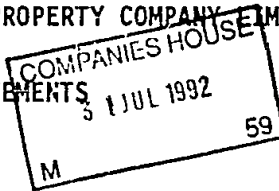


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THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED
REPORT AND FINANCIAL STATEMENTS

31 MARCH 1992



THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1992

The directors submit their report with the financial statements for the year to 31 March 1992.

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 £36,222,778. 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 investment and development of offices and shops in the City of London.

The portfolio value at 31 March 1992 shows a decrease of £161,820,000 over that at the previous year end. Between the dates, expenditure on properties totalled £41,799,000 and the aggregate book value of properties sold and that transferred to a group undertaking was £2,265,000. Taking these factors into account, the deficit on revaluation was £201,354,000, a decrease of 17.7% compared with the decrease of 27.7% for the year ended 31 March 1991.

Whilst rental values in the C continued to decline during the year under review, after the first six months the Company experienced increasing occupational demand. During the summer and early autumn few lettings were agreed. However, more recently, subject to varying rent free periods and at lower rental levels, the Company has let over half of the new office development at Moorgate Hall EC2, largely to foreign banks. Several suites in other multi-occupied office buildings have also been let.

Developments completed during the year were Leith House (let to the Association of British Insurers) and Veritas House EC2, currently being marketed. The two remaining developments, 55 Gracechurch Street EC3 and 12/16 Gough Square EC4, together with the refurbishment of New London House EC3, next to Fenchurch Street station and close to the new London Underwriting Centre in Mincing Lane, will be completed towards the end of 1992.

As a result of an agreement reached several years ago the Midland Bank recently vacated 100 Cannon Street EC4. The timing of any refurbishment of this building and the redevelopment of Regis House EC4 will depend upon prevailing market conditions.

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 1992 (CONTINUED)

PRINCIPAL ACTIVITIES AND PROPERTY PORTFOLIO REVIEW (continued)

One of the Company's smaller buildings, 9/11 Fulwood Place WC1, was sold this year.

In the year under review a freehold reversion in Tower House, 34/40 Trinity Square EC3, was bought in.

The Company continued its policy of maintaining properties in first class condition by refurbishing the common parts of several multi-occupied buildings and office suites as they become vacant.

In the present market it is reassuring that nearly 80% of current rental income from the City portfolio is secured on leases expiring beyond the turn of the century without break clauses and with upward only rent reviews.

DIRECTORS

The directors of the Company are:

P J Hunt, BSc FRICS (Chairman)
W Mathieson, FRICS
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, I J Henderson, M R Griffiths and J I K Murray are directors of Land Securities PLC, the ultimate parent company, 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 1992 (CONTINUED)

DIRECTORS (continued)

The interests of the other directors in the shares of Land Securities PLC and their holdings of options over shares are set out below:

Interest in Ordinary shares	Beneficial interests		Non-beneficial interests	
	31 March 1992	31 March 1991	31 March 1992	31 March 1991
D F Hubbard	7,577	10,434	-	-
M A Bird	4,248	3,438	-	-
P H Day	4,997	1,900	-	-
N W Johnson	2,565	5,706	-	-
<hr/>				
Options over Ordinary Shares	31 March 1991	Granted during year	Exercised during year	31 March 1992
D F Hubbard	51,500	-	-	51,500
	2,120	-	-	2,120
N W Johnson	40,200	-	-	40,200
	3,103	2,710	-	5,813
M A Bird	58,300	-	-	58,300
	2,412	2,078	-	4,490
P H Day	49,000	-	-	49,000
	3,220	3,614	2,474	4,360

These options are held under the 1984 Land Securities Executive Share Option Scheme except for those in bold type, which are held under the 1983 Land Securities Savings Related Share Option Scheme.

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 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 CITY OF LONDON REAL PROPERTY COMPANY LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 1992 (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.

