

**UNCHAINED REVERSIONS PLC**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

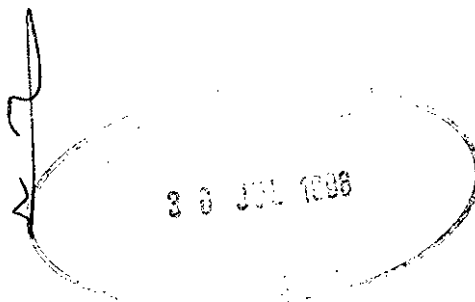
**FOR THE YEAR ENDED**

**31st DECEMBER 1995**

**REGISTRAR  
OF COMPANIES  
Company Number:**

146263

*Recd.  
8/7/96*



REGISTRAR  
OF COMPANIES  
Company Number

COMPANY NUMBER

# **UNCHAINED REVERSIONS PLC**

## **Annual report and financial statements for the year ended 31st December 1995**

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Registered number: No 146263

**Company information**

**Directors**

D R Macdonald, B.L., N.P.  
H B Shulman, LL.M  
A D B Taylor, B.A.

**Secretary and Registered Office**

Neill Clerk & Murray  
6 Park Circus Place  
Glasgow G3 6AN

**Auditors**

Ernst & Young  
George House  
50 George Square  
Glasgow G2 1RR

**Bankers**

The Royal Bank of Scotland Plc  
122 Cathcart Street  
Greenock  
PA15 1BA

**Registrars**

Park Circus Registrars Limited  
6 Park Circus Place  
Glasgow  
G3 6AN

**Solicitors**

Neill Clerk & Murray  
6 Park Circus Place  
Glasgow  
G3 6AN

**Solicitors and Property Managers**

Graham Harvey  
Sarda House  
183-189 Queensway  
London  
W2 5HL

**Chairman's Statement**

Dear Shareholder,

I am pleased to enclose the Directors Report and the Profit and Loss Account and Balance Sheet of the Company for the Company's second financial period which ended on 31 December 1995.

The Company owns a total of 66 properties, the final property purchase having been completed in early 1995.

One property fell vacant during the year and has been re-let on an assured tenancy. The change in the status of this property contributed to an increase in the portfolio value of £17,174.

The Directors expect the level of operating profit to be sustained in future years.

A handwritten signature in black ink, appearing to read 'D Ross Macdonald', written in a cursive style.

D Ross Macdonald  
Chairman

23 July 1996

**Report of the Directors for the year ended 31 December 1995**

The Directors submit their report together with the audited financial statements for the year ended 31 December 1995.

**Results and Dividends**

The profit and loss account of the Company is set out on page 5 and shows the profit for the year. The Directors propose that no dividend be paid.

**Principal activities, review of business and future developments**

The principal activity of the Company is the letting of residential property. The Directors consider the results of the year to be satisfactory.

**Fixed assets**

Movements in fixed assets are set out in note 6 to the Financial Statements.

**Statement of Directors' responsibilities in respect of the financial statements**

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 year. In preparing those financial statements, the Directors are required to:

Select suitable accounting policies and 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 financial statements; and

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.

**Directors Interests**

The Directors of the Company during the year were those listed on page 1 and their interests in the ordinary share capital of the Company were:

	<b>Ordinary shares of 50p each</b>	
	<b>31 December 1995</b>	<b>31 December 1994</b>
H B Shulman	5,000	5,000
D R Macdonald	1	1

**Auditors**

Ernst & Young, Chartered Accountants & Registered Auditors, have indicated 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



Neill Clerk & Murray  
Secretary

23 July 1996

**REPORT OF THE AUDITORS**  
**To the members of Unchained Reversions Plc**

Page 5

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention as modified by the revaluation of investment properties, and on the basis of the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 3, the Company's Directors are responsible for the preparation of the 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 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.

