

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 20 JUL 1991

31 MARCH 1991

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THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1991

The directors present their report and the audited financial statements of the Company for the year ended 31 March 1991.

RESULTS AND DIVIDENDS

The results for the year and the state of the Company's affairs are as shown in the financial statements. The profit available for distribution for the year amounted to £35,318,373. The directors recommend that this amount be paid as a dividend.

PRINCIPAL ACTIVITIES AND PROPERTY PORTFOLIO REVIEW

During the year the Company has continued its business of property development and investment in offices and shops in the City of London.

The portfolio value at 31 March 1991 shows a decrease of £418,705,000 over that at the previous year-end. Between the dates, expenditure on properties totalled £51,793,319 and the aggregate book value of a property transferred to a fellow subsidiary undertaking and of properties sold was £50,259,872. Taking these factors into account, the deficit on revaluation was £420,238,447 a decrease of 27.7% compared with the decrease of 3.1% for the year ended 31 March 1990.

Two further developments were completed this year; Milton Gate EC2 let to Price Waterhouse, and Moorgate Hall EC2. The entire retail content of the latter has been let to Marks & Spencer.

Building operations have commenced on three new developments, Gracechurch Street EC3, Veritas House EC2 and Gough Square EC4.

The Company has also started the refurbishment of London House EC3, adjacent to Fenchurch Street Station and close to the new London Underwriting Centre in Mincing Lane. In spring 1992, 110 Cannon Street EC4 will become vacant and the possible refurbishment of this building before re-letting is being investigated. Both properties were constructed in the 1970s.

The timing of the redevelopments of Regis House, King William Street EC4 will be decided over the next few years depending upon prevailing market conditions, potential possession dates and the viability of each scheme.

It is particularly important to keep office buildings up to date to accord with tenants' latest requirements. The Company continues to refurbish floors and common parts of buildings in multi-occupation when leases expire or tenants vacate. Five of its older buildings have been sold in the last two years, thus reducing both the Company's exposure to the City market and the number of holdings requiring development or refurbishment.

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 1991 (CONTINUED)

PRINCIPAL ACTIVITIES AND PROPERTY PORTFOLIO REVIEW (continued)

After completing the current developments and refurbishments, including those in the Company's multi-occupied holdings, more than three quarters by floor area of its offices valued at £10m or over will have been redeveloped or refurbished since 1980. Excluding those holdings earmarked for possible future developments and refurbishments, the balance of the space is largely in buildings let on long leases without breaks which expire after the turn of the century and which currently produce a secure income. These should provide redevelopment or refurbishment opportunities in due course.

DIRECTORS

The directors of the Company are:

P J Hunt, BSc FRICS (Chairman)
J M Moar, FRICS (resigned 26th October 1990)
W Mathieson, FRICS (Managing Director, appointed 26 October 1990)
I J Henderson, BSc FRICS
M R Griffiths, FRICS
J I K Murray, MA FCA
D F Hubbard, FRICS
M A Bird, FRICS
P H Day, C.Eng MIMechE FCIBSE
N W Johnson, FRICS

The interests of the directors in the shares of the Company were nil throughout the year.

P J Hunt, W Mathieson and I J Henderson were directors of Land Securities PLC, the ultimate parent company, throughout the year and their interests in that Company are shown in its Directors' Report.

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 1991 (CONTINUED)

DIRECTORS (continued)

The interests of M R Griffiths, J I K Murray, D F Hubbard, M A Bird, P H Day and N W Johnson in the shares of Land Securities PLC were as follows:

	<u>Beneficial interests</u>		<u>Non-beneficial interests</u>	
	<u>31 March 1991</u>	<u>31 March 1990</u>	<u>31 March 1991</u>	<u>31 March 1990</u>
Ordinary shares				
M R Griffiths	7,932	4,431	-	-
J I K Murray	4,069	3,091	290,813	-
D F Hubbard	10,434	10,612	-	-
M A Bird	3,438	2,863	-	-
P H Day	1,900	3,147	-	-
N W Johnson	5,706	1,556	-	-

