

**THE LONDON COUNTY FREEHOLD AND  
LEASEHOLD PROPERTIES LIMITED**

**Financial Statements 2002**

Co. Reg. No. 104007



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**THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES LIMITED**  
**Directors' report**

The directors present their report and financial statements for the year ended 30 September 2002. The result for the year is shown in the attached profit and loss account.

The principal activity of the company is property investment. The directors foresee no material change in the scope or nature of the company's activities.

Directors who have served during the year were:

Mr S J East  
 Mr S McGarrity  
 Mr D B J Price (resigned 31 December 2001)  
 Mr R T E Ware  
 Mr I R Watters

Except as outlined below no director had any interest in the ordinary share or loan capital of any group company as at 30 September 2002.

Leconport Estates Loan Notes of £1 each	At 30 September 2002	At 1 October 2001
Mr S J East	3,938	14,108
Mr S McGarrity	8,772	8,772
Mr R T E Ware	-	-
Mr I R Watters	77,659	77,659

The Company secretary is MEPC Secretaries Limited who was appointed on 31 December 2001. The previous Company secretary Mr D B J Price resigned on 31 December 2001.

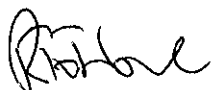
**Directors responsibilities in respect of the preparation of financial statements**

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 for that period. In preparing these 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board



**R T E WARE**  
 Director  
 31 January 2003

**Independent auditors report to the members of  
THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES LIMITED**

We have audited the financial statements on pages 3 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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, are 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 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London  
31 January 2003

**THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES LIMITED**

**Profit and loss account**

**For the year ended 30 September 2002**

	<u>Notes</u>	<u>2002</u> £'000	<u>2001</u> £'000
Net income from properties	2	15	739
Administrative expenses	3	-	(2)
Operating profit		15	737
(Loss)/gain on fixed asset disposals	4	(10)	561
Cost of finance (net)	5	-	10,300
<b>Profit on ordinary activities before and after taxation</b>		<b>5</b>	<b>11,598</b>
<b>Historical cost profits and losses</b>			
Profit on ordinary activities before taxation		5	11,598
Realisation of property revaluation losses		-	(295)
Historical cost profit on ordinary activities before taxation		5	11,303
Historical cost profit retained		<b>5</b>	<b>11,303</b>

There were no other gains or losses apart from the results shown in the profit and loss account.

Details of reserve movements are in note 9.

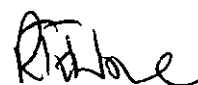
## THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES LIMITED

## Balance sheet

As at 30 September 2002

	<u>Notes</u>	<u>2002</u> £'000	<u>2001</u> £'000
<b>Fixed assets</b>			
Investment in subsidiary undertakings	6	353,209	353,209
<b>Current assets</b>			
Debtors: Amounts falling due within one year	7	38	35
Amounts falling due after more than one year	7	126,379	126,416
		<u>479,626</u>	<u>479,660</u>
<b>Capital and reserves</b>			
Called up share capital	8 & 9	23,940	23,940
Share premium account	9	336,018	336,018
Profit and loss account	9	119,547	119,542
<b>Shareholders' funds</b>		<u>479,505</u>	<u>479,500</u>
Creditors: Amounts falling due within one year	10	121	160
		<u>479,626</u>	<u>479,660</u>

Approved by the Board of Directors  
on 31 January 2003  
and signed on its behalf by:



**R T E WARE**  
Director

**THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES LIMITED**  
**Notes (forming part of the financial statements)**

**1 Accounting policies**

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with section 226 of, and Schedule 4 to, the Companies Act 1985 and applicable accounting standards.

Properties

Investment properties are included at valuation.

All surpluses and deficits against book value arising on the valuation are transferred to the revaluation reserve except for those deficits expected to be permanent, which are included in the profit and loss account.

Net gains or losses on disposal of properties are calculated by reference to book value at date of disposal.