**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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young.*

Ernst & Young  
Chartered Accountants & Registered Auditors  
Glasgow

23 July 1996



**Profit and loss account  
for the year ended 31 December 1995**

	Notes	Year ended 31 December 1995 £	Incorporation on 31 August 1993 to 31 December 1994 £
<b>Turnover</b>	1	<u>73,484</u>	<u>27,349</u>
Depreciation on Furnishings		(1,217)	(1,217)
Other cost of sales		<u>(31,869)</u>	<u>(15,899)</u>
		<u>(33,086)</u>	<u>(17,116)</u>
<b>Gross profit</b>		40,398	10,233
Administrative expenses		<u>(33,295)</u>	<u>(27,085)</u>
<b>Operating profit/(loss)</b>		7,103	(16,852)
Bank interest receivable		948	34,305
Interest payable	3	<u>-</u>	<u>(25)</u>
<b>Profit on ordinary activities before taxation</b>	4	8,051	17,428
Tax on profit on ordinary activities	5	<u>(1,733)</u>	<u>(4,621)</u>
<b>Profit for the financial period</b>	12	<u><u>£6,318</u></u>	<u><u>£12,807</u></u>

All of the activities undertaken by the Company during the period were continuing activities.

**Statement of Recognised Gains and Losses  
for the year ended 31 December 1995**

	Year ended 31 December 1995 £	Incorporation on 31 August 1993 to 31 December 1994 £
Profit attributable to the shareholders of the Company	6,318	12,807
Unrealised gain on revaluation of assets	<u>13,293</u>	<u>65,019</u>
<b>Total recognised gains</b>	<u><u>£19,611</u></u>	<u><u>£77,826</u></u>

The notes on pages 9-13 form part of these financial statements.

Balance sheet at 31 December 1995

	Notes	1995 £	1994 £
<b>Fixed assets</b>			
Tangible assets	6	1,741,442	1,690,449
<b>Current assets</b>			
Debtors	7	11,510	6,237
Cash at bank and in hand		<u>30,164</u>	<u>73,791</u>
		41,674	80,028
<b>Creditors</b>			
Amounts falling due within one year	8	<u>(43,900)</u>	<u>(50,872)</u>
<b>Net current (liabilities)/assets</b>		<u>(2,226)</u>	<u>29,156</u>
<b>Net assets</b>		<u>£1,739,216</u>	<u>£1,719,605</u>
<b>Capital and reserves</b>			
Called up share capital	9	911,056	911,056
Share premium account	10	730,723	730,723
Revaluation reserve	11	78,312	65,019
Profit and loss account		<u>19,125</u>	<u>12,807</u>
<b>Equity Shareholders' Funds</b>	12	<u>£1,739,216</u>	<u>£1,719,605</u>

Approved by the Board on 23 July 1996



Mr D.R. Macdonald  
Director

The notes on pages 9 to 13 form part of these financial statements

Cash flow statement  
for the year ended 31 December 1995

Incorporation  
on 31 August  
1993 to  
31 December  
1994  
£

	Notes	Year ended 31 December 1995 £	
<b>Net cash inflow from operating activities</b>	13	2,292	20,314
<b>Returns on investments and servicing of finance</b>			
Interest received		948	34,305
Interest paid		-	(25)
<b>Net cash inflow from returns on investments and servicing of finance</b>		948	34,280
<b>Taxation</b>			
U K Corporation tax paid		(4,621)	-
<b>Investing Activities</b>			
Purchase of tangible fixed assets		(38,917)	(1,625,911)
<b>Net cash outflow from investing activities</b>		(38,917)	(1,625,911)
<b>Net cash outflow before financing</b>		(40,298)	(1,571,317)
<b>Financing</b>			
Issue of ordinary share capital		-	1,765,356
Share issue costs		(3,329)	(120,248)
<b>Net cash inflow from financing</b>		(3,329)	1,645,108
<b>(Decrease)/increase in cash and cash equivalents</b>	14	(£43,627)	£73,791

**Notes forming part of the financial statements  
for the year ended 31 December 1995**

**1 Accounting Policies**

*Basis of preparation*

The Financial Statements are prepared under the historical cost convention modified by the revaluation of investment properties, in accordance with applicable accounting standards. The true and fair override provisions of the Companies Act 1985 have been invoked as explained below.

**Turnover**

Turnover represents the net amount derived from the continuing activity of the letting of residential property. Letting income is accounted for on an accruals basis and arises solely in the United Kingdom.

**Investment properties**

Investment properties are accounted for in accordance with Statement of Standard Accounting Practice No. 19 as follows:

Investment properties are revalued annually and surpluses or deficits are transferred to a revaluation reserve. In the case of permanent impairments in the value of individual properties, any deficits below cost are taken to the profit and loss account for the year.