M R Griffiths, J I K Murray, D F Hubbard, M A Bird, P H Day and N W Johnson hold options over Ordinary Shares of Land Securities PLC, granted both under the Land Securities 1983 Savings Related Share Option Scheme and under the Land Securities 1984 Executive Share Option Scheme, as set out below:

	<u>1983 Savings Related Share Option Scheme</u>		<u>1984 Executive Share Option Scheme</u>	
	<u>31 March 1991</u>	<u>31 March 1990</u>	<u>31 March 1991</u>	<u>31 March 1990</u>
Ordinary shares				
M R Griffiths	4,537	5,898	95,800	80,100
J I K Murray	6,685	5,285	88,800	70,900
D F Hubbard	2,120	3,083	51,500	51,500
M A Bird	2,412	617	58,300	49,900
P H Day	3,220	3,556	49,000	45,100
N W Johnson	3,103	3,292	40,200	45,400

The options granted under the 1983 Savings Related Share Option Scheme are exercisable at prices between 242p and 524p per share after 5 or 7 years from the date of grant.

The options granted under the 1984 Executive Share Option Scheme are exercisable at prices between 315.1p and 556.8p per share in financial periods up to the year 2001.

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 1991 (CONTINUED)

AUDITORS

In accordance with Section 384(1) of the Companies Act 1985, a resolution will be put to the members at the Annual General Meeting to re-appoint the auditors, Price Waterhouse, Chartered Accountants.

By Order of the Board


L. A. Jones
Secretary

Landsec House
21 New Fetter Lane
London EC4P 4PY

22 May 1991

Company No. 1160C

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF
THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

We have audited the financial statements on pages 6 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1991 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No 10.

Price Waterhouse

Chartered Accountants

22 May 1991

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 MARCH 1991

	Notes	<u>1991</u> £'000	<u>1990</u> £'000
TOTAL INCOME	2	<u>97,925</u> =====	<u>81,318</u> =====
Net rents and interest receivable	2	79,243	65,747
Interest payable	2	<u>35,623</u>	<u>45,592</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	43,620	20,155
Taxation	4	<u>8,302</u>	<u>1,743</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		35,318	18,412
Proposed dividend		<u>35,318</u>	<u>18,412</u>
RETAINED PROFIT FOR THE YEAR		-	-
BALANCE BROUGHT FORWARD		<u>2,308</u>	<u>2,308</u>
BALANCE CARRIED FORWARD		<u>2,308</u> =====	<u>2,308</u> =====
RESERVE MOVEMENTS			<u>1991</u> £'000
REVALUATION RESERVE			
Deficit on valuation of properties	6		(420,239)
Realised on sales of properties	5		<u>(26,883)</u>
	11		<u>(447,122)</u> =====
			<u>1991</u> £'000
OTHER RESERVES			
Realised on sales of properties	5		28,619
Tax on capital item			<u>(324)</u>
	12		<u>28,295</u> =====

The notes on pages 8 to 14 form an integral part of these financial statements.

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

BALANCE SHEET - 31 MARCH 1991

	Notes	<u>1991</u>	<u>1990</u>
		£'000	£'000
FIXED ASSETS			
Tangible assets:			
Properties	6	<u>1,096,285</u>	<u>1,514,990</u>
CURRENT ASSETS			
Debtors	7	18,718	22,164
CREDITORS: falling due within one year	8	(406,068)	(407,703)
Net current liabilities		<u>(387,350)</u>	<u>(385,539)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		708,935	1,129,451
CREDITORS: falling due after more than one year	9	<u>(2,867)</u>	<u>(4,556)</u>
		<u>£706,068</u>	<u>£1,124,895</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	10	19,637	19,637
Share premium account		2,930	2,930
Revaluation reserve	11	199,751	646,873
Other reserves	12	481,442	453,147
Profit and loss account		<u>2,308</u>	<u>2,308</u>
		<u>£706,068</u>	<u>£1,124,895</u>
		=====	=====

DIRECTORS

P J Hunt

W Mathieson

Approved by the Board on 22 May 1991

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1991

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared under the historic cost convention modified by the revaluation of properties and in accordance with applicable accounting standards.

