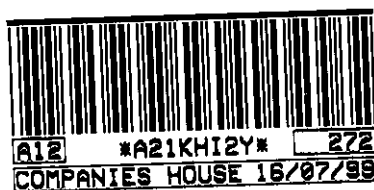


**Deritend Investments (Crumpsall) Limited**

**Directors' report and financial statements**

31 December 1998

Registered number 604712



## **Directors' report and financial statements**

### **Contents**

|   |   |
|---|---|
| Directors' report   | 1 |
| Report of the joint auditors, Cohen, Arnold & Co. and KPMG, to the members of<br>Deritend Investments (Crumpsall) Limited | 4 |
| Profit and loss account   | 5 |
| Balance sheet   | 6 |
| Notes   | 7 |

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

### **Principal activity**

The principal activity of the company is property trading. There has been no significant change in the nature of the company's business activity during the year under review nor is any envisaged in the immediate future.

### **Financial statements and dividends**

The result for the year ended 31 December 1998 is set out in the attached financial statements.

The directors do not recommend the payment of a dividend (1997:£Nil).

### **Property**

A professional valuation of property held for trading was carried out at 31 December 1996 and this revealed a surplus over book value of £114,410 at that time (of which £83,060 related to property still held at 31 December 1998) which was not incorporated into the financial statements. The directors are satisfied that at 31 December 1998 property held for trading had a value considerably in excess of its book value.

### **Directors and directors' interests**

The directors who held office during the year, and who are still in office, are:

Mr BSE Freshwater

Mr D Davis

The Articles of Association of the company do not require the directors to retire by rotation.

The directors do not have service contracts nor do they receive any emoluments from the company.

Day-to-day management of the company's property is carried out by Highdom Co. Limited. Mr BSE Freshwater is a director of Highdom Co. Limited and has a non-beneficial interest in its share capital.

The whole of the issued capital of the company is owned by E. Alec Colman Investments Limited. At 31 December 1998 neither of the directors had any interest in the share capital of the company, the company's parent undertaking or any subsidiary of the company's parent undertaking.

The ultimate parent undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts.

## **Directors' report** *(continued)*

### **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 ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which 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.

### **Year 2000**

The Company is in the process of assessing the impact of the Year 2000 issue on its reporting systems and operations. The Year 2000 issue arises because many computer systems and applications currently use 2-digit fields to designate a year. Consequently, certain data sensitive systems may therefore recognise the Year 2000 as 1900 or not at all, resulting in the applications not functioning or not operating correctly.

The Company's plans are well advanced to address the impact of the Year 2000 issue. Work has been completed on the core financial and business information systems, and is progressing according to schedule in respect of other systems.

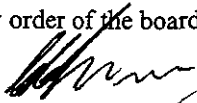
The Directors are satisfied that on-going reviews are appropriate to ensure that the Company's operations will not be adversely affected by the Year 2000 issue. It is envisaged that the financial costs of compliance are not significant to the Company.

**Directors' report** *(continued)*

**Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of Cohen, Arnold & Co. and KPMG as joint auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**CC Morse**  
*Secretary*

Freshwater House  
158/162 Shaftesbury Avenue  
London WC2H 8HR

## **Report of the joint auditors, Cohen, Arnold & Co. and KPMG, to the members of Deritend Investments (Crumpsall) Limited**

We have audited the financial statements on pages 5 to 10.

### *Respective responsibilities of directors and auditors*

As indicated in the Directors' Report 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 financial 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 1998 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Cohen, Arnold & Co.**  
Chartered Accountants  
Registered Auditors  
London



**KPMG**  
Chartered Accountants  
Registered Auditors  
London

18 MAY 1999

## Profit and loss account

*for the year ended 31 December 1998*

|   | <i>Note</i> | 1998            | 1997          |
|---|-------------|-----------------|---------------|
|   |             | £               | £             |
| Property sales  |             | -               | 59,850        |
| Cost of sales   |             | -               | (9,468)       |
|   |             | <hr/>           | <hr/>         |
| Rent and charges receivable                                 |             | 200             | 4,204         |
| Property outgoings  |             | (5,739)         | (7,037)       |
|   |             | <hr/>           | <hr/>         |
| Administrative expenses                                     |             | (5,539)         | (2,833)       |
|   |             | (1,200)         | (1,200)       |
|   |             | <hr/>           | <hr/>         |
| <b>Operating (loss)/profit</b>                              |             | <b>(6,739)</b>  | <b>46,349</b> |
| Interest payable  | 2           | (42,000)        | (44,000)      |
|   |             | <hr/>           | <hr/>         |
| <b>(Loss)/profit on ordinary activities before taxation</b> | <b>3</b>    | <b>(48,739)</b> | <b>2,349</b>  |
| Taxation  | 4           | 15,100          | (500)         |
|   |             | <hr/>           | <hr/>         |
| <b>Retained (loss)/profit for the financial year</b>        | <b>8</b>    | <b>(33,639)</b> | <b>1,849</b>  |
|   |             | <hr/> <hr/>     | <hr/> <hr/>   |