No depreciation is provided in respect of investment properties. Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the Directors believe that the policy of not providing depreciation is necessary in order for the Financial Statements to give a true and fair view, since the current value of investment properties, and changes in that current value, 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 which might otherwise have been shown cannot be separately identified or quantified.

**Other tangible fixed assets and depreciation**

Depreciation is provided on other tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value of each asset evenly over its expected useful life as follows:

Furnishings - 7 years straight line method

**Deferred taxation**

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Notes forming part of the financial statements  
for the year ended 31 December 1995

**2 Employees' and Directors' Remuneration**

The only employees of the Company are its Directors, the costs of whom were:

	Year ended 31 December 1995 £	Incorporation on 31 August 1993 to 31 December 1994 £
Amounts paid to third parties (including VAT)	<u>£10,473</u>	<u>£10,370</u>

In addition to the above the Company entered into the following arrangements in which Directors had an interest:

Park Circus (Management) Ltd and Park Circus Registrars Ltd, (both of which D R Macdonald is a Director), received fees of £11,750 and £1,072 respectively including VAT, in respect of company administration and secretarial services (1994: £29,417)

Graham Harvey & Co., of which Mr Shulman and Mr Taylor are partners, received fees of £18,592 (1994: £41,031) including VAT in the period, in respect of professional services.

**3 Interest Payable**

	Year ended 31 December 1995 £	Incorporation on 31 August 1993 to 31 December 1994 £
Bank overdraft	<u>-</u>	<u>£25</u>

**4 Profit on Ordinary Activities before Taxation**

	Year ended 31 December 1995 £	Incorporation on 31 August 1993 to 31 December 1994 £
This is stated after charging :		
Auditors' remuneration for audit services	3,760	2,350
Depreciation	<u>1,217</u>	<u>1,217</u>

The auditors received £630 (1994: £570) including VAT in respect of non-audit services.

**5 Tax on profit on ordinary activities**

	Year ended 31 December 1995 £	Incorporation on 31 August 1993 to 31 December 1994 £
United Kingdom Corporation tax at 25%	<u>£1,733</u>	<u>£4,621</u>

Notes forming part of the financial statements  
for the year ended 31 December 1995

6 Tangible Fixed Assets

	Investment Properties £	Furnishings £	Total £
<b>Cost or valuation</b>			
At 31 December 1994	1,683,143	8,523	1,691,666
Revaluation of properties	13,293	-	13,293
Additions	38,917	-	38,917
At 31 December 1995	1,735,353	8,523	1,743,876
<b>Depreciation</b>			
At 31 December 1994	-	1,217	1,217
Charge for the year	-	1,217	1,217
At 31 December 1995	-	2,434	2,434
<b>Net Book Value</b>			
At 31 December 1995	<u>£1,735,353</u>	<u>£6,089</u>	<u>£1,741,442</u>
At 31 December 1994	<u>£1,683,143</u>	<u>£7,306</u>	<u>£1,690,449</u>

Investment properties are included in the balance sheet at Directors' valuation at 31 December 1995. The Directors' valuation of the reversionary property portfolio has been determined taking into account the actuarially derived purchase price, together with certain incidental acquisition costs.

If the properties were sold at their revalued amount there would be a liability of approximately £19,500 on capital gains arising from the sales (1994: £16,931).

The historical cost of investment properties included at valuation is as follows:

	£
At 31 December 1995	<u>1,657,041</u>
At 31 December 1994	<u>1,618,124</u>

7 Debtors

	1995 £	1994 £
Amounts falling due within one year:		
Trade debtors	10,559	4,603
Other debtors and prepayments	951	1,634
	<u>£11,510</u>	<u>£6,237</u>

Notes forming part of the financial statements  
for the year ended 31 December 1995

8 Creditors: Amounts falling due within one year

	1995 £	1994 £
Property creditors	-	736
Other creditors	15,564	20,018
Corporation tax	1,733	4,621
Accruals	26,603	25,497
	<u>£43,900</u>	<u>£50,872</u>