(b) Profit for the year available for distribution

The profit for the year available for distribution is arrived at after taking into account income and outgoings on all properties, including those under development.

Unrealised capital surpluses and deficits, including those arising on valuation of properties, are taken to revaluation reserve. Realised capital surpluses and deficits are taken to other reserves.

(c) Taxation

Tax on capital gains arising on sales of properties is charged against the surpluses realised.

No provision is made for the amount of taxation which would become payable in the event of future sales of properties at the amounts at which they are stated in the financial statements. However, an estimate of the potential liability is shown in Note 6.

Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that liabilities or assets are expected to be payable or receivable in the foreseeable future.

(d) Properties

Properties are included in the financial statements at the latest professional valuation. At 31 March 1991 a valuation was carried out by Knight Frank & Rutley, who reported that the valuation was made at open market values at that date.

Additions to properties include costs of a capital nature only. Interest and other costs in respect of developments and refurbishments are treated as revenue expenditure and written off as incurred.

(e) Depreciation and amortisation

No depreciation or amortisation is provided in respect of freehold or leasehold properties. The directors consider that because properties are included at their open market values this accounting policy is necessary for the financial statements to give a true and fair view. It would not be practicable nor of real value to determine the depreciation or amortisation taken into account when arriving at the open market values.

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1991 (CONTINUED)

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1991</u>		<u>1990</u>	
	£'000	£'000	£'000	£'000
Rental income		91,434		77,897
Service charges and other recoveries		3,475		3,381
Interest receivable		<u>3,016</u>		<u>40</u>
Total income		97,925		81,318
Ground rents payable	7,208		5,482	
Other property outgoings	5,202		4,110	
Administration expenses (Note 3)	<u>6,272</u>		<u>5,979</u>	
		<u>18,682</u>		<u>15,571</u>
Net rents and interest receivable		79,243		65,747
Interest payable:				
On amount owing to a fellow subsidiary undertaking	35,600		45,583	
Other	<u>14</u>		<u>9</u>	
		<u>35,623</u>		<u>45,592</u>
Profit on ordinary activities before taxation		<u>43,620</u>		<u>20,155</u>
		=====		=====

All income was derived from within the United Kingdom.

Interest receivable included £2,405,746 (1990: Nil) of supplement on tax repayments referred to in Note 4.

3. ADMINISTRATION EXPENSES

(a) Management services

The Company does not employ staff. Management services were provided to the Company throughout the period by Land Securities Properties Limited, which is a fellow subsidiary undertaking.

(b) Directors' emoluments

The directors received no emoluments in respect of their services to the Company and no part of the fee for management services is identified as relating to those services.

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1991 (CONTINUED)

3. ADMINISTRATION EXPENSES (continued)

(c) Auditors' remuneration

Administration expenses include auditors' remuneration of £20,300 (1990: £18,500).

4. TAXATION

	<u>1991</u>	<u>1990</u>
	£'000	£'000
(a) The charge for taxation is made up as follows:		
Corporation tax at 34% (1990:35%) on the profit before taxation	14,831	7,054
Tax allowances on expenditure included in additions to properties	(3,921)	(4,512)
Other adjustments	<u>595</u>	<u>(569)</u>
	11,505	1,973
Adjustments relating to previous years	<u>(3,203)</u>	<u>(230)</u>
	8,302	1,743
	=====	=====

- (b) During the year the agreement of certain prior year liabilities resulted in the receipt of tax repayments, together with the repayment supplement referred to in Note 2, and the reduction of previous years' Corporation tax liabilities and provisions by £3,203,051.

