



Brightstone Estates Limited

31 December 1994

Registered number 445626

Brightstone Estates Limited

Directors' report and consolidated financial statements

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Brightstone Estates Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

Business review and principal activity

The principal activity of the company is investment in property and their income is mainly derived therefrom. There has been no significant change in this activity during the year and none is currently anticipated.

The results of the company for the year are set out on page 5.

Dividends

An interim dividend of £120,000 was paid in September 1994 and the directors recommend the payment of a final dividend of £176,000 (*1993: interim £150,000; final £nil*).

Fixed assets

The directors have had the company's investment properties valued by independent property consultants at 31 December 1994 on the basis of their open market values.

Brightstone Estates Limited

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year were as follows:

J Eker	(appointed 24 March 1994)
CS Fairhurst	(appointed 24 March 1994)
IDB Bond	(resigned 24 March 1994)
RC Jacobs	
RE Munn	(resigned 24 March 1994)
MEW Jackson	(appointed 24 March 1994)

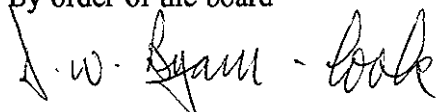
The directors retiring by rotation are Messrs Eker, Fairhurst and Jackson who, being eligible offer themselves for re-election.

The directors have no interest in the share capital of the company. Their interests in the share capital of the ultimate parent company, Brightstone Properites PLC, are as disclosed in the report and accounts of that company.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



DW Byam-Cook
Secretary

Brightstone Estates Limited

Statement of directors' responsibilities

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 of the company for that period. In preparing those 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 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.



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Auditors' report to the members of Brightstone Estates Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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, 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 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditors

8 March 1995

Brightstone Estates Limited

Profit and loss account

for the year ended 31 December 1994

	Note	1994 £	1993 £
Property income	2	751,354	851,178
Irrecoverable property outgoings		(76,368)	(88,939)
Net property income		674,986	762,239
Administrative expenses		(565,327)	(318,354)
Other operating income	2	213,087	14,581
Other interest receivable and similar income		135,353	203,606
Interest payable and similar charges	3	(557,743)	(589,532)
Income from shares in group undertakings		114,216	1,500,000
Movement on provisions for permanent diminution		163,525	(89,313)
Profit on ordinary activities before taxation	4-6	178,097	1,483,227
Tax on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation		178,097	1,483,227
Dividends		(296,000)	(150,000)
Retained profit for the year		(117,903)	1,333,227
Retained profit brought forward		1,855,026	521,799
Transfer to capital reserve		(476,049)	-
Retained profit carried forward		1,261,074	1,855,026

Brightstone Estates Limited

Balance sheet at 31 December 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	8	10,540,828		9,179,286	
Investments	9	59,664		69,664	
		10,600,492		9,248,950	
Current assets					
Stock	10	5,000		5,000	
Debtors	11	99,505		1,549,124	
Cash at bank and in hand		1,531,793		3,700,100	
		1,636,298		5,254,224	
Creditors: amounts falling due within one year	12	(1,432,875)		(4,085,347)	
Net current assets		203,423		1,168,877	
Total assets less current liabilities		10,803,915		10,417,827	
Creditors: amounts falling due after more than one year	13	(4,250,000)		(4,250,000)	
Net assets		6,553,915		6,167,827	
Capital and reserves					
Called up share capital	16	1,500,000		1,500,000	
Revaluation reserve	17	3,792,841		3,288,850	
Capital reserve	17	-		(476,049)	
Profit and loss account		1,261,074		1,855,026	
Shareholders' funds	18	6,553,915		6,167,827	

These financial statements were approved by the board of directors on 8th March 1995 and were signed on its behalf by:

Richard Jacobs

RC Jacobs
Director

Brightstone Estates Limited

Statement of total recognised gains and losses *for the year ended 31 December 1994*

	1994 £	1993 £
Profit for the financial year	178,097	1,483,227
Unrealised surplus on revaluation of properties	<u>503,991</u>	<u>959,082</u>
Total gains and losses recognised since last financial statements	<u>682,088</u>	<u>2,442,309</u>

Brightstone Estates Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of properties.

