

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

**Directors' report and financial
statements**

Registered number 866347

31 December 2008

WEDNESDAY



AR7HCDWA

A08

07/10/2009

54

COMPANIES HOUSE

Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Report of the joint independent auditors, Cohen Arnold and KPMG LLP, to the members of Metropolitan Properties Co (F.G.C.) Limited	4
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Notes	9

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

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 2008 are set out in the attached financial statements.

The directors do not recommend the payment of a dividend (2007: *£nil*).

Properties

A professional valuation of the company's investment properties was carried out at 31 December 2008 by the company's valuers, Colliers CRE. The resultant figures produced in the above valuation have been included in the financial statements and the deficit of £12,536,000 below previous book value (2007: *surplus of £21,823,000*) 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.

Directors' report *(continued)*

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

A handwritten signature in black ink, appearing to be 'MRM Jenner', followed by a long horizontal line.

MRM Jenner
Secretary

Freshwater House
158/162 Shaftesbury Avenue
London WC2H 8HR

29 June 2009

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 company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

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 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor's 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

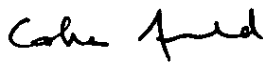
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Cohen Arnold
Chartered Accountants
Registered Auditor
London

29 June 2009



KPMG LLP
Chartered Accountants
Registered Auditor
London

29 June 2009

Profit and loss account
for the year ended 31 December 2008

	Note	2008	2007
		£000	£000
Rents and charges receivable		4,641	4,346
Property outgoings		(4,215)	(2,951)
		<hr/>	<hr/>
Administrative and other expenses	3	426 (273)	1,395 (967)
		<hr/>	<hr/>
Operating profit		153	428
Sales of investment properties		360	209
Cost of sales		-	(1)
		<hr/>	<hr/>
		360	208
		<hr/>	<hr/>
Profit on ordinary activities before interest and taxation		513	636
Interest receivable	4	3,541	3,452
Interest payable	5	(3,435)	(3,466)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	6	619	622
Tax credit on profit on ordinary activities	7	58	137
		<hr/>	<hr/>
Profit for the financial year	14	677	759
		<hr/>	<hr/>

There is no difference between the results as stated and the results on a historic cost basis in either the current or previous year.

All of the company's activities are continuing.

Statement of total recognised gains and losses
for the year ended 31 December 2008

	2008 £000	2007 £000
Profit for the financial year	677	759
Unrealised (deficit)/surplus on revaluation of investment properties (note 14)	(12,536)	21,823
Total recognised (losses)/gains relating to the year	(11,859)	22,582

Balance sheet
at 31 December 2008

	<i>Note</i>	2008	2007
		£000	£000
Fixed assets			
Investment properties	8	84,540	95,635
Investments	9	23,613	23,613
		<u>108,153</u>	<u>119,248</u>
Current assets			
Debtors	10	48,266	35,711
Cash at bank and in hand		9,107	4,346
		<u>57,373</u>	<u>40,057</u>
Creditors: amounts falling due within one year	11	(83,674)	(65,577)
Net current liabilities		<u>(26,301)</u>	<u>(25,520)</u>
Total assets less current liabilities		<u>81,852</u>	<u>93,728</u>
Provisions for liabilities and charges	12	(242)	(259)
Net assets		<u>81,610</u>	<u>93,469</u>
Capital and reserves			
Called up share capital	13	1	1
Revaluation reserve	14	63,654	76,190
Profit and loss account	14	17,955	17,278
Equity shareholders' funds	15	<u>81,610</u>	<u>93,469</u>

These financial statements were approved by the board of directors on 29 June 2009 were signed on its behalf by:


BSE Freshwater
Director

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 financial statements have been prepared on the going concern basis, notwithstanding the company's net current liabilities, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided by Metropolitan Properties Company Limited, the company's immediate parent undertaking. Metropolitan Properties Company Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company.

This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statement on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The company is exempt by virtue of s228 of the Companies Act 1985 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.

Notes (continued)

1 Accounting policies (continued)

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.

Investment properties

Investment properties are included in the balance sheet at professional valuation at 31 December 2008, 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 Metropolitan Properties Company Limited group companies.

2 Information on employees

During the year the company employed staff to provide portage 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 £nil (2007: £630,000).

Notes (continued)

4 Interest receivable

	2008 £000	2007 £000
Group finance charges receivable	3,327	2,933
External interest receivable	214	519
	<u>3,541</u>	<u>3,452</u>

5 Interest payable

	2008 £000	2007 £000
Bank loans and overdrafts	4	4
Group finance charges payable	3,392	3,462
Interest on overdue tax	39	-
	<u>3,435</u>	<u>3,466</u>

6 Profit on ordinary activities before taxation

	2008 £000	2007 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration for audit services	65	65
	<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

