

Redman Heenan Properties Limited

Report and Financial Statements

30 November 2002

Registered Number 00073265



Redman Heenan Properties Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 November 2002.

RESULTS AND DIVIDENDS

The retained profit of £6,921,965 (2001 : £4,396,594 (restated)) has been transferred to reserves. The directors do not recommend the payment of a dividend for the year (2001 : £Nil).

PRINCIPAL ACTIVITY

The principal activity of the company is that of property investment.

REVIEW OF THE BUSINESS

The directors consider that the result and future prospects are satisfactory. No changes are envisaged.

DIRECTORS AND THEIR INTERESTS

The following were directors of the company during the year, none of whom had any interest in the shares of the company.

Sir Stanley Clarke
C C A Glossop
R L Froggatt
W A Oliver
A R Williams
N S Doyle
P D Robbins


The relevant interests of Sir Stanley Clarke, Messrs Glossop, Froggatt and Oliver in the shares of the ultimate parent company are disclosed in the directors' report of that company.

At 30 November 2002, Mr Williams had an option to subscribe for 97,157 shares (2001 : 244,509) and held 145,555 shares (2001 : 34,568). At 30 November 2002, Mr Doyle had an option to subscribe for 379,683 shares (2001 : 306,035) and held 160,827 shares (2001 : 155,307). At 30 November 2002, Mr Robbins had an option to subscribe for 137,191 (2001 : 163,014) and held 53,312 shares (2001 : 5,000).

AUDITORS

Ernst & Young LLP have expressed a willingness to remain in office and a resolution to reappoint Ernst & Young LLP will be put forward at the Annual General Meeting.

By order of the board


S K PREEDY
Secretary

Dated

12/8/03

Redman Heenan Properties Limited

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 profit or loss of the company 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; and
- prepare the accounts 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 accounts 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REDMAN HEENAN PROPERTIES LIMITED

We have audited the company's financial statements for the period ended 30 November 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Movements in Shareholder Funds, Note of Historical Cost Profit and Losses and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 November 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Birmingham

Ernst & Young LLP

Date

12 August 2003

Redman Heenan Properties Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 November 2002

		2002	2001
		£	Restated £
	Notes		
TURNOVER	1	15,652,859	12,454,410
Cost of sales		(4,432,808)	(1,427,664)
		<hr/>	<hr/>
GROSS PROFIT		11,220,051	11,026,746
Administrative expenses		11,035	(2,458,883)
		<hr/>	<hr/>
OPERATING PROFIT		11,231,086	8,567,863
Profit on sale of investment properties		291,212	759,272
Interest receivable		831	11,827
Interest payable	3	(1,821,367)	(3,508,933)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	9,701,762	5,830,029
Tax on profit on ordinary activities	5	(2,779,797)	(1,433,435)
		<hr/>	<hr/>
RETAINED FOR THE FINANCIAL YEAR	12	6,921,965	4,396,594
		<hr/>	<hr/>

All activities derive from continuing operations.

Redman Heenan Properties Limited

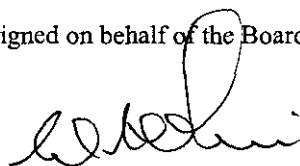
BALANCE SHEET

At 30 November 2002

	Notes	2002 £	2001 <i>Restated</i> £
FIXED ASSETS			
Tangible assets	6	130,427,689	114,611,712
CURRENT ASSETS			
Debtors	7	6,034,014	6,853,857
Cash at bank and in hand		14,529,229	1,897,456
		20,563,243	8,751,313
CREDITORS: amounts falling due within one year	8	(5,135,517)	(4,489,161)
NET CURRENT ASSETS		15,427,726	4,262,152
TOTAL ASSETS LESS CURRENT LIABILITIES		145,855,415	118,873,864
CREDITORS: amounts falling due after more than one year	9	(45,931,500)	(32,344,000)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	(2,604,343)	(2,358,288)
		97,319,572	84,171,576
CAPITAL AND RESERVES			
Called up share capital	11	29,584,511	29,584,511
Share premium account		48,711	48,711
Revaluation reserve	12	38,269,504	32,289,477
Profit and loss account	12	29,416,846	22,248,877
EQUITY SHAREHOLDERS' FUNDS		97,319,572	84,171,576

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



W A Oliver

Director

12 August 2003

Redman Heenan Properties Limited

OTHER PRIMARY STATEMENTS

for the year ended 30 November 2002

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 30 November 2002

	2002 £	2001 £ <i>Restated</i>
Profit for the financial year	6,921,965	4,396,594
Unrealised surplus on revaluation of properties	6,226,031	6,040,137
TOTAL RECOGNISED GAINS AND LOSSES RELATED TO THE YEAR	13,147,996	10,436,731
Prior year adjustments (see Note 16):		
UITF28	-	122,417
FRS19		(2,198,576)
Total recognised gains and losses since last Financial Statements	13,147,996	8,360,572