By Order of the Board

L A Jones
Secretary

Registered in England and Wales
Company No. 1160C

Registered Office
5 Strand
London WC2N 5AF

20 May 1992

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 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor

20 May 1992

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 MARCH 1992

	Notes	<u>1992</u> £'000	<u>1991</u> £'000
GROSS PROPERTY INCOME	2	102,565 =====	94,909 =====
NET RENTAL INCOME	2	88,521	82,499
Property management and administration expenses	3	(6,690)	(6,272)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		81,831	76,227
Interest receivable	4	982	3,016
Interest payable	4	(37,318)	(35,623)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		45,495	43,620
Taxation	5	(9,272)	(8,302)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		36,223	35,318
Dividends		(36,223)	(35,318)
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>1992</u>
REVALUATION RESERVE			£'000
Deficit on valuation of properties	7		(201,354)
Realised on sales of properties	6		(942)
	12		(202,296) =====
OTHER RESERVES			<u>1992</u> £'000
Realised on sales of properties	6		4,097
Others			(3)
	13		<u>4,094</u> =====

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

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

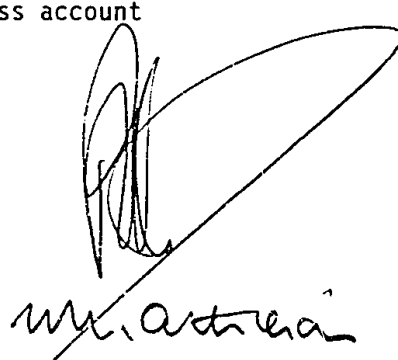
BALANCE SHEET - 31 MARCH 1992

	Notes	<u>1992</u> £'000	<u>1991</u> £'000
FIXED ASSETS			
Tangible assets Properties	7	934,465 =====	1,096,285 =====
CURRENT ASSETS			
Debtors	8	9,624	18,718
CREDITORS: falling due within one year	9	(431,821)	(406,068)
Net current liabilities		<u>(422,197)</u>	<u>(387,350)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		512,268	708,935
CREDITORS: falling due after more than one year	10	<u>(4,402)</u>	<u>(2,867)</u>
		507,866 =====	706,068 =====
CAPITAL AND RESERVES			
Called up share capital	11	19,637	19,637
Share premium account		2,930	2,930
Revaluation reserve	12	271,895	474,191
Other reserves	13	211,096	207,002
Profit and loss account		<u>2,308</u>	<u>2,308</u>
		507,866 =====	706,068 =====

DIRECTORS

P J Hunt

W Mathieson



The financial statements on pages 6 to 14 were approved by the Directors
on 20 May 1992

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1992

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 the sale of the properties at the amount at which they are stated in the financial statements.

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 1992 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 1992 (CONTINUED)

2. NET RENTAL INCOME

	<u>1992</u>	<u>1991</u>
	£'000	£'000
Rental income	98,862	91,434
Service charges and other recoveries	<u>3,703</u>	<u>3,475</u>
Gross property income	102,565	94,909
Ground rents payable	(7,242)	(7,208)
Other property outgoings	<u>(6,802)</u>	<u>(5,202)</u>
	<u>(14,044)</u>	<u>(12,410)</u>
	88,521	82,499
	=====	=====

All income was derived from within the United Kingdom.

Other property outgoings are costs incurred in the direct maintenance and upkeep of investment properties. Void costs, which include those relating to empty properties pending redevelopment and refurbishment, and costs in respect of housekeepers and outside staff, directly responsible for property services, are also included.

3. PROPERTY MANAGEMENT AND ADMINISTRATION EXPENSES

Property management and administration expenses consist of all costs of managing the portfolio, together with costs of rent reviews and renewals, relettings of properties and management services as explained in Note (a) below. No staff costs or overheads are capitalised.

(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 group undertaking.

(b) Directors' remuneration

The directors received no remuneration 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 1992 (CONTINUED)

3. PROPERTY MANAGEMENT AND ADMINISTRATION EXPENSES (continued)

(c) Auditors' remuneration

Administration expenses include auditors' remuneration of £21,500 (1991: £20,300).

4. INTEREST

	<u>1992</u>	<u>1991</u>
	£'000	£'000
RECEIVABLE:		
Other	982	3,016
	===	=====
PAYABLE:		
On amount owing to a group undertaking	37,303	35,609
Other	15	14
	<u>37,318</u>	<u>35,523</u>
	=====	=====

5. TAXATION

	<u>1992</u>	<u>1991</u>
	£'000	£'000
The charge for taxation is made up as follows:		
Corporation tax at 33% (1991:34%) on the profit before taxation	15,014	14,831
Tax allowances on expenditure included in additions to properties	(3,647)	(3,921)
Other adjustments	<u>37</u>	<u>595</u>
	11,404	11,505
Adjustments relating to previous years	<u>(2,132)</u>	<u>(3,203)</u>
	<u>9,272</u>	<u>8,302</u>
	=====	=====

