

Caledonian Property Investments Limited

Directors' report and financial statements

31 March 1996

Registered in England and Wales number 669923



Caledonian Property Investments Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1 - 3
Directors' responsibilities statement	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Statement of total recognised gains and losses	8
Notes	9 - 15

Caledonian Property Investments Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

Financial review

The results for the year are set out in the profit and loss account on page 6. A final dividend of £168,481 (1995:£201,508) is recommended.

Principal activities

The Company is a property trading company. The directors foresee no material change in the nature of the Company's activities.

Properties

The Company's properties were revalued at 31 March 1996 as set out in note 8 to the financial statements.

Interests in subsidiary undertakings

The Company's interests in subsidiary undertakings were revalued at 31 March 1996 as set out in note 9 to the financial statements.

Directors and directors' interests

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

The Lord Rayne
CAJ Beckett
NGE Driver
W Millsom (alternate to NGE Driver)
AM Munro
RFJ Spier
G Wright

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

The interest of The Lord Rayne, Mr NGE Driver, Mr W Millsom and Mr RFJ Spier in the shares of the Company's ultimate holding company and fellow subsidiary undertakings are set out in the financial statements of London Merchant Securities plc, the ultimate holding company.

The interests of the other directors in the shares of the Company's ultimate holding company and fellow subsidiary undertakings are set out on page 3; their interests at the beginning of the year are shown in brackets.

Caledonian Property Investments Limited

Directors' report (*continued*)

Auditors

In accordance with s385 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

M. Waldron.

M Waldron
Secretary

Carlton House
33 Robert Adam Street
London
W1M 5AH

12 June 1996

Caledonian Property Investments Limited

Notes to the directors' report

Directors' interests at 31 March 1996

London Merchant Securities plc

	25p Ordinary	25p Deferred Ordinary	Executive 47.25p options	Executive 32.25p options	SAYE 27p options	SAYE 54p options
CAJ Beckett	- (-)	24,206 (20,522)	- (-)	- (-)	- (-)	34,722 (34,722)
AM Munro	88,325 (120,281)	208,720 (206,769)	219,176 (219,176)	- (330,000)	31,111 (31,111)	- (-)
G Wright	78,837 (76,119)	21,174 (21,174)	- (-)	- (-)	- (-)	- (-)

In accordance with the terms of the London Merchant Securities Executive Share Option Scheme

- i) options were granted in 1986 to subscribe for 25p Ordinary shares in London Merchant Securities plc at 47.25p per share. The expiry date of these options is 22 December 1996; and
- ii) options were granted in 1992 to subscribe for 25p Deferred Ordinary shares in London Merchant Securities plc at 32.25p per share. The expiry date of these options is 29 September 2002.

In accordance with the terms of the London Merchant Securities Savings-Related Share Option Scheme:

- i) options were granted in 1990 to subscribe for 25p Deferred Ordinary shares in London Merchant Securities plc at 27p per share. The expiry date of these options is 11 December 1997; and
- ii) options were granted in 1992 to subscribe for 25p Ordinary shares in London Merchant Securities plc at 54p per share. The expiry date of these options is 8 March 1998.

Caledonian Property Investments Limited

Directors' responsibilities statement

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 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;
- prepared 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 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 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.

Auditors' report to the members of Caledonian Property Investments Limited

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditors

As described on page 4 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 affairs of the Company at 31 March 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
London

12 June 1996

Caledonian Property Investments Limited

Profit and loss account

for the year ended 31 March 1996

	Note	1996 £	1995 £
Net rental income from properties	2	2,807,844	2,716,416
Administrative expenses	3	(393)	(407)
Other income	4	24,932	26,932
		<hr/>	<hr/>
Operating profit		2,832,383	2,742,941
Gain on sale of investments	5	10,000	-
		<hr/>	<hr/>
		2,842,383	2,742,941
Net finance costs	6	595	(595)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,842,978	2,742,346
Tax on profit on ordinary activities	7	(2,680,749)	(2,540,838)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		162,229	201,508
Dividends proposed		(168,481)	(201,508)
Transfer from capital reserve		6,252	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>

All turnover and results are derived from continuing activities.