9 Share Capital

	1995 £	1994 £
Authorised: 6,000,000 Ordinary Shares of 50p each	<u>£3,000,000</u>	<u>£3,000,000</u>
Allotted issued and fully paid 1,822,112 Ordinary Shares of 50p each	<u>£911,056</u>	<u>£911,056</u>

10 Share Premium Account

	1995 £	1994 £
At 31 December 1995 and 31 December 1994	<u>£730,723</u>	<u>£730,723</u>

11 Revaluation Reserve

	1995 £	1994 £
At 31 December 1994	65,019	-
Revaluation during period	<u>13,293</u>	<u>65,019</u>
At 31 December 1995	<u>£78,312</u>	<u>£65,019</u>

12 Reconciliation of Movements in Shareholders' Funds

	Share Capital £	Share Premium Account £	Revaluation Reserve £	Profit & Loss Account £	Total £
New ordinary share capital subscribed	911,056	854,300	-	-	1,765,356
Expenses of issue	-	(123,577)	-	-	(123,577)
Profit for the period	-	-	-	12,807	12,807
Unrealised gain on revaluation of assets	-	-	65,019	-	65,019
Shareholders' funds at 31 December 1994	911,056	730,723	65,019	12,807	1,719,605
Profit for the year	-	-	-	6,318	6,318
Unrealised gain on revaluation of assets	-	-	13,293	-	13,293
Shareholders' funds at 31 December 1995	<u>911,056</u>	<u>730,723</u>	<u>78,312</u>	<u>£19,125</u>	<u>£1,739,216</u>

Notes forming part of the financial statements  
for the year ended 31 December 1995

**13 Reconciliation of Operating Profit to Net Cashflow From Operating Activities**

	Year ended 31 December 1995 £	Incorporation on 31 August 1993 to 31 December 1994 £
Operating profit/(loss)	7,103	(16,852)
Depreciation charge	1,217	1,217
Increase in debtors	(5,273)	(6,237)
(Decrease)/increase in creditors	(755)	42,186
Net cash inflow from operating activities	<u>£2,292</u>	<u>£20,314</u>

**14 Analysis of changes in cash and cash equivalents during the year**

	Year ended 31 December 1995 £	Incorporation on 31 August 1993 to 31 December 1994 £
Balance at 31 December 1994	73,791	-
Net cash (outflow)/inflow	(43,627)	73,791
Balance at 31 December 1995	<u>£30,164</u>	<u>£73,791</u>

**15 Commitments and Other Obligations**

The Company had no capital commitments at 31 December 1995 and 31 December 1994.

**16 Fixed Fall Back Realisation Date**

The Company's Articles of Association provide that unless the members by Special Resolution resolve otherwise, the Company shall be deemed on 31 December 1998 to have passed a resolution that on that date that it would be wound up voluntarily,



NOTICE IS HEREBY GIVEN That the Annual General Meeting of Unchained Reversions Plc will be held at 31 Sackville Street, London W1X 1DB on Tuesday, 3 September 1996 at 10.00am for the following purposes:

- 1 To receive the Report of the Directors and the Financial Statements for the year ended 31 December 1995.  
(Resolution 1)
- 2 To re-appoint Ernst & Young as Auditors of the Company.  
(Resolution 2)
- 3 To authorise the Directors to fix the remuneration of the Auditors.  
(Resolution 3)

Members entitled to attend and vote at the above meeting are entitled to appoint one or more proxies to attend and, on a poll, vote on their behalf. A proxy need not also be a member.

**BY ORDER OF THE BOARD**



**Neill Clerk & Murray**

**23 July 1996**

**Proxy Form for Annual General Meeting**

I/We .....

of .....

being a member of the above company, hereby appoint .....

or, failing him/her, the Chairman of the Meeting as my/our proxy to vote in my/our names and on my/our behalf at the Annual General Meeting to be held on Tuesday, 3 September 1996 at 10.00am and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows :-

RESOLUTION NO 1	*FOR	*AGAINST
RESOLUTION NO 2	*FOR	*AGAINST
RESOLUTION NO 3	*FOR	*AGAINST

\* strike out whichever is not desired. Unless otherwise instructed the proxy may vote as he thinks fit or abstain from voting.

Signed this .....day of .....1996

This form to be valid should be deposited at the office of Neill Clerk & Murray, 6 Park Circus Place Glasgow G3 6AN not less than 48 hours before the meeting.