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1992 (CONTINUED)

6. SURPLUS ON SALES/TRANSFER OF PROPERTIES

	<u>1992</u>	<u>1991</u>
	£'000	£'000
Surplus over book value	137	6,564
Tax on capital gains	-	(4,863)
	137	1,801
Valuation surplus of previous years on properties sold and on a transfer to a group undertaking (page 6)	<u>942</u>	<u>26,883</u>
Over/(under) provision of tax relating to previous year	1,079	28,684
	<u>3,018</u>	<u>(65)</u>
	<u>4,097</u>	<u>28,619</u>
	=====	=====

7. 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 1991:				
at valuation	771,550	263,370	61,365	1,096,285
Additions	33,434	7,728	637	41,799
Sales	(2,200)	-	-	(2,200)
Transfer to a group undertaking	-	(65)	-	(65)
Reclassification	<u>12,000</u>	<u>(12,000)</u>	<u>-</u>	<u>-</u>
	814,784	259,033	62,002	1,135,819
Deficit on valuation	<u>(152,394)</u>	<u>(31,503)</u>	<u>(17,457)</u>	<u>(201,354)</u>
At 31 March 1992:				
at valuation	<u>662,390</u>	<u>227,530</u>	<u>44,545</u>	<u>934,465</u>
	=====	=====	=====	=====

Leaseholds under 50 years to run include £7,045,000 (1991: £7,260,000) in respect of leaseholds where the unexpired term of the interest is 20 years or less.

No capital gains tax (1991: £Nil) would become payable in the event of the sale of the portfolio at the amount at which it is stated.

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1992 (CONTINUED)

8. DEBTORS

	<u>1992</u>	<u>1991</u>
	£'000	£'000
Taxation recoverable	596	-
Trade debtors	4,630	4,800
Capital debtors	1,499	1,396
Other debtors	395	795
Prepayments and accrued income	<u>2,454</u>	<u>11,727</u>
	<u>9,624</u>	<u>18,718</u>
	=====	=====

9. CREDITORS: falling due within one year

	<u>1992</u>	<u>1991</u>
	£'000	£'000
Amount owing to a group undertaking	337,883	311,525
Taxation	13,105	18,254
Proposed dividend	36,223	35,318
Capital creditors	21,190	17,691
Other creditors	252	662
Accruals	<u>23,168</u>	<u>22,618</u>
	<u>431,821</u>	<u>406,068</u>
	=====	=====

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

10. CREDITORS: falling due after more than one year

	<u>1992</u>	<u>1991</u>
	£'000	£'000
Capital creditors	307	970
Other creditors	<u>4,095</u>	<u>1,897</u>
	<u>4,402</u>	<u>2,867</u>
	=====	=====

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1992 (CONTINUED)

11. CALLED UP SHARE CAPITAL

	<u>1992</u>	<u>1991</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
	=====	=====

12. REVALUATION RESERVE

	<u>1992</u>
	£'000
At 1 April 1991 - as previously reported	199,751
- prior year adjustment (Note 13)	<u>274,440</u>
- as restated	474,191
Movement during year (page 6)	<u>(202,296)</u>
At 31 March 1992	<u>271,895</u>
	=====

13. OTHER RESERVES

	<u>1992</u>
	£'000
At 1 April 1991 - as previously reported	481,442
- prior year adjustment (Note 12)	<u>(274,440)</u>
- as restated	207,002
Movement during year (page 6)	<u>4,094</u>
At 31 March 1992	<u>211,096</u>
	=====

The prior year adjustment to Other Reserves and Revaluation Reserve (Note 12) is a reclassification of the net unrealised surplus arising from revaluations of properties carried out at or before 31 March 1982.

This adjustment has no effect on the reported profit of either of the years under review.

THE CITY OF LONDON REAL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1992 (CONTINUED)

14. COMMITMENTS FOR FUTURE CAPITAL EXPENDITURE

	<u>1992</u>	<u>1991</u>
	£'000	£'000
Under contract	18,639	35,399
Board authorisations not contracted	<u>2,626</u>	<u>14,415</u>
	<u>21,265</u>	<u>49,814</u>
	=====	=====

15. 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 a group undertaking.

16. PARENT COMPANY

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

Consolidated financial statements for the year ended 31 March 1992 for Land Securities PLC can be obtained from the Secretary, 5 Strand, London WC2N 5AF.