There are no recognised gains or losses (1997: £nil) other than the loss on ordinary activities after taxation.

None of the company's operations were discontinued during the year or during the previous year.

The movements on reserves are shown in note 8.


The notes on pages 7 to 10 form part of these financial statements.

## Balance sheet

at 31 December 1998

|   | Note | 1998<br>£ | 1997<br>£ |
|---|------|-----------|-----------|
| <b>Current assets</b>                                 |      |           |           |
| Stocks - property held for trading                    | 1    | 12,044    | 12,044    |
| Debtors   | 5    | 16,553    | 17,563    |
|   |      | <hr/>     | <hr/>     |
|   |      | 28,597    | 29,607    |
| <b>Creditors: amounts falling due within one year</b> | 6    | (580,684) | (548,055) |
|   |      | <hr/>     | <hr/>     |
| <b>Net liabilities</b>                                |      | (552,087) | (518,448) |
|   |      | <hr/>     | <hr/>     |
| <b>Capital and reserves</b>                           |      |           |           |
| Called up share capital                               | 7    | 100       | 100       |
| Profit and loss account                               | 8    | (552,187) | (518,548) |
|   |      | <hr/>     | <hr/>     |
|   |      | (552,087) | (518,448) |
|   |      | <hr/>     | <hr/>     |

These financial statements were approved by the board of directors on 13 MAY 1999 and were signed on its behalf by:

  
**BSE Freshwater**  
 Director

  
**D Davis**  
 Director

The notes on pages 7 to 10 form part of these financial statements.

## 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 under the historical cost convention and in accordance with applicable Accounting Standards.

The directors have received an assurance that an intermediate parent undertaking, Metropolitan Properties Company Limited, will continue to provide such resources as are required by the company. On the basis of this assurance the financial statements have been prepared on a going concern basis.

#### *Property held for trading*

Property held for trading is stated at the lower of cost and estimated net realisable value.

#### *Taxation*

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

#### *Cash flow statement*

The company is exempt from the requirement to prepare a cash flow statement (in accordance with Financial Reporting Standard No. 1) on the grounds that it is a wholly owned subsidiary undertaking of an intermediary company registered in England and Wales which prepares consolidated accounts that includes a consolidated cash flow statement.

### 2 Interest payable

|                               | 1998<br>£         | 1997<br>£         |
|-------------------------------|-------------------|-------------------|
| Group finance charges payable | 42,000            | 44,000            |
|                               | <u>          </u> | <u>          </u> |

**Notes (continued)**

**3 (Loss)/Profit on ordinary activities before taxation**

|  | 1998<br>£ | 1997<br>£ |
|--|-----------|-----------|
|--|-----------|-----------|

*(Loss)/Profit on ordinary activities before taxation is stated after charging*

|  |                   |                   |
|--|-------------------|-------------------|
| Auditors remuneration for audit services | 1,200             | 1,200             |
|  | <u>          </u> | <u>          </u> |

The directors of the company did not receive any emoluments from the company during the year or in the previous year.

Apart from the directors, there were no other employees of the company during the year or in the previous year.

**4 Taxation**

|   | 1998<br>£         | 1997<br>£         |
|---|-------------------|-------------------|
| Consideration receivable/(payable) for group relief | 15,100            | (700)             |
| Adjustment in respect of prior years                | -                 | 200               |
|   | <u>          </u> | <u>          </u> |
|   | 15,100            | (500)             |
|   | <u>          </u> | <u>          </u> |

**5 Debtors**

|  | 1998<br>£         | 1997<br>£         |
|--|-------------------|-------------------|
| Consideration receivable for group relief (note 4) | 15,100            | 16,200            |
| Other debtors and prepayments                      | 1,453             | 1,363             |
|  | <u>          </u> | <u>          </u> |
|  | 16,553            | 17,563            |
|  | <u>          </u> | <u>          </u> |