NOTE OF HISTORICAL COST PROFITS AND LOSSES

for the year ended 30 November 2002

	2002 £	2001 £ <i>Restated</i>
Reported profit on ordinary activities before taxation	9,701,762	5,830,029
Realisation of property revaluation gains of previous years	246,004	487,396
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	9,947,766	6,317,425
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	7,167,969	4,883,990

Redman Heenan Properties Limited

OTHER PRIMARY STATEMENTS

for the year ended 30 November 2002

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

for the year ended 30 November 2002

	2002	2001
	£	<i>Restated</i> £
Profit for the financial year	6,921,965	4,396,594
Other recognised gains and losses relating to the year	6,226,031	6,040,137
NET ADDITION TO SHAREHOLDERS' FUNDS	13,147,996	10,436,731
Opening shareholders funds as previously stated	84,171,576	75,811,004
Prior year adjustment (see note 16)		
UITF28	-	122,417
FRS19		(2,198,576)
CLOSING SHAREHOLDERS' FUNDS	97,319,572	84,171,576

Redman Heenan Properties Limited

NOTES TO THE ACCOUNTS

at 30 November 2002

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

Turnover

Turnover represents rental income receivable and other recoveries from tenants, exclusive of value added tax in the UK.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided on investment properties. The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principles as set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount, which might otherwise have been shown, cannot be separately identified or quantified.

Tangible fixed assets

Plant and machinery is depreciated by equal annual instalments over its estimated working life, the principal rate in use being 25% of cost.

Deferred taxation

In accordance with FRS19, deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Under this policy no provision has been made for the potential further liability to taxation which would arise in the event of the realisation of investment properties, included at valuation in the accounts, at the values attributed to them.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no remuneration from the company during the year (2001 : £Nil)

3. INTEREST PAYABLE

	2002	2001
	£	£
Payable on group finance	-	1,290,200
Payable on external borrowing	1,821,367	2,218,733
	<u>1,821,367</u>	<u>3,508,933</u>

Redman Heenan Properties Limited

NOTES TO THE ACCOUNTS at 30 November 2002

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002	2001
	£	£
Profit on ordinary activities before taxation is arrived at after charging:		
Depreciation of tangible fixed assets	6,090	6,090
Auditors' remuneration – audit services	-	7,000
Management charge	-	2,465,700

Auditors' remuneration was borne by the holding company, St Modwen Properties PLC.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£	£
<i>(a) Analysis of Charge in period</i>		
UK Corporation tax		
UK Corporation tax on profits of the period	2,762,220	1,383,211
Adjustments in respect of previous periods	(228,478)	(109,488)
Total Current tax	2,533,742	1,273,723
Deferred tax		
Originating and reversal of timing differences	207,408	159,712
Adjustments in respect of previous period	38,647	-
Tax on profit on ordinary activities	2,779,797	1,433,435

(b) Factors affecting the tax charge for the period

The tax assessed on the profit of ordinary activities for the period is lower than the standard rate of Corporation tax in the UK. The differences are explained below

	2002	2001
	£	£
Profit on ordinary activities before tax	9,701,762	5,830,029
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	2,910,528	1,749,010
Effect of:		
Disallowed expenses and non taxable income	13,500	21,695
Capital allowances for the period in excess of depreciation	(207,408)	(159,712)
Adjustments in respect of previous periods	(228,478)	(109,488)
Accounting (profit)/loss on chargeable assets	(87,364)	(227,782)
Capital Gains	132,964	-
Current tax charge (note a)	2,533,742	1,273,723

Redman Heenan Properties Limited

NOTES TO THE ACCOUNTS at 30 November 2002

6. TANGIBLE FIXED ASSETS

	<i>Freehold Investment Properties</i>	<i>Long leasehold investment properties</i>	<i>Plant and machinery</i>	<i>Total</i>
	£	£	£	£
Cost or valuation:				
At 30 November 2001	87,708,815	26,884,625	29,263	114,622,703
Transfers	525,000	(525,000)	-	-
Additions	3,239,261	7,911,565	-	11,150,826
Surplus on revaluation	2,528,517	3,697,514	-	6,226,031
Disposals	(1,306,593)	(248,196)	-	(1,554,789)
At 30 November 2002	92,695,000	37,720,508	29,263	130,444,771
Depreciation:				
At 30 November 2001	-	-	10,991	10,991
Provided during the year	-	-	6,091	6,091
At 30 November 2002	-	-	17,082	17,082
Net book value:				
At 30 November 2002	92,695,000	37,720,508	12,181	130,427,689
At 30 November 2001	87,708,815	26,884,625	18,272	114,611,712

The investment properties were valued as at 30 November 2002, on the basis of open market value, by King Sturge & Co., Chartered Surveyors.

