	213,692	359,710
Profit and loss account	13	(483,086)	(419,460)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		(268,194)	(58,550)



Director

# Greycoat London Investments Limited

## BALANCE SHEET

at 30 June 1998

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets:			
Investments	8	5,744,581	5,744,581
<b>CURRENT ASSETS</b>			
Debtors	9	—	—
Cash at bank and in hand		226	226
		226	226
<b>CREDITORS: amounts falling due within one year</b>	10	(2,221,734)	(1,635,201)
<b>NET CURRENT LIABILITIES</b>		(2,221,508)	(1,634,975)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,523,073	4,109,606
<b>CREDITORS: amounts falling due after more than one year</b>	11	(5,644,800)	(5,644,800)
		(2,121,727)	(1,535,194)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,200	1,200
Profit and loss account	13	(2,122,927)	(1,536,394)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		(2,121,727)	(1,535,194)



Director



# Greycoat London Investments Limited

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## NOTES TO THE ACCOUNTS

at 30 June 1998

### 1. ACCOUNTING POLICIES

#### *Fundamental accounting concept*

These accounts have been prepared on a going concern basis. The Loan Stockholders have agreed not to demand repayments of capital or accrued interest until at least the date of approval by the directors of the accounts for the year ended 30 June 1999 when to do so would prevent the group meeting its obligations to other creditors.

#### *Accounting convention*

The accounts have been prepared under the historical cost convention with the exception of properties at valuation which are stated at revalued amounts under the alternative accounting rules, and in accordance with applicable accounting standards and comply with the Companies Act 1985.

The company qualifies as a small company and is therefore exempt from the requirement to prepare a cash flow statement.

#### *Basis of consolidation*

The group accounts incorporate the accounts of the company and all its subsidiary undertakings up to 30 June 1998.

The results of companies acquired are included from their effective date of acquisition. As permitted by section 230 Companies Act 1985 no profit and loss account is given for the parent undertaking. Goodwill arising on the acquisition of new subsidiary undertakings is charged directly to the profit and loss account reserve in the period of acquisition.

#### *Investment properties*

Investment properties are professionally valued, on an open market value basis, in accordance with the Statements of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors, by DTZ Debenham Thorpe, Surveyors and Valuers, on an annual basis. The valuations are incorporated in the accounts and valuation surpluses and deficits of a temporary nature are transferred to revaluation reserve. In the case of permanent impairments in the value of individual properties, any deficits are taken to the profit and loss account for the year.

#### *Depreciation*

In accordance with SSAP 19 (Revised), no depreciation or amortisation is provided in respect of freehold and long leasehold investment properties. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

### 2. TURNOVER

Turnover represents gross rents received and receivable from investment properties in the UK.

### 3. ADMINISTRATIVE EXPENSES

- (a) Administrative expenses include auditors' remuneration of £6,875 (1997 – £5,064).
- (b) The group has no employees. The directors of the company are employees of, and also receive remuneration, from the undertakings which own the ordinary share capital of the company (see note 12). The directors received no emoluments for their services to the company during the year (1997 – £nil).

A management charge has been paid by Greycoat London Southbank Limited of £25,000 (1997 – £25,000) to one of the subsidiaries of Greycoat plc, the owners of 50% of the share capital of Greycoat London Investments Limited.

# Greycoat London Investments Limited

## NOTES TO THE ACCOUNTS at 30 June 1998

### 4. INTEREST PAYABLE

	1998 £	1997 £
Loan stock interest (note 11)	731,696	619,336
Other	111	206
	<u>731,807</u>	<u>619,542</u>

Interest payable on the loan stock amounting to £259,613 has been waived during the year (1997 – £381,423).

### 5. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge for the year (1997 – £nil). Group relief is used to eliminate any tax charge or loss in subsidiary undertakings for nil consideration.

### 6. LOSS ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The loss attributable to shareholders of the company is £586,533 (1997 – £383,969).

### 7. PROPERTIES AT VALUATION

*Group*

	Freehold £	Long leasehold £	Total £
Valuation:			
At 1 July 1997	7,970,000	530,000	8,500,000
Additions	146,018	–	146,018
Valuation deficit	(146,018)	–	(146,018)
At 30 June 1998	<u>7,970,000</u>	<u>530,000</u>	<u>8,500,000</u>

The investment properties are stated in the accounts at an open market valuation at 31 March 1998 carried out by DTZ Debenham Thorpe, Surveyors and Valuers.

The cost of the group's interest in the investment properties is £8,250,308 (1997 – £8,104,290).

### 8. INVESTMENTS

	£
At 1 July 1997 and 30 June 1998, at cost	<u>5,744,581</u>

The group has one subsidiary undertaking, Greycoat London Southbank Limited, which is wholly owned and registered in England, and which is engaged in property investment and development.

# Greycoat London Investments Limited

## NOTES TO THE ACCOUNTS at 30 June 1998

### 9. DEBTORS

	1998	Group 1997	1998	Company 1997
	£	£	£	£
Amounts owed by tenants	85,973	91,449	—	—
Other debtors	14,770	73,321	—	—
	<u>100,743</u>	<u>164,770</u>	<u>—</u>	<u>—</u>

### 10. CREDITORS: amounts falling due within one year

	1998	Group 1997	1998	Company 1997
	£	£	£	£
Rents received in advance	190,227	180,709	—	—
Trade creditors	7,344	25,539	—	—
Amounts owed to companies holding shares and their subsidiary undertakings	101,934	96,955	132,000	132,000
Amounts owed to subsidiary undertakings	—	—	409,968	407,031
Other creditors	45,080	8,704	—	—
Accrued interest on loan stocks	2,252,628	1,520,930	1,676,766	1,093,670
Accruals	14,225	37,875	3,000	2,500
	<u>2,611,438</u>	<u>1,870,712</u>	<u>2,221,734</u>	<u>1,635,201</u>

### 11. CREDITORS: amounts falling due after more than one year

	1998	Group 1997	1998	Company 1997
	£	£	£	£
Amounts owed to companies holding shares and their subsidiary undertakings				
12% loan stock 2004	6,644,800	7,244,800	5,644,800	5,644,800

During the year the group redeemed £600,000 (1997 – £300,000) of loan stock at par and the company redeemed £nil (1997 – £nil) of loan stock at par.

During the year the loan stockholders irrevocably waived £259,613 of loan stock interest (1997 – £381,423).

# Greycoat London Investments Limited

## NOTES TO THE ACCOUNTS

at 30 June 1998

### 12. SHARE CAPITAL

	1998 £	1997 £
Authorised, allotted, called up and fully paid:		
600 'A' ordinary shares of £1 each	600	600
600 'B' ordinary shares of £1 each	600	600
	<u>1,200</u>	<u>1,200</u>

All the 'A' shares are owned by Sir Robert McAlpine (Trade Investments) Limited and all the 'B' shares by Greycoat Estates Investments Limited.

### 13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

#### Group

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
As at 1 July 1997	1,200	359,710	(419,460)	(58,550)
Loss for the year	—	—	(63,626)	(63,626)
Valuation deficit on properties	—	(146,018)	—	(146,018)
As at 30 June 1998	<u>1,200</u>	<u>213,692</u>	<u>(483,086)</u>	<u>(268,194)</u>

#### Company

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
As at 1 July 1997	1,200	—	(1,536,394)	(1,535,194)
Loss for the year	—	—	(586,533)	(586,533)
As at 30 June 1998	<u>1,200</u>	<u>—</u>	<u>(2,122,927)</u>	<u>(2,121,727)</u>

### 14. DEFERRED TAXATION

No deferred tax has been provided in these accounts as there is no intention to dispose of the investment properties.

# Greycoat London Investments Limited

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## NOTES TO THE ACCOUNTS

at 30 June 1998

### 15. LEASING COMMITMENTS

The group is committed at 30 June 1998 to the following annual rental on its long leasehold property:

	1998	Group 1997	1998	Company 1997
	£	£	£	£
For leases expiring between two and five years	125	125	—	—
	=====	=====	=====	=====

### 16. RELATED PARTIES

The company is jointly owned and controlled by Sir Robert McAlpine (Trade Investments) Limited and Greycoat Estates Investments Limited.

The company has taken advantage of the exemption available to it not to disclose transactions with other group undertakings which are at least 90% owned directly or indirectly by the ultimate parent undertaking.

A number of transactions have occurred between the company, Sir Robert McAlpine (Trade Investments) Limited and Greycoat Estates Limited. These transactions are disclosed in those accounts.