## Notes (continued)

### 6 Creditors: amounts falling due within one year

|   | 1998<br>£           | 1997<br>£           |
|---|---------------------|---------------------|
| Amount due to immediate parent undertaking      | 530,988             | 499,398             |
| Amount due to fellow subsidiary undertaking     | 47,782              | 46,407              |
| Consideration payable for group relief (note 4) | 700                 | 700                 |
| Other creditors and accruals                    | 1,214               | 1,550               |
|   | <hr/> 580,684 <hr/> | <hr/> 548,055 <hr/> |

### 7 Called up share capital

|   | 1998<br>£       | 1997<br>£       |
|---|-----------------|-----------------|
| <i>Authorised, allotted, called up and fully paid</i> |                 |                 |
| 100 Ordinary shares of £1 each                        | 100             | 100             |
|   | <hr/> 100 <hr/> | <hr/> 100 <hr/> |

### 8 Reserves

|                             | Profit and<br>loss account<br>(deficit)<br>£ |
|-----------------------------|--|
| At 1 January 1998           | (518,548)                                    |
| Loss for the financial year | (33,639)                                     |
|                             | <hr/>  |
| At 31 December 1998         | (552,187) <hr/>                              |

## Notes (continued)

### 9 Reconciliation of movements in shareholders' funds

|   | 1998<br>£ | 1997<br>£ |
|---|-----------|-----------|
| Retained (loss)/profit for the financial year | (33,639)  | 1,849     |
| Opening shareholders' funds                   | (518,448) | (520,297) |
|   | <hr/>     | <hr/>     |
| Closing shareholders' funds                   | (552,087) | (518,448) |
|   | <hr/>     | <hr/>     |

### 10 Directors' interests in contracts

Day-to-day management of the company's property is carried out by Highdorn Co. Limited, one of the Freshwater Group of Companies, with which this company is closely associated. Mr BSE Freshwater is a director of Highdorn Co. Limited and has a non-beneficial interest in the share capital of that company.

During the year £8 (1997: £3,656), including VAT, was paid to Highdorn Co. Limited for the full range of management and administrative services which were charged for at normal commercial rates.

### 11 Ultimate parent undertaking

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up is Centremanor Limited, a company registered in England and Wales.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up is Metropolitan Properties Company Limited, a company registered in England and Wales.

Copies of these financial statements can be obtained from the following address: Freshwater House, 158/162 Shaftesbury Avenue, London WC2H 8HR.

The ultimate parent undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts.

## **Property revenue account**

*for the year ended 31 December 1998*

|   | 1998              | 1997              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| <b>Rents and charges receivable</b>     | <b>200</b>        | <b>4,204</b>      |
| <b>Property outgoings</b>               |                   |                   |
| Ground rent and service charges payable | 4,840             | 6,090             |
| General and water rates                 | 832               | 807               |
| Light and heat                          | 59                | -                 |
| Management commission                   | 8                 | 140               |
|   | <u>          </u> | <u>          </u> |
|   | <b>(5,739)</b>    | <b>(7,037)</b>    |
| <b>Net property deficit</b>             | <b>(5,539)</b>    | <b>(2,833)</b>    |
|   | <u>          </u> | <u>          </u> |

This schedule is provided for information purposes only and does not form part of the audited financial statements.

## **Property trading account**

*For the year ended 31 December 1998*

|                                      | 1998  |       | 1997     |         |
|--------------------------------------|-------|-------|----------|---------|
|                                      | £     | £     | £        | £       |
| <b>Sales</b>                         |       | -     |          | 59,850  |
| Sales commission                     | -     |       | 2,813    |         |
| Legal fees                           | -     |       | 703      |         |
| Agents commission                    | -     |       | 1,406    |         |
|                                      | <hr/> | -     | <hr/>    | (4,922) |
| <b>Net sales proceeds</b>            |       | -     |          | 54,928  |
| Properties held at beginning of year | -     |       | (16,590) |         |
| Properties held at end of year       | -     |       | 12,044   |         |
|                                      | <hr/> | -     | <hr/>    | (4,546) |
| <b>Surplus on property trading</b>   |       | -     |          | 50,382  |
|                                      |       | <hr/> |          | <hr/>   |

This schedule is provided for information purposes only and does not form part of the audited financial statements.