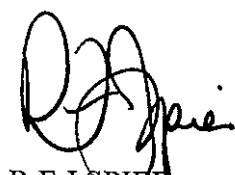
Caledonian Property Investments Limited

Balance sheet

at 31 March 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	8	45,600,000		42,871,000	
Investment in subsidiary undertakings	9	50,000		50,000	
		<hr/>		<hr/>	
		45,650,000		42,921,000	
Current assets					
Debtors	10	865,480		723,304	
Cash at bank		17,502		9,060	
		<hr/>		<hr/>	
		882,982		732,304	
Creditors: amounts falling due within one year	11	(20,501,167)		(19,805,266)	
		<hr/>		<hr/>	
Net current liabilities		(19,618,185)		19,072,962	
		<hr/>		<hr/>	
Net assets		26,031,815		23,848,038	
		<hr/>		<hr/>	
Capital and reserves					
Called up share capital	12	50,000		50,000	
Revaluation reserve	13	23,920,960		21,730,931	
Capital reserve	14	2,055,394		2,061,646	
General reserve		5,461		5,461	
		<hr/>		<hr/>	
		26,031,815		23,848,038	
		<hr/>		<hr/>	

These financial statements were approved by the board of directors on 12 June 1996 and were signed on its behalf by:



R F J SPIER
Director

Caledonian Property Investments Limited

Statement of total recognised gains and losses *for the year ended 31 March 1996*

	1996 £	1995 £
Profit for the financial year	168,481	201,508
Unrealised surplus on revaluation of investment properties	2,190,029	4,567,981
Loss on sale of fixed asset investment	(6,252)	-
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	2,352,258	4,769,489
	<hr/> <hr/>	<hr/> <hr/>

Caledonian Property Investments 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 under the historical cost accounting rules, modified to include the revaluations of investment properties.

Interest and outgoings on development properties

All interest and outgoings incurred in respect of development properties are charged to profit and loss account as incurred.

Investment properties

In accordance with SSAP 19 (revised) investment properties are revalued annually at open market values determined in accordance with the Guidance Notes on the valuation of assets, issued by the Royal Institution of Chartered Surveyors. Revaluation surpluses and deficits which are not permanent are included in the revaluation reserve, permanent deficits being taken through the profit and loss account.

No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 50 years to run.

This treatment, as regards certain of the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets.

However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore 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 and the amount which might otherwise have been shown cannot be separately identified or quantified.

Repairs and renewals

No provision is made for future repairs and renewals of fixed assets, all such items being written off as incurred.

Capital reserve

The Articles of Association provide that realised gains resulting from the sale of capital assets are not available for distribution. Accordingly any such gains or losses are taken to capital reserve.

Caledonian Property Investments Limited

Notes (continued)

2	Net rental income from properties	1996	1995
		£	£
	Gross rental income	2,841,923	2,759,776
	Property outgoings less amounts recovered from tenants	(23,316)	(28,469)
	Provision for bad and doubtful debts	(10,763)	(14,891)
		<hr/>	<hr/>
		2,807,844	2,716,416
		<hr/>	<hr/>

3 Administrative expenses

Audit fees are accounted for on a group basis. The Company does not have any employees and there were no directors' emoluments (1995: £nil).

4	Other income	1996	1995
		£	£
	Dividend receivable from subsidiary undertaking	14,311	5,038
	Sundry income:		
	Dilapidations	-	12,645
	Insurance rebates	9,452	9,249
	Other	1,169	-
		<hr/>	<hr/>
		24,932	26,932
		<hr/>	<hr/>

5 Gain on sale of investments

	1996	1995
	£	£
Sale of shares in First Leisure Corp. plc	10,000	-
	<hr/>	<hr/>

During the year the company purchased shares in First Leisure Corporation from its ultimate holding company London Merchant Securities plc, for £300,000 and subsequently sold them on the London Stock Exchange for £310,000.

Caledonian Property Investments Limited

Notes (continued)

6 Net finance costs

	1996	1995
	£	£
Interest receivable	595	-
Interest payable - group undertakings	-	(595)
	<hr/>	<hr/>
	595	(595)
	<hr/>	<hr/>

7 Tax on profit on ordinary activities

	1996	1995
	£	£
Adjustment relating to prior year	2,272	-
Group relief payable	2,671,315	2,540,838
Group relief relating to prior year	(9,090)	-
Taxation on sale of investment	16,252	-
	<hr/>	<hr/>
	2,680,749	2,540,838
	<hr/>	<hr/>

The charge to corporation tax for the year has been relieved by the surrender of losses from other group companies for which payment will be made.

