

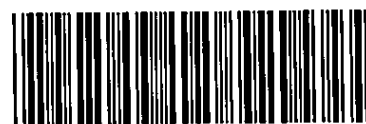
Metropolitan Properties Co (F.G.C.) Limited

**Directors' report and financial
statements**

Registered number 866347

For the year ended 31 December 2010

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activity

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

Results and dividends

The results of the company for the year ended 31 December 2010 are set out in the attached financial statements.

The directors do not recommend the payment of a dividend (2009 £nil).

Properties

A professional valuation of the company's investment properties was carried out at 31 December 2010 by the company's valuers, Colliers CRE. The resultant figures produced in the above valuation have been included in the financial statements and the surplus of £2,136,000 (2009 surplus of £10,050,000) above previous book value has been transferred to revaluation reserve.

Directors

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.

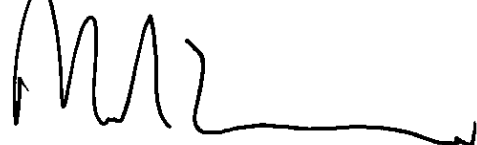
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Cohen Arnold and KPMG LLP will therefore continue in office as joint auditors of the company.

By order of the board



MRM Jenner
Secretary

Registered office
Freshwater House
158-162 Shaftesbury Avenue
London WC2H 8HR

13 September 2011

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Report of the joint independent auditors, Cohen Arnold and KPMG LLP, to the members of Metropolitan Properties Co (F.G.C.) Limited

We have audited the financial statements of Metropolitan Properties Co (F G C) Limited for the year ended 31 December 2010 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at <http://www.frc.org.uk/apb/scope/private.cfm>.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the joint independent auditors, Cohen Arnold and KPMG LLP, to the members of Metropolitan Properties Co (F.G.C.) Limited (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Joshua Neumann (Senior Statutory Auditor)
for and on behalf of Cohen Arnold, Statutory Auditor
Chartered Accountants
New Burlington House
1075 Finchley Road
London NW11 0PU
13 September 2011



Andrew Marshall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
13 September 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010	2009
		£000	£000
Rents and charges receivable		5,365	7,572
Property outgoings		(3,538)	(3,623)
		<hr/>	<hr/>
Administrative and other expenses	3	1,827 (1,237)	3,949 (4,746)
		<hr/>	<hr/>
Operating profit/(loss)		590	(797)
Sales of investment properties		598	324
Cost of sales		-	-
		<hr/>	<hr/>
		598	324
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before interest and taxation		1,188	(473)
Interest receivable	4	4,397	3,170
Interest payable	5	(3,692)	(3,551)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	6	1,893	(854)
Tax charge on profit/(loss) on ordinary activities	7	(755)	(1,667)
		<hr/>	<hr/>
Profit/(loss) for the financial year	14	1,138	(2,521)
		<hr/>	<hr/>

All of the company's activities are continuing

Statement of total recognised gains and losses
for the year ended 31 December 2010

	2010 £000	2009 £000
Profit/(loss) for the financial year	1,138	(2,521)
Unrealised surplus revaluation of investment properties (note 14)	2,436	10,050
Total recognised gains relating to the year	3,574	7,529

Note of historical cost profits and losses
for the year ended 31 December 2010

	2010 £000	2009 £000
Reported profit/(loss) on ordinary activities before taxation	1,893	(854)
Realisation of property revaluation gains of previous years	28,909	-
Historical cost profit/(loss) on ordinary activities before taxation	30,802	(854)
Historical cost profit/(loss) for the year retained after taxation and dividends	30,047	(2,521)

Balance sheet
at 31 December 2010

	<i>Note</i>	2010		2009	
		£000	£000	£000	£000
Fixed assets					
Investment properties	8		48,834		94,736
Investments	9		23,613		23,613
			<hr/>		<hr/>
			72,447		118,349
Current assets					
Debtors	10	77,310		37,601	
Cash at bank and in hand		11,265		1,211	
		<hr/>		<hr/>	
		88,575		38,812	
Creditors: amounts falling due within one year	11	(67,297)		(67,023)	
		<hr/>		<hr/>	
Net current liabilities			21,278		(28,211)
			<hr/>		<hr/>
Total assets less current liabilities			93,725		90,138
Provisions for liabilities and charges	12		(1,012)		(999)
			<hr/>		<hr/>
Net assets			92,713		89,139
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	13		1		1
Revaluation reserve	14		47,231		73,704
Profit and loss account	14		45,481		15,434
			<hr/>		<hr/>
Equity shareholders' funds	15		92,713		89,139
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 13 September 2011 were signed on its behalf by