Amortisation

In accordance with Statement of Standard Accounting Practice No 19, (i) investment properties are revalued and the aggregate surplus or deficit is transferred to a revaluation reserve; and (ii) no amortisation is provided in respect of leasehold investment properties with over 20 years to expiry. This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, the properties are not held for consumption but for investment and the directors consider that systematic amortisation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Taxation

With effect from 1 October 1997, the taxation charges or credits attributable to the results of all wholly owned UK subsidiaries of MEPC Limited are charged or credited in a single subsidiary company, MEPC UK Holdings as part of a group arrangement. No deferred taxation is provided in these accounts since any future corporation tax liability or asset that might crystallise will be reflected in the accounts of MEPC UK Holdings in accordance with the arrangement referred to above. Provision for deferred taxation has been made in the accounts of MEPC UK Holdings, having regard to the group deferred taxation position.

Cash flow

Under FRS1 Cash Flow Statement (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

**THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES LIMITED**
**Notes (continued)**
**2 Net income from properties**

	<u>2002</u> £'000	<u>2001</u> £'000
Gross rental income and other charges (UK)	-	1,693
Gross rental income	-	1,226
Less: Ground rents	-	258
Other property outgoings less recoveries from tenants	(15)	229
	15	487
	15	739

**3 Administrative expenses**

The directors of the company received no remuneration during the year. The company did not employ any other persons as it is administered by employees of MEPC Limited. Audit fees are paid by MEPC Limited and are accounted for on a group basis.

**4 (Loss)/gain on fixed asset disposals**

	<u>2002</u> £'000	<u>2001</u> £'000
	(10)	561

The gain reflects the difference between the net sale proceeds and the book value at the date of disposal.

**5 Cost of finance (net)**

	<u>2002</u> £'000	<u>2001</u> £'000
Interest received from fellow subsidiary undertaking	-	10,300

**6 Investment in subsidiary undertakings**

Group accounts incorporating the financial statements of subsidiary undertakings are not prepared as the company is a wholly owned subsidiary undertaking of a company registered in England and Wales.

Investment in subsidiary undertakings is held at cost and provision by the parent undertaking against its investment is only made where the underlying value of the subsidiary is less than the book value in the parent undertaking and the deficit is considered to be permanent.

The principal subsidiary undertaking is English Property Corporation Limited a company registered in England and Wales.

**THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES LIMITED**  
**Notes (continued)**

**7 Debtors**

	<u>2002</u> £'000	<u>2001</u> £'000
Amounts falling due within one year:		
Other debtors	38	35
Amounts falling due after more than one year:		
Amount due by fellow subsidiary undertaking	-	100,000
Amount due by intermediate holding company MEPC Limited	126,379	26,416
	<u>126,379</u>	<u>126,416</u>

**8 Called up share capital**

	Authorised		Allotted, issued and fully paid			
	2002	2001	2002		2001	
	£'000	£'000	No	£'000	No	£'000
Ordinary shares of 50p each	23,940	23,940	47,879,346	23,940	47,879,346	23,940
5.5% Cumulative preference shares of £1 each	821	821	-	-	-	-
Unclassified shares of 50p each	2,010	2,010	-	-	-	-
	<u>26,771</u>	<u>26,771</u>	<u>47,879,346</u>	<u>23,940</u>	<u>47,879,346</u>	<u>23,940</u>

**9 Capital and reserves**

	Share Capital £'000	Share Premium £'000	Profit & Loss £'000	<u>2002</u> £'000	<u>2001</u> £'000
1 October	23,940	336,018	119,542	479,500	467,902
Retained profit			5	5	11,598
30 September	<u>23,940</u>	<u>336,018</u>	<u>119,547</u>	<u>479,505</u>	<u>479,500</u>

**10 Creditors**

	<u>2002</u> £'000	<u>2001</u> £'000
Amounts falling due within one year:		
Accruals and rent in advance	121	160



**THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES LIMITED**

**Notes (continued)**

**11 Ultimate parent company and intermediate holding company**

The ultimate parent company and largest group in which the results of the company are consolidated is that headed by Leconport Estates. The consolidated accounts of this group are available from Clarges House, 6-12 Clarges Street, London, W1J 8DH.

The intermediate holding company and smallest group in which the results of the company are consolidated is that headed by MEPC Limited. The consolidated accounts of this group are available from 103 Wigmore Street, London, W1U 1AH.