At 30 November 2002, the historical cost of the freehold and long leasehold investment properties included above at valuation were £62,014,938 (2001 : £59,557,270) and £29,885,061 (2001 : £22,746,692), respectively.

Redman Heenan Properties Limited

NOTES TO THE ACCOUNTS at 30 November 2002

7. DEBTORS

	2002	2001
	£	£
Amounts falling due within one year		
Trade debtors	368,668	196,413
Amounts owed by parent company	4,850,930	6,197,289
Other debtors	814,416	460,155
	<u>6,034,014</u>	<u>6,853,857</u>

8. CREDITORS: amounts falling due within one year

	2002	2001
	£	<i>Restated</i> £
Trade creditors	362,286	790,617
Amount due to parent company	99,278	530,821
Amount due to subsidiary	2,634,728	-
Corporation tax	375,092	1,504,452
Taxation and social security payable	133,419	246,668
Accruals and deferred income	1,530,714	1,416,603
	<u>5,135,517</u>	<u>4,489,161</u>

9. CREDITORS: amounts falling due after one year

	2002	2001
	£	£
Bank loans (repayable after more than five years by instalments)	45,931,500	32,344,000

The bank loans are secured by fixed charges over certain of the company's investment properties based on 1% over LIBOR.

Redman Heenan Properties Limited

NOTES TO THE ACCOUNTS at 30 November 2002

10. DEFERRED TAXATION

The amounts of deferred taxation provided and unprovided in the accounts are:

	<i>Provided</i>		<i>Unprovided</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	£	£	£	£
Capital allowances in excess of depreciation	2,604,343	2,358,288	-	-
Revaluation of properties	-	-	9,218,311	7,797,394
	<u>2,604,343</u>	<u>2,358,288</u>	<u>9,218,311</u>	<u>7,797,394</u>

The movements in deferred taxation during the current and previous years are as follows:

	<i>2002</i>	<i>2001</i>
	£	£
At 1 December	2,358,288	2,198,576
(Credit)/charge for the year	246,055	159,712
At 30 November	<u>2,604,343</u>	<u>2,358,288</u>

11. CALLED UP SHARE CAPITAL

	<i>2002</i>	<i>2001</i>
	£	£
Authorised 120,000,000 ordinary shares of 25p each	30,000,000	30,000,000
Allotted and fully paid 118,338,044 ordinary shares of 25p each	<u>29,584,511</u>	<u>29,584,511</u>

Redman Heenan Properties Limited

NOTES TO THE ACCOUNTS at 30 November 2002

12. RESERVES

	<i>Revaluation Reserve</i>	<i>Profit and loss account Restated</i>
	£	£
At 30 November 2001 as previously stated	32,289,477	21,107,843
Prior year adjustment (note 16):		
UITF28	-	421,815
FRS19		719,219
As restated	32,289,477	22,248,877
Profit for the year	-	6,921,965
Surplus arising on revaluation of property	6,226,031	-
Realisation of property revaluation gains of prior years	(246,004)	246,004
At 30 November 2002	38,269,504	29,416,846

13. CONTINGENT LIABILITIES

The company has guaranteed the bank loan and overdrafts of certain fellow subsidiary companies, which at 30 November 2002 amounted to £12,223,655 (2001: £10,143,110) and has granted fixed charges over its investment properties as security.

14. CAPITAL COMMITMENTS

At 30 November 2002, the company had no contracted capital expenditure (2001 : £Nil).

15. ULTIMATE PARENT COMPANY AND GROUP TRANSACTIONS

The ultimate parent company is St Modwen Properties PLC, a company registered in England. Copies of the group report and accounts of St Modwen Properties PLC are available from the Registered Office at Lyndon House, 58/62 Hagley Road, Edgbaston, Birmingham B16 8PE.

As the company is wholly owned by the group, it has taken advantage of the exemption under FRS 8 "Related Party Disclosures" not to disclose transactions with other companies in the group.

16. PRIOR YEAR ADJUSTMENT

The company has adopted UITF28 Operating lease incentives. This has resulted in the recognition of an additional £427,712 of rental income in 2001 and additional tax of £128,314. The opening reserve as at 1 December 2001 has been increased by £122,417 being the additional retained profit in respect of the year to 30 November 2000.

The implementation of FRS19 has resulted in an increase in the tax charge for the current year of £719,219, as recorded in the company's profit and loss account and an increase in the opening reserves as at 30 November 2001 of £719,219.