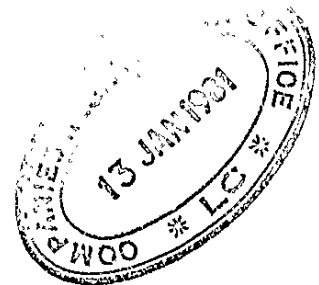


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METROPOLITAN PROPERTIES CO.
(F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES
DIRECTORS' REPORT AND ACCOUNTS
31ST DECEMBER, 1979



734-1362 COHEN, ARNOLD & CO.
13-17 New Burlington Place, Regent Street, London W1X 2JP

236-8000 1 PEAT, MARWICK, MITCHELL & CO.
Puddle Dock, Blackfriars, London EC4V 