BSE Freshwater
Director

Company Registered Number 866347

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, as adjusted by the policy of accounting for investment properties referred to below, and in accordance with applicable Accounting Standards

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group

Taxation

Current

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

Deferred

Deferred tax is provided in accordance with Financial Reporting Standard No. 19 (FRS 19). Under FRS 19 full provision is made in respect of all timing differences that have originated but not reversed by the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in future, except that

- i no provision is made in respect of unrealised property revaluation surpluses, and
- ii deferred tax assets are recognised to the extent that they are considered recoverable

Deferred tax is measured on a non-discounted basis at the tax rates which apply at the balance sheet date

Disposal of properties

Disposals are considered to have taken place at the date of the legal completion and include proceeds from lease extensions

Depreciation

Furniture and fittings are depreciated by an annual percentage of 25% calculated on the reducing balance basis estimated to write these off over their anticipated useful lives

Notes (continued)

1 Accounting policies (continued)

Investment properties

Investment properties are included in the balance sheet at professional valuation at 31 December 2010, on the basis stated in note 8 on the financial statements

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 a revaluation reserve, with the exception of permanent diminutions in value which are written off through the profit and loss account, and

ii no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run

This treatment, as regards 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 financial statements to give a true and fair view. Depreciation and 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.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement (in accordance with Financial Reporting Standard No 1 (revised 1996)) on the grounds that it is a wholly owned subsidiary undertaking of a company registered in England and Wales which prepares consolidated financial statements that include a consolidated cash flow statement.

Related party transactions

The company has taken advantage of the exemption in FRS8 Related Party Disclosures in order to dispense with the requirement to disclose transactions with other wholly owned Metropolitan Properties Company Limited group companies.

2 Information on employees

During the year the company employed staff to provide porterage and maintenance services. The payroll cost of employing these staff is recovered through the service charges levied during the year.

3 Administrative and other expenses

Included within administrative and other expenses is an amount relating to a net increase in provisions against amounts due from subsidiary and fellow subsidiary undertakings of £806,000(2009 £4,381,000)

Notes *(continued)*

4 Interest receivable

	2010	2009
	£000	£000
Group finance charges receivable	4,001	3,130
External interest receivable	396	40
	<u>4,397</u>	<u>3,170</u>

5 Interest payable

	2010	2009
	£000	£000
Bank loans and overdrafts	4	4
Group finance charges payable	3,688	3,547
	<u>3,692</u>	<u>3,551</u>

6 Profit on ordinary activities before taxation

	2010	2009
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration for audit services	<u>65</u>	<u>65</u>

The directors of the company received no emoluments from the company during the year or in the previous year

Notes (continued)

7 Tax on profit/(loss) on ordinary activities

	2009	2009
	£000	£000
a) Analysis of tax charge for the year		
<i>Current tax</i>		
Corporation tax receivable at 28% (2009 28%)		
Prior years	-	(4)
Consideration payable for group relief		
Current year	742	894
Prior year adjustment	-	20
	<hr/>	<hr/>
Total current tax charge (see below)	742	910
<i>Deferred tax</i>		
Current year	13	-
Prior year adjustment (see note 12)	-	757
	<hr/>	<hr/>
Tax charge on profit/(loss) on ordinary activities	755	1,667
	<hr/>	<hr/>
b) Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	1,893	(854)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	530	(239)
<i>Effect of</i>		
Disallowable provisions	(1)	1,227
Disallowable expense	226	6
Excess capital allowances over depreciation	(91)	(114)
Difference between chargeable gain and profit on sale of investment properties	77	-
Prior year adjustments	-	16
Sundry differences	1	14
	<hr/>	<hr/>
Current tax charge (see above)	742	910
	<hr/>	<hr/>

Notes (continued)

8 Investment properties

	Freehold	Long leasehold	Short leasehold	Total
	£000	£000	£000	£000
<i>Valuation</i>				
<i>Land and buildings</i>				
At 31 December 2009	82,834	6,617	5,285	94,736
Additions	-	-	-	-
Disposals	(48,238)	(100)	-	(48,338)
	<hr/>	<hr/>	<hr/>	<hr/>
	34,596	6,517	5,285	46,398
Surplus/(deficit) on revaluation (note 14)	2,326	(165)	275	2,436
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	36,922	6,352	5,560	48,834
	<hr/>	<hr/>	<hr/>	<hr/>

A professional valuation of the company's investment properties was carried out at 31 December 2010 by the company's valuers, Colliers CRE. The valuation figures are based on open market value assessed in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes.