	2008	2007
	£000	£000
a) Analysis of tax credit for the year		
<i>Current tax</i>		
Corporation tax receivable at 28.5% (2007: 30%)		
Prior years	-	(15)
Consideration payable/(receivable) for group relief		
Current year	33	231
Prior year adjustment	(74)	
Consideration receivable for consortium relief		
Prior years	-	(353)
Deferred tax provision	(17)	-
	<hr/>	<hr/>
Total current tax credit (see below)	(58)	(137)
	<hr/>	<hr/>
b) Factors affecting the tax credit for the year		
Profit on ordinary activities before taxation	513	622
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	156	187
<i>Effect of:</i>		
Disallowable provisions	-	198
Excess capital allowances over depreciation	(122)	(149)
Prior year adjustments	(74)	(368)
Sundry differences	(1)	(5)
Deferred tax provision	(17)	-
	<hr/>	<hr/>
Current tax credit (see above)	(58)	(137)
	<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 2007	83,463	5,818	6,354	95,635
Additions	1,680	-	-	1,680
Disposals	-	-	(239)	(239)
	<hr/>	<hr/>	<hr/>	<hr/>
	85,143	5,818	6,115	97,076
Deficit on revaluation (note 14)	(11,052)	(803)	(681)	(12,536)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	74,091	5,015	5,434	84,540
	<hr/>	<hr/>	<hr/>	<hr/>

A professional valuation of the company's investment properties was carried out at 31 December 2008 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 2007	18,044	592	809	19,445
Additions	1,680	-	-	1,680
Disposals	-	-	(239)	(239)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	19,724	592	570	20,886
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Investments

	Shares in subsidiary undertakings £000
Cost:	
At 31 December 2008 and 2007	23,613

10 Debtors

	2008 £000	2007 £000
Rents and service charges due and accrued	3,016	1,804
Interest receivable from subsidiary undertaking	361	361
Amounts owed by intermediate and immediate parent undertakings and fellow subsidiary undertakings	29,585	20,479
Amounts owed by subsidiary undertakings	14,897	12,736
Other debtors and prepayments	407	331
	<u>48,266</u>	<u>35,711</u>

11 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Rents and service charges charged and paid in advance	2,253	1,152
Amount owed to fellow subsidiary undertakings	15,088	2,125
Amounts owed to subsidiary undertakings	59,415	61,007
Consideration payable for group relief	116	335
Other creditors and accruals	6,803	958
	<u>83,674</u>	<u>65,577</u>

Notes (continued)

12 Provisions for liabilities and charges

	2008	2007
	£000	£000
Deferred tax provision	242	259

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

	2008		2007	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Interest accrued	242	-	259	-
Unrealised surpluses on revaluation of property	-	19,600	-	22,300
	<u>242</u>	<u>19,600</u>	<u>259</u>	<u>22,300</u>

13 Called up share capital

	2008 £000	2007 £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 2007	17,278	76,190
Profit for the financial year	677	-
Unrealised deficit on revaluation of investment properties (note 8)	-	(12,536)
At 31 December 2008	17,955	63,654

Total reserves and retained earnings at 31 December 2008 were £81,610,000 (2007: £93,468,000).

15 Reconciliation of movements in shareholders' funds

	2008 £000	2007 £000
Profit for the financial year	677	759
Unrealised (deficit)/surplus on revaluation of investment properties	(12,536)	21,823
Net (decrease)/increase in shareholders' funds	(11,859)	22,582
Opening shareholders' funds	93,469	70,887
Closing shareholders' funds	81,610	93,469

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 2008 the aggregate indebtedness under these facilities amounted to £18,077,436 (2007: £18,143,000).

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 2008 of £7,569,500 (2007: £9,124,100) in respect of the aforementioned facilities. A further unlimited guarantee was also given in February 2003.

Properties with book values at 31 December 2008 of £18,488,300 (2007: £19,784,400) 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 2008 the relevant aggregate indebtedness amounted to £11,330,887 (2007: £11,428,000).

The company has given a guarantee limited to £1,128,000 (2007: £1,128,000) in respect of bank facilities granted to its aforementioned immediate parent undertaking, subsidiary undertakings and a third party. At 31 December 2008 the aggregate indebtedness under these facilities amounted to £11,330,887 (2006: £11,428,300).

The company has charged certain of its properties with a book value of £11,248,900 (2007: £11,711,200) 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 2008 the aggregate indebtedness under these facilities amounted to £30,425,000 (2007: £30,425,000).

The company has charged certain of its properties with a book value of £4,378,500, as part security for loan facilities of £20m granted.

17 Subsidiary undertakings

The subsidiary undertakings which principally affected the results or assets of the group 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 Directors' interests 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 £452,036 (2007: £255,092), 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.

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 2008

	2008	2007
	£000	£000
Rents receivable	3,000	2,899
Service charges receivable	1,641	1,447
	<u>4,641</u>	<u>4,346</u>
Property outgoings		
Ground rent payable	5	2
Service charges payable	115	114
General rates	97	88
Water rates	6	6
Insurances	232	265
Light and heat	227	148
Porterage and cleaning	330	272
Repairs and maintenance	1,820	1,297
Legal and professional charges	320	442
Letting commission	796	72
Management commission	266	245
	<u>(4,214)</u>	<u>(2,951)</u>
Net property revenue	<u>427</u>	<u>1,395</u>

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