8 Tangible assets

	Freehold investment properties £	Long leasehold investment properties £	Total £
<i>Valuation</i>			
At 31 March 1995	31,751,000	11,120,000	42,871,000
Additions	(67,764)	606,735	538,971
Revaluation surplus	2,606,764	(416,735)	2,190,029
	<hr/>	<hr/>	<hr/>
At 31 March 1996	34,290,000	11,310,000	45,600,000
	<hr/>	<hr/>	<hr/>
<i>Historical cost of revalued assets</i>			
At 31 March 1996	13,413,470	8,265,570	21,679,040
	<hr/>	<hr/>	<hr/>
At 31 March 1995	13,481,234	7,658,835	21,140,069
	<hr/>	<hr/>	<hr/>

Caledonian Property Investments Limited

Notes (continued)

8 Tangible assets (continued)

The investment properties have been independently valued by Daniel Smith, Chartered Surveyors of London at 31 March 1996 on the basis of "open market value" in accordance with the Statement of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors.

9 Investment in subsidiary undertakings

Details of the Company's interest in its wholly-owned subsidiary undertakings are as follows:

<i>Name</i>	<i>Country of registration</i>	<i>Activity</i>
Caledonian Properties Limited	England	Property Trading
St. James Construction Limited	England	Did not trade

Group accounts are not submitted because the Company is itself a wholly-owned subsidiary of a company incorporated in Great Britain.

10 Debtors

	1996 £	1995 £
Due from tenants	41,666	21,583
Amounts owed by group undertakings:		
Fellow Subsidiaries	656,911	656,911
Subsidiaries	137,109	43,534
Group relief receivable	9,090	-
Other debtors	20,569	-
Prepayments and accrued income	135	1,216
	<hr/>	<hr/>
	865,480	723,244
	<hr/>	<hr/>

Caledonian Property Investments Limited

Notes (continued)

11 Creditors: amounts falling due within one year

	1996 £	1995 £
Rents received in advance	336,403	338,802
Amounts owed to group undertakings:		
Parent company and fellow subsidiaries	17,072,052	16,327,422
Group relief payable	2,671,315	2,540,838
Proposed dividend	168,481	201,508
Corporation tax	16,252	-
Other taxes and social security	101,734	96,780
Other creditors	134,930	299,916
	<hr/>	<hr/>
	20,501,167	19,805,266

12 Called up share capital

	1996 £	1995 £
<i>Authorised, allotted, called up and fully paid</i>		
50,000 Ordinary shares of £1 each	50,000	50,000

13 Revaluation reserve

	£
At 31 March 1995	21,730,931
Surplus arising on revaluation of investment properties	2,190,029
	<hr/>
At 31 March 1996	23,920,960

No provision has been made for any taxes which might become payable in the event of future sales of deemed disposals of these properties at their book value. In the opinion of the directors any such contingent liability would not exceed £5,400,000 (1995: £nil).

Caledonian Property Investments Limited

Notes (continued)

14 Capital reserve

	£
At 31 March 1995	2,061,646
Loss on fixed asset investment	(6,252)
	<hr/>
At 31 March 1996	2,055,394
	<hr/> <hr/>

15 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for the financial year	162,229	201,508
Dividends	(168,481)	(201,508)
Loss on fixed asset investment	6,252	-
	<hr/>	<hr/>
Net addition to shareholders' funds	-	-
Other recognised gains and losses relating to the year (net)	2,183,777	4,567,981
	<hr/>	<hr/>
Net movement in shareholders' funds	2,183,777	4,567,981
Opening shareholders' funds	23,848,038	19,280,057
	<hr/>	<hr/>
Closing shareholders' funds	26,031,815	23,848,038
	<hr/> <hr/>	<hr/> <hr/>

16 Capital commitments

	1996 £	1995 £
Contracted	-	600,000
	<hr/> <hr/>	<hr/> <hr/>

Caledonian Property Investments Limited

Notes *(continued)*

17 Ultimate parent company

The Company is a member of the London Merchant Securities Group and the Company's ultimate parent company is London Merchant Securities plc which is registered in England and Wales. Copies of the accounts of the Company may be obtained from Carlton House, 33 Robert Adam Street, London W1M 5AH.

18 Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.