

**REGISTRAR OF  
COMPANIES**

*AMENDED SET*

**Kropifko Properties Limited**

Report and Financial Statements

Year Ended

31 December 2002



**BDO Stoy Hayward**  
Chartered Accountants

# **KROPIFKO PROPERTIES LIMITED**

## **Annual report and financial statements for the year ended 31 December 2002**

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Directors

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### **Directors**

A Kaye  
S Kaye

### **Secretary and registered office**

A Kaye, 8 Baker Street, London, W1U 3LL.

### **Company number**

3854710

### **Auditors**

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

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## KROPIFKO PROPERTIES LIMITED

### Report of the directors for the year ended 31 December 2002

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The directors present their report together with the audited financial statements for the year ended 31 December 2002.

#### Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

#### Principal activities, trading review and future developments

The company's principal activity is that of property investment. The directors are satisfied with the results for the year, and anticipate similar results in the future.

#### Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	2002	2001
A Kaye	1	1
S Kaye	1	1

#### Directors' responsibilities

Company law requires the directors to prepare financial statements 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 period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

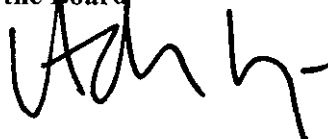
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

#### By order of the Board

A Kaye



Secretary

26 September 2003

## **KROPIFKO PROPERTIES LIMITED**

### **Report of the independent auditors**

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#### **To the shareholders of Kropifko Properties Limited**

We have audited the financial statements of Kropifko Properties Limited for the year ended 31 December 2002 on pages 4 to 13 which have been prepared under the accounting policies set out on page 7.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with United Kingdom 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 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 financial statements.

**KROPIFKO PROPERTIES LIMITED**

**Report of the independent auditors (*Continued*)**

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*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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO STOY HAYWARD**  
*Chartered Accountants  
and Registered Auditors*  
London

26 September 2003

**KROPIFKO PROPERTIES LIMITED****Profit and loss account for the year ended 31 December 2002**

	Note	2002 £	2001 (As restated) £
<b>Turnover</b>	2	942,139	550,821
Cost of sales		66,146	17,344
<b>Gross profit</b>		875,993	533,477
Administrative expenses		84,057	63,311
<b>Operating profit</b>	4	791,936	470,166
Profit on sale of fixed assets		247,221	-
<b>Profit on ordinary activities before interest</b>		1,039,157	470,166
Other interest receivable and similar income		3,994	6,476
Interest payable and similar charges	5	(258,889)	(116,780)
<b>Profit on ordinary activities before taxation</b>		784,262	359,862
Taxation on profit from ordinary activities	6	205,030	98,421
<b>Profit on ordinary activities after taxation</b>		579,232	261,441

All amounts relate to continuing activities.

There are no movements on shareholders' funds apart from the profit for the year.

The notes on pages 7 to 13 form part of these financial statements.

**KROPIFKO PROPERTIES LIMITED****Statement of total recognised gains and losses for the year ended 31 December 2002**

	<b>Note</b>	<b>2002 £</b>	<b>2001 £</b>
Profit for the year	12	579,232	261,441
Prior year adjustment		(64,301)	
<b>Total recognised gains and losses for the year</b>		<b>514,931</b>	

The notes on pages 7 to 13 form part of these financial statements.

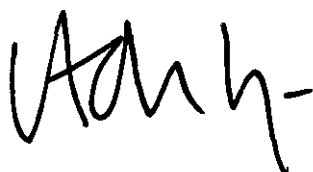
# KROPIFKO PROPERTIES LIMITED

## Balance sheet at 31 December 2002

	Note	2002 £	2002 £	2001 (As restated) £	2001 (As restated) £
<b>Fixed assets</b>					
Tangible assets	7		15,955,079		9,794,397
Investments	8		25,680		-
			<u>15,980,759</u>		<u>9,794,397</u>
<b>Current assets</b>					
Debtors	9	343,923		340,775	
Cash at bank and in hand		2,591,599		312,360	
		<u>2,935,522</u>		<u>653,135</u>	
<b>Creditors: amounts falling due within one year</b>	10	676,933		316,849	
<b>Net current assets</b>			<u>2,258,589</u>		<u>336,286</u>
<b>Total assets less current liabilities</b>			<u>18,239,348</u>		<u>10,131,223</u>
<b>Creditors: amounts falling due after more than one year</b>	11		17,118,084		9,584,221
<b>Provisions for liabilities and charges</b>	12		59,331		64,301
			<u>1,061,933</u>		<u>482,701</u>
<b>Capital and reserves</b>					
Called up share capital	13		2		2
Profit and loss account	14		1,061,931		482,699
<b>Shareholders' funds - equity</b>			<u>1,061,933</u>		<u>482,701</u>

The financial statements were approved by the Board on 26 September 2003.

A Kaye )  
 ) Director  
 S Kaye )



The notes on pages 7 to 13 form part of these financial statements.



## KROPIFKO PROPERTIES LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2002

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#### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

##### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

##### *Investment properties*

The investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, which case it is charged to the profit and loss account.

Assets in the course of development are stated at cost, plus subsequent development costs, less any permanent diminution in value.

##### *Turnover*

Turnover represents sales to outside customers at invoiced amounts less value added tax, adjusted in accordance with UITF 28 for the effect of any incentive given which are spread on a straight line basis up to the time when the prevailing market rent will be payable.

##### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

## KROPIFKO PROPERTIES LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

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#### 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

#### 3 Employees

The average number of employees, including directors, during the year was 2 (2001 - 2).

The directors received no remuneration in the year (2001 - £Nil).