Investment properties

In accordance with Statement of Standard Accounting Practice No 19,

- i investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve; and
- ii no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

As these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation or amortisation is inappropriate, the accounting policy adopted (which may represent a departure from the requirements of the Companies Act 1985 to depreciate or amortise fixed assets) is therefore considered necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation. Permanent diminutions in the value of properties are taken to the profit and loss account.

Trading properties

Trading properties are valued at the lower of cost and net realisable value.

Brightstone Estates Limited

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Turnover

	1994 £	1993 £
Gross rental income	751,354	851,178
Other operating income*	213,087	14,581
	<u>964,441</u>	<u>865,759</u>

* includes £213,087 of management charges receivable from group companies (1993: £nil).

3 Interest payable and similar charges

	1994 £	1993 £
Interest payable on debenture loans wholly repayable within five years of the year end	81,900	112,657
Interest payable on other debenture loans	475,843	476,875
	<u>557,743</u>	<u>589,532</u>

Brightstone Estates Limited

Notes (continued)

4 Profit on ordinary activities before taxation

	1994	1993
	£	£
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration	13,000	13,000
Depreciation	<u>8,974</u>	<u>7,621</u>

5 Remuneration of directors

The emoluments of the highest paid director, excluding pension contributions, were £25,203 (1993:£112,206).

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 1 (1993:1).

The aggregate payroll costs were as follows:

	1994	1993
	£	£
Wages and salaries	48,759	98,558
Social security costs	5,001	10,248
Other pension costs	<u>4,021</u>	<u>23,284</u>
	<u>57,781</u>	<u>132,090</u>

Brightstone Estates Limited

Notes *(continued)*

7 Taxation

	1994 £	1993 £
UK corporation tax at 25% (1993:33%) on the profit for the year on ordinary activities	- <hr/>	(131,697) <hr/>
	- <hr/>	(131,697) <hr/>

Brightstone Estates Limited

Notes (continued)

8 Tangible fixed assets

	Fixtures fittings tools and equipment £	Investment properties £	Total £
Company			
<i>Cost or valuation</i>			
At beginning of year	35,780	9,165,719	9,201,499
Additions	20,516	682,484	703,000
Surplus on revaluation	-	667,516	667,516
	<hr/>	<hr/>	<hr/>
At end of year	56,296	10,515,719	10,572,015
	<hr/>	<hr/>	<hr/>
<i>Depreciation and diminution in value</i>			
At beginning of year	22,213	-	22,213
Charge for year	8,974	-	8,974
	<hr/>	<hr/>	<hr/>
At end of year	31,187	-	31,187
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 1994	<u>25,109</u>	<u>10,515,719</u>	<u>10,540,828</u>
At 31 December 1993	<u>13,567</u>	<u>9,165,719</u>	<u>9,179,286</u>

Brightstone Estates Limited

Notes (continued)

8 Tangible fixed assets (continued)

The investment properties have been independently valued by Smith Melzack, Property Consultants, as at 31 December 1994 on the basis of their open market values.

Investment properties held by the company include long leasehold properties shown at valuation of £2,260,000 (1993:£2,160,000). All other properties held by the company are freehold. The amount of land and buildings at valuation determined according to the historical cost accounting rules is £6,722,878 (1993:£5,876,869)

9 Fixed asset investments

	Shares in group undertakings £
<i>Cost</i>	
Balance at 1 January 1994	69,664
Disposals	(10,000)
	<hr/>
Balance at 31 December 1994	59,664

Brightstone Estates Limited

Notes (continued)