The relevant amounts determined under the historical cost convention of land and buildings included in the financial statements at valuation are as follows:

	Freehold	Long leasehold	Short Leasehold	Total
	£000	£000	£000	£000
<i>Cost</i>				
At 31 December 2009	19,870	592	570	21,032
Disposal	(19,329)	-	-	(19,329)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	541	592	570	1,703
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Investments

	Shares in subsidiary undertakings £000
Cost	
At 31 December 2010 and 2009	23,613

10 Debtors

	2010	2009
	£000	£000
Rents and service charges due and accrued	1,971	2,571
Interest receivable from subsidiary undertaking	361	361
Amounts owed by intermediate parent undertakings and fellow subsidiary undertakings of intermediate parent (see note 18)	4,888	3,954
Amounts owed by immediate parent undertakings and fellow subsidiary undertakings	42,089	19,044
Amounts owed by subsidiary undertakings	12,452	11,398
Amounts owed by other related parties (see note 18)	15,313	-
Other debtors and prepayments	236	273
	<u>77,310</u>	<u>37,601</u>

11 Creditors: amounts falling due within one year

	2010	2009
	£000	£000
Rents and service charges charged and paid in advance	954	1,905
Amounts owed to intermediate parent undertakings and fellow subsidiary undertakings of intermediate parent (see note 18)	867	794
Amounts owed to immediate parent undertakings and fellow subsidiary undertakings	28	714
Amounts owed to subsidiary undertakings	63,083	61,785
Consideration payable for group relief	1,636	947
Other creditors and accruals	729	878
	<u>67,297</u>	<u>67,023</u>

Notes (continued)

12 Provisions for liabilities and charges

	2010	2009
	£000	£000
Deferred tax provision	1,012	999

The amounts provided and unprovided for deferred taxation are set out below

	2010		2009	
	Provided	Unprovided	Provided	Unprovided
	£000	£000	£000	£000
Interest accrued	224	-	242	-
Unrealised surpluses on revaluation of property	-	11,416	-	19,700
Accelerated capital allowances	788	-	757	-
	<u>1,012</u>	<u>11,416</u>	<u>999</u>	<u>19,700</u>

13 Called up share capital

	2010	2009
	£000	£000
<i>Authorised, allotted, called up and fully paid</i> 1,000 ordinary shares of £1 each	1	1

Notes (continued)

14 Reserves

	Profit and loss account £000	Revaluation reserve £000
At 31 December 2009	15,434	73,704
Profit for the financial year	1,138	-
Unrealised surplus on revaluation of investment properties (note 8)	-	2,436
Transfer to profit and loss account of surplus on prior years revaluation of investment properties now realised	28,909	(28,909)
At 31 December 2010	45,481	47,231

Total reserves and retained earnings at 31 December 2010 were £92,712,000 (2009 £89,138,000)

15 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Profit/(loss) for the financial year	1,138	(2,521)
Unrealised surplus on revaluation of investment properties	2,436	10,050
Net increase in shareholders' funds	3,574	7,529
Opening shareholders' funds	89,139	81,610
Closing shareholders' funds	92,713	89,139

Notes (continued)

16 Charges on assets and guarantees

In March 1989 the company executed a debenture creating a floating charge over all its property and other assets in support of an unlimited guarantee given in respect of certain bank facilities granted to Metropolitan Properties Company Limited, its immediate parent undertaking. At 31 December 2010 the aggregate indebtedness under these facilities amounted to £21,071,485 (2009 £21,055,381)

In July 1991 the company executed a further debenture supported by a guarantee limited to £2,814,000 and charges over certain of its investment properties with a book value at 31 December 2010 of £8,605,000 (2009 £8,556,700) in respect of the aforementioned facilities. A further unlimited guarantee was also given in February 2003.

Properties with book values at 31 December 2010 of £nil (2009 £18,613,000) were charged as part security for other bank facilities granted to the aforementioned parent undertaking.