5. SURPLUS ON SALES/TRANSFER OF PROPERTIES

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Surplus over book value	5,664	3,799
Tax on capital gains	(4,863)	-
	<u>1,801</u>	<u>3,799</u>
Valuation surplus of previous years on properties sold and on a transfer to a fellow subsidiary undertaking (page 6)	<u>26,883</u>	<u>8,340</u>
	28,684	12,139
(Under)/overprovision of tax relating to previous year	<u>(65)</u>	<u>75</u>
	28,619	12,214
	=====	=====

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1991 (CONTINUED)

6. PROPERTIES

	<u>Freehold</u>	<u>Leasehold</u>		<u>Total</u>
		<u>Over 50 years to run</u>	<u>Under 50 years to run</u>	
	£'000	£'000	£'000	£'000
At 1 April 1990: at valuation	1,104,680	278,965	131,345	1,514,990
Additions	28,764	4,906	18,124	51,794
Sales	(31,360)	-	-	(31,360)
Transfer to a fellow subsidiary undertaking	-	(18,900)	-	(18,900)
Reclassifications	-	63,529	(63,529)	-
	1,102,084	328,500	85,940	1,516,524
Deficit on valuation	(330,534)	(65,130)	(24,575)	(420,239)
At 31 March 1991: at valuation	771,550 =====	263,370 =====	61,365 =====	1,096,285 =====

Leaseholds under 50 years to run include £7,260,000 (1990: £12,065,000) in respect of leaseholds where the unexpired term of the interest is 20 years or less.

In the event of sales of the properties at the amounts at which they are stated there would be no capital gains tax liability (1990: £132,000,000). The reduction is a consequence of the valuation together with the effects of indexation and electing to rebase to 1982 values.

7. DEBTORS

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Trade debtors	4,800	5,137
Capital debtors	1,396	1,535
Other debtors	795	801
Prepayments and accrued income	11,727	14,691
	18,718	22,164
	=====	=====

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1991 (CONTINUED)

8. CREDITORS: falling due within one year

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Amount owing to a fellow subsidiary undertaking	311,525	352,974
Proposed dividend	35,318	18,412
Taxation	18,254	2,846
Capital creditors	17,691	12,515
Accruals	22,618	20,213
Other creditors	<u>662</u>	<u>743</u>
	406,068	407,703
	=====	=====

The amount owing to a fellow subsidiary undertaking has no fixed repayment date.

9. CREDITORS: falling due after more than one year

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Capital creditors	970	2,724
Other creditors	<u>1,897</u>	<u>1,832</u>
	2,867	4,556
	=====	=====

10. CALLED UP SHARE CAPITAL

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Authorised:		
30,000,000 Ordinary Shares of £1 each	30,000	30,000
	=====	=====
Allotted and fully paid:		
19,636,808 Ordinary Shares of £1 each	19,637	19,637
	=====	=====

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1991 (CONTINUED)

11. REVALUATION RESERVE

	<u>1991</u>
	£'000
At 1 April 1990	646,873
Movement during year (page 6)	<u>(447,122)</u>
At 31 March 1991	199,751 =====

12. OTHER RESERVES

	<u>1991</u>
	£'000
At 1 April 1990	453,147
Movement during year (page 6)	<u>28,295</u>
At 31 March 1991	481,442 =====

13. COMMITMENTS FOR FUTURE CAPITAL EXPENDITURE

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Under contract	35,399	45,952
Board authorisations not contracted	<u>14,415</u>	<u>47,965</u>
	49,814 =====	93,917 =====

14. CONTINGENT LIABILITIES

A substantial number of the Company's properties are charged as security for debenture stocks and other borrowings of the ultimate parent company and fellow subsidiary undertakings.

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1991 (CONTINUED)

15. PARENT COMPANY

Land Securities PLC, which is registered in England, is the ultimate parent company and is the largest and smallest parent undertaking of the group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 March 1991 for Land Securities PLC can be obtained from the Secretary, Landsec House, 21 New Fetter Lane, London EC4P 4PY.