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RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT AND ACCOUNTS

31 MARCH 1986

Price Waterhouse



RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1986

The directors present their report and the audited accounts of the Company for the year ended 31 March 1986.

RESULTS AND DIVIDENDS

The results for the year and the state of the Company's affairs are as shown in the accounts. The income available for distribution amounted to £1,443,177. The directors recommend that this amount be paid as a dividend.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

During the year the Company has continued its business of industrial property development and investment throughout the United Kingdom. There will be no change in the Company's principal activities in the foreseeable future.

Property movements are set out in Note 6 to the Accounts. The Company acquired the freehold reversion of its industrial holding in Pump Lane, Hayes, Middlesex, which accounted for a large part of the capital expenditure during the year. The Company's interest in the property is now freehold.

DIRECTORS

The directors are:

PJ Hunt, BSc(Est Man) FRICS (Chairman)
CH Behrens
W Mathieson, FRICS
RC Pavitt
JM Moar, FRICS
J Maynard
R D S Nevett, FRICS - appointed 1 April 1986

In accordance with the Company's Articles of Association, R D S Nevett, the Director appointed on 1 April 1986, retires and being eligible offers himself for re-appointment.

DIRECTORS' INTERESTS

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

PJ Hunt and JM Moar are directors of Land Securities PLC, the ultimate holding company, and their interests are shown in the directors' report of that company.

The interests of the other directors in the shares of Land Securities PLC were as follows:

RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1986 (Continued)

	<u>Beneficial interests</u>		<u>Non-beneficial interests</u>	
	<u>31 March 1986</u>	<u>31 March 1985</u>	<u>31 March 1986</u>	<u>31 March 1985</u>
<u>Ordinary shares</u>				
CH Behrens	14,110	15,954	-	-
W Mathieson	3,110	2,354	-	-
RC Pavitt	5,017	4,393	-	-
J Maynard	18,986	18,536	36,463	37,933
R D S Nevett	920	640	-	-

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 reappoint the auditors, Price Waterhouse, Chartered Accountants.

By Order of the Board

Landsec House
21 New Fetter Lane
London EC4P 4PY

LA Jones
Secretary

14 May 1986



**AUDITORS' REPORT TO THE MEMBERS OF
RAVENSEFT INDUSTRIAL ESTATES LIMITED**

We have audited the accounts on pages 4 to 11 in accordance with approved Auditing Standards. In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 March 1986 and of its profit for the year then ended and comply with the Companies Act 1985.

The accounts 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

14 May 1986

RAVENSEFT INDUSTRIAL ESTATES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1986

	Notes	<u>1986</u>	<u>1985</u>
TOTAL INCOME	2	£6,074,028 =====	£6,029,121 =====
Net rents and interest receivable	2	5,151,872	5,069,697
LESS: INTEREST PAYABLE	2	<u>2,907,367</u>	<u>2,775,723</u>
INCOME ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,244,505	2,293,974
TAXATION	4	<u>801,328</u>	<u>619,208</u>
INCOME FOR THE YEAR AVAILABLE FOR DISTRIBUTION		1,443,177	1,674,766
Proposed ordinary dividend		<u>1,443,177</u>	<u>1,674,766</u>
INCREASE IN RETAINED EARNINGS		£ - =====	£ - =====
CAPITAL SURPLUSES/(DEFICITS)			
Unrealised deficit on valuation of properties	6	(2,056,222)	(2,829,816)
Realised on sale of properties	5	(38,711)	(61,802)
Adjustments of tax on capital items relating to previous years		151,337	60,966
Other items		<u>(3,928)</u>	<u>3,306</u>
TOTAL DEFICIT TRANSFERRED FROM CAPITAL RESERVE	11	£(1,947,524) =====	£(2,827,346) =====

RAVENSEFT INDUSTRIAL ESTATES LIMITED

BALANCE SHEET - 31 MARCH 1986

	Notes	<u>1986</u>	<u>1985</u>
FIXED ASSETS			
Tangible assets:			
Properties	6	<u>47,234,250</u>	<u>49,473,250</u>
CURRENT ASSETS			
Debtors	7	886,029	911,680
CREDITORS: amounts falling due within one year	8	(<u>22,747,805</u>)	(<u>23,051,425</u>)
Net current liabilities		<u>(21,861,776)</u>	<u>(22,139,745)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		25,372,474	27,333,505
PROVISIONS FOR LIABILITIES AND CHARGES	9	<u>..(182,788)</u>	<u>..(196,295)</u>
		<u>£25,189,686</u>	<u>£27,137,210</u>
CAPITAL AND RESERVES			
Called-up share capital	10	563,333	563,333
Share premium account		59,916	59,916
Capital reserve	11	24,414,189	26,361,713
Profit and loss account		152,248	152,248
DIRECTORS			
CH Behrens			
W Mathieson			
Approved by the Board on 14 May 1986		<u>£25,189,686</u>	<u>£27,137,210</u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1986

1. ACCOUNTING POLICIES

(a) Income for the year available for distribution

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

Realised and unrealised capital surpluses and deficits are taken direct to capital reserve.

(b) Taxation

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

Tax on deemed disposals arising on first lettings of certain properties and development land tax are accounted for as part of the cost of such properties.

No provision is made for the amount of taxation which would become payable under present legislation in the event of future sales of properties at the amounts at which they are stated in the accounts. However, an estimate of the potential liability is shown in Note 10.

Deferred taxation is provided in full in respect of industrial buildings allowances claimed on unlet properties. Where a building is subsequently let to a qualifying tenant the related provision is credited to profit and loss account; if the building is let to a non-qualifying tenant the additional tax liability is offset against the provision.

(c) Properties

Properties are included in the accounts at the latest professional valuation. At 31 March 1986 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. Costs such as interest and other property outgoings in respect of developments and refurbishments are treated as revenue expenditure and written off as incurred.

(d) 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 accounts 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.

(e) Companies Act

The accounts have been prepared in compliance with the Companies Act 1985.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1986 (CONTINUED)

2. INCOME ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1986</u>	<u>1985</u>
Rental income	5,693,001	5,651,550
Service charges and other recoveries	374,122	375,038
Interest receivable	<u>6,905</u>	<u>2,533</u>
Total income	6,074,028	6,029,121
<u>Less:</u>		
Ground rents payable	39,240	63,553
Other property outgoings	460,308	469,558
Administration expenses (Note 3)	<u>422,608</u>	<u>426,313</u>
	<u>922,156</u>	<u>959,424</u>
Net rents and interest receivable	5,151,872	5,069,697
<u>Less: Interest payable:</u>		
On amounts owing to a fellow subsidiary	2,882,367	2,775,723
Other	<u>25,000</u>	<u>-</u>
	<u>2,907,367</u>	<u>2,775,723</u>
Income on ordinary activities before taxation	<u>£2,244,505</u>	<u>£2,293,974</u>
	=====	=====

All ground rents are payable for terms in excess of five years.

3. ADMINISTRATION EXPENSES

(a) Management services

The Company had no employees during either year. Management services were provided to the Company throughout the period by Land Securities (Management) Limited, which is a fellow subsidiary company.

(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.

(c) Auditors' remuneration

Administration expenses include auditors' remuneration of £5,300 (1985: £5,800).

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1986 (CONTINUED)

4. TAXATION

The taxation charge is made up as follows:

Corporation tax at 40% (1985: 45%)
on the income on ordinary activities
before taxation

<u>1986</u>	<u>1985</u>
897,802	1,032,288

Add/(deduct):

Tax allowances on expenditure included in
additions to properties

(178,780)	(143,535)
87,116	-

Balancing charges

(2,236)	(135,322)
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Other adjustments for taxation purposes

803,902	753,431
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Adjustments relating to previous years

(2,574)	(134,223)
<u>£801,328</u>	<u>£619,208</u>
=====	=====

Other adjustments for taxation purposes include deferred tax credits totalling £13,507 (1985: £136,049) arising on properties which have now been let to qualifying tenants.

5. CAPITAL (DEFICIT)/SURPLUS ON SALES OF PROPERTIES

	<u>1986</u>	<u>1985</u>
Deficit over book value	(88,143)	(27,361)
Tax on capital losses/(gains)	<u>49,432</u>	<u>(34,441)</u>
	<u>£(38,711)</u>	<u>£(61,802)</u>
	=====	=====

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1986 (CONTINUED)

6. PROPERTIES

	<u>Freehold</u>	<u>Leaseholds</u>		<u>Total</u>
		<u>Over 50 years to run</u>	<u>Under 50 years to run</u>	
At 1 April 1985:				
At valuation by Knight Frank & Rutley	45,397,750	4,037,500	38,000	49,473,250
Movements during year:				
Additions	625,679	543	-	626,222
Disposals	(557,000)	(252,000)	-	(809,000)
Reclassifications	<u>1,010,000</u>	<u>(1,010,000)</u>	<u>-</u>	<u>-</u>
	46,476,429	2,776,043	38,000	49,290,472
Deficit on valuation	<u>(1,863,179)</u>	<u>(192,043)</u>	<u>(1,000)</u>	<u>(2,056,222)</u>
At 31 March 1986:				
At valuation by Knight Frank & Rutley	<u>£44,613,250</u>	<u>£2,584,000</u>	<u>£37,000</u>	<u>£47,234,250</u>

The amount of tax on capital gains which would become payable under present legislation in the event of sales of the properties at the amounts at which they are stated is in the region of £4,500,000.

7. DEBTORS

	<u>1986</u>	<u>1985</u>
Amounts falling due within one year:		
Trade debtors	621,140	595,617
Capital debtors	26,590	24,224
Other debtors	114,960	231,392
Prepayments and accrued income	123,339	58,447
Amount falling due after more than one year:		
Capital debtors	<u>-</u>	<u>2,000</u>
	<u>£886,029</u>	<u>£911,680</u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1986 (CONTINUED)

8. CREDITORS: amounts falling due within one year

	<u>1986</u>	<u>1985</u>
Amount owed to a group company	19,344,450	19,303,120
Taxation	590,786	726,636
Proposed ordinary dividend	1,443,177	1,674,766
Capital creditors	54,886	28,099
Other creditors	82,444	101,159
Accruals and deferred income	<u>1,232,062</u>	<u>1,217,645</u>
	<u>£22,747,805</u>	<u>£23,051,425</u>

The amount owed to a group company has no fixed repayment date.

9. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1986</u>	<u>1985</u>
Deferred taxation - industrial buildings allowances	<u>£182,788</u>	<u>£196,295</u>

10. CALLED UP SHARE CAPITAL

	<u>1986</u>	<u>1985</u>
Authorised 3,750,000 ordinary shares of 20p each	<u>£750,000</u>	<u>£750,000</u>
Allotted and fully paid 2,816,667 ordinary shares of 20p each	<u>£563,333</u>	<u>£563,333</u>

11. CAPITAL RESERVE

The movement on capital reserve for the year was:

At 1 April 1985	26,361,713
Deficit arising in the year (page 4)	<u>(1,947,524)</u>
At 31 March 1986	<u>£24,414,189</u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1986 (CONTINUED)

12. COMMITMENTS FOR FUTURE CAPITAL EXPENDITURE

	<u>1986</u>	<u>1985</u>
Under contracts	3,410	-
Board authorisations not contracted	<u>-</u>	<u>15,000</u>
	<u>£3,410</u>	<u>£15,000</u>
	=====	=====

13. CONTINGENT LIABILITIES

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

14. HOLDING COMPANY

The ultimate holding company is Land Securities PLC which is registered in England.