The charges are in support of an unlimited guarantee given in respect of the aforementioned facilities. As at 31 December 2010 the relevant aggregate indebtedness amounted to £nil (2009 £1,000).

The company has given a guarantee limited to £nil (2009 £1,128,000) in respect of bank facilities granted to its aforementioned immediate parent undertaking, subsidiary undertakings and a third party. At 31 December 2010 the aggregate indebtedness under these facilities amounted to £nil (2009 £80,803).

The company has charged certain of its properties with a book value of £11,735,000 (2009 £10,631,400) as part security for loan facilities granted to Centremanor (E S) Limited, a subsidiary of an intermediate parent undertaking and also executed a floating charge over all the assets and undertakings of the company. At 31 December 2010 the aggregate indebtedness under these facilities amounted to £30,425,000 (2009 £30,425,000).

The company has charged certain of its properties with a book value of £4,660,000 (2009 £4,545,900), as part security for loan facilities granted to Metropolitan Properties Company Limited, its immediate parent undertaking. At 31 December 2010 the aggregate indebtedness under these facilities amounted to £20,049,725 (2009 £20,045,630).

17 Subsidiary undertakings

The subsidiary undertakings which principally affected the results or assets of FGC are shown below.

Property investment companies:

Calabar Properties Limited*
Calabar (Wellingborough) Limited*
K S Investments Limited*
Metropolitan Properties Co (Colman) Limited*
Savile Estates Limited
Westhampton Properties Limited*

Property trading companies:

Calabar Estates Limited*
Calabar (Flats) Limited*
Deritend Investments (Crumpsall) Limited*
Derno Estates Limited*
Ediscum Limited*
Henry Davies Developments Limited
Metropolitan Property Realizations Limited
Metropolitan Properties Co (Regis) Limited
Metropolitan (Roebuck) Limited

Notes (continued)

17 Subsidiary undertakings (continued)

Investment companies.

E Alec Colman Investments Limited
 Retia Phoenix Limited*

* Indirectly owned

The company owns either directly or indirectly, 100% of the ordinary equity share capital of the above companies which are incorporated in Great Britain and registered in England and Wales and all operate in Great Britain

In the opinion of the directors the aggregate investment in subsidiary undertakings is worth not less than the amount at which it is stated in the balance sheet

18 Related parties and directors' interest in contracts

Day-to-day management of the company's properties 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 £268,856 (2009 £307,056), 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

	Interest rate applicable	2010 £'000	2009 £'000
Amounts owed by intermediate parent undertakings and fellow subsidiary undertakings of intermediate parent			
Centremanor Limited	6%	4,165	3,586
Freshwater Family Holdings Limited	6%	1	1
Limegate Limited	6%	387	367
Todaymedix Limited	6%	335	-
		<u>4,888</u>	<u>3,954</u>
Amounts owed by other related parties			
Haysgrans Property Company Limited		15,313	-
		<u>15,313</u>	<u>-</u>

A short term loan amounting to £15,000,000 was granted to Haysgrans Property Co Limited, a company whose directors are also the directors of this company The loan is repayable on demand and bears interest at a rate equivalent to that which Haysgrans Property Co Limited receives from its bank deposits During the year £313,000 of interest was accrued on this short term loan

Notes (continued)

18 Related parties and directors' interest in contracts (continued)

	Interest rate applicable	2010 £'000	2009 £'000
Amounts owed to intermediate parent undertakings and fellow subsidiary undertakings of intermediate parent			
Freshwater Family Enterprises	6%	679	586
Skillgreat Limited	6%	188	167
Todaymedix Limited	6%	-	41
		<hr/>	<hr/>
		867	794
		<hr/>	<hr/>

19 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 2010

	2010	2009
	£000	£000
Rents receivable	3,787	5,857
Service charges receivable	1,578	1,715
	<u>5,365</u>	<u>7,572</u>
Property outgoings		
Ground rent payable	4	4
Service charges payable	209	188
General rates	78	75
Water rates	6	5
Insurances	214	214
Light and heat	173	178
Porterage and cleaning	305	291
Repairs and maintenance	1,912	1,920
Legal and professional charges	307	384
Letting commission	64	25
Management commission	266	339
	<u>(3,538)</u>	<u>(3,623)</u>
Net property revenue	<u><u>1,827</u></u>	<u><u>3,949</u></u>

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