#### 4 Operating profit

	2002 £	2001 £
This has been arrived at after charging:		
Auditors' remuneration	5,000	4,000
	<hr/>	<hr/>

#### 5 Interest payable and similar charges

	2002 £	2001 £
Bank loans and overdrafts	258,889	116,274
Other interest	-	506
	<hr/>	<hr/>
	258,889	116,780
	<hr/>	<hr/>

# KROPIFKO PROPERTIES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

## 6 Taxation on profit from ordinary activities

	2002	2002	2001	2001
	£	£	(As restated)	(As restated)
			£	£
<i>Current tax</i>				
UK corporation tax on profits of the year	210,000		81,149	
Adjustment in respect of previous years	-		(47,029)	
Total current tax		210,000		34,120
<i>Deferred tax</i>				
Origination and reversal of timing differences		(4,970)		64,301
Taxation on profit on ordinary activities		205,030		98,421

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2002	2001
	£	£
Profit/loss on ordinary activities before tax	784,262	359,862
Profit/loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 – 30%)	235,279	107,959
Effects of:		
Expenses not deductible for tax purposes	1,272	-
Capital allowances for year in excess of depreciation	4,970	(15,745)
Chargeable gains on disposal of investment properties	(11,783)	-
Marginal relief	(19,738)	(11,065)
Current tax charge for year	210,000	81,149

# KROPIFKO PROPERTIES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

## 7 Tangible assets

	Freehold land and buildings £	Assets in the course of construction £	Total £
<i>Cost</i>			
At 1 January 2002	8,877,344	917,053	9,794,397
Additions	6,575,955	677,477	7,253,462
Disposals	(1,092,750)	-	(1,092,750)
Reclassification	1,594,530	(1,594,530)	-
	<hr/>	<hr/>	<hr/>
At 31 December 2002	15,955,079	-	15,955,079
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2002 and at 31 December 2002	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2002	15,955,079	-	15,955,079
	<hr/>	<hr/>	<hr/>
At 31 December 2001	8,877,344	917,053	9,794,397
	<hr/>	<hr/>	<hr/>

In the opinion of the directors' the open market value of the freehold land and buildings approximates to cost.

## 8 Investments

	Other Investments £
<i>Cost</i>	
At 1 January 2002	-
Additions	25,680
	<hr/>
At 31 December 2002	25,680
	<hr/>

The addition in the year relates to an acquisition of a private number plate.

# KROPIFKO PROPERTIES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

## 9 Debtors

	2002 £	2001 £
Trade debtors	93,918	81,556
Other debtors	250,005	259,219
	<u>343,923</u>	<u>340,775</u>

All amounts shown under debtors fall due for payment within one year.

## 10 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans	63,095	25,428
Corporation tax	210,000	81,149
Taxation and social security	7,091	-
Other creditors	11,867	-
Accruals and deferred income	384,880	210,272
	<u>676,933</u>	<u>316,849</u>

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

	2002 £	2001 £
Bank loan (secured)	5,136,905	2,999,572
Directors' loans	11,981,179	6,584,649
	<u>17,118,084</u>	<u>9,584,221</u>

The bank loans are repayable as follows:

In more than one year but not more than two years	194,940	57,288
In more than two years but not more than five years	1,115,238	476,128
In more than five years	3,826,726	2,466,156
	<u>5,136,905</u>	<u>2,999,572</u>

## KROPIFKO PROPERTIES LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

#### 12 Provisions for liabilities and charges

	2002 £
<i>Deferred taxation</i>	
Balance brought forward - as previously stated	-
Prior year adjustment	64,301
	<hr/>
Balance brought forward	64,301
Release for the year	(4,970)
	<hr/>
Balance carried forward	59,331
	<hr/>

The balance is represented by accelerated capital allowances.

The company has changed its accounting policy in respect of deferred tax following adoption of FRS 19 'Deferred Tax' this year. Under the company's previous accounting policy deferred tax was only recognised to the extent that it was probable that an asset or liability would crystallise. The company's new accounting policy is set out in note 1.

The effect of this accounting policy change has been to increase the taxation charge and reduce profit after tax in the prior year by £64,301. Had the accounting policy remained the same, the taxation charge in the current year would have increased by £4,970 and profit after tax for the current year would have been £4,970 lower. The deferred tax provision of £59,331 and £64,301 in the current and prior year respectively would not have been recognised in the balance sheet under the previous accounting policy.

#### 13 Share capital

	Authorised, allotted, called up and fully paid			
	2002 Number	2001 Number	2002 £	2001 £
Ordinary shares of £1 each	2	2	2	2
	<hr/>	<hr/>	<hr/>	<hr/>

# KROPIFKO PROPERTIES LIMITED

## Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

### 14 Profit and loss account

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Balance brought forward - as previously stated	547,000
Prior year adjustment	64,301
	<hr/>
Balance brought forward - as restated	482,699
Profit for the year	579,232
	<hr/>
Balance carried forward	<u>1,061,931</u>

### 15 Related party transactions

During the year, the company entered into the following contacts with related parties;

During the year the company received a total of £418,620 (2001 - £346,956) in rents and insurance from ASK Restaurants Limited, a company in which both A Kaye and S Kaye are directors and have interests. No rent remained outstanding at the year end.

Balances owing to directors at the end of the year and which are included in creditors are as follows:

	2002 £	2001 £
A Kaye	5,991,593	3,120,799
S Kaye	5,989,586	3,463,850
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The loans are unsecured and interest free.

Included in other debtors (note 9) are balances owed to the company by Amberstar Limited and Kaye Properties Limited, companies in which both A Kaye and S Kaye are directors and have interests are as follows:

	2002 £	2001 £
Amberstar Limited	-	863
Kaye Properties Limited	227,711	79,626
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