10 Stocks

	1994	1993
	£	£
Properties held for resale	<u>5,000</u>	<u>5,000</u>

11 Debtors

	1994	1993
	£	£
Trade debtors	23,360	-
Amounts owed by subsidiary undertakings	-	1,500,000
Other debtors	44,165	33,480
Prepayments and accrued income	<u>31,980</u>	<u>15,644</u>
	<u>99,505</u>	<u>1,549,124</u>

12 Creditors: amounts falling due within one year

	1994	1993
	£	£
Debenture	-	1,040,050
Bank loans and overdrafts	84,920	75,714
Trade creditors	138,046	-
Amounts owed to subsidiary undertakings	483,296	2,203,909
Amounts owed to parent undertaking	88,026	203,275
Other creditors including taxation and social security	174,345	181,153
Accruals and deferred income	288,242	231,246
Proposed dividend payable to parent	<u>176,000</u>	<u>150,000</u>
	<u>1,432,875</u>	<u>4,085,347</u>

Brightstone Estates Limited

Notes (continued)

13 Creditors: amounts falling due after more than one year

	1994 £	1993 £
Debenture loans	<u>4,250,000</u>	<u>4,250,000</u>

The debenture loans comprise:

- (i) 10.91% £2,250,000 First Mortgage Debenture Stock repayable 2012 and
- (ii) 11.57% £2,000,000 First Mortgage Debenture Stock repayable 2013

14 Secured liabilities

The debenture loans shown in note 13 above are secured by a fixed charge on certain of the investment properties owned by the company, included at a valuation of £4,950,000. In addition certain investment properties owned by subsidiary companies are secured by a fixed charge.

The 2012 and 2013 debenture loans are also secured by a floating charge on the total assets of Brightstone Estates Limited and a number of its subsidiary undertakings.

15 Provisions for liabilities and charges

No provision for deferred tax has been made as the directors do not foresee a liability crystallising in the foreseeable future.

The full potential liability not provided is:

	£
Accelerated capital allowances	108,112
Potential gains/(losses) on revalued properties	467,452
Less: Capital losses	<u>(389,656)</u>
	<u>185,908</u>

Brightstone Estates Limited

Notes (continued)

16 Called up share capital

	1994 £	1993 £
<i>Authorised</i>		
1,500,000 ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>
<i>Allotted, called up and fully paid</i>		
1,500,000 ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

17 Reserves

	Revaluation £	Capital £
At 1 January 1994	3,288,850	(476,049)
Surplus on revaluation	503,991	-
Transfer from profit and loss account	-	<u>476,049</u>
At 31 December 1994	<u>3,792,841</u>	<u>-</u>

18 Reconciliation of movements in shareholders' funds

	1994 £
Profit for the financial year	178,097
Dividends	<u>(296,000)</u>
	(117,903)
Other recognised gains and losses relating to the year	<u>503,991</u>
Net addition to shareholders' funds	386,088
At 1 January 1994	<u>6,167,827</u>
At 31 December 1994	<u>6,553,915</u>

Brightstone Estates Limited

Notes *(continued)*

19 **Subsidiary companies**

The company owns all of the ordinary share capital of its subsidiary companies, which are all registered in England and Wales. With the exception of Brightstone (Hampshire) Properties Limited which is a property dealing company, the subsidiaries are involved in property investment. The subsidiaries are as follows:

Brightstone (Midlands) Investments Limited
Brightstone (Southern) Investments Limited
Brightstone (Hampshire) Properties Limited *
Southern Trading Estate (Staines) Limited *

* Currently not actively trading.

The company has agreed to continue, for the next twelve months, to provide the finance necessary to the continuing operations of Brightstone (Midlands) Investments Limited, Brightstone (Southern) Investments Limited and Brightstone (Hampshire) Properties Limited.

20 **Holding company**

The company's ultimate holding company is Brightstone Properties PLC, a company registered in England and Wales.

Copies of the financial statements of Brightstone Properties PLC are available from its registered office at 11-12 Pall Mall, London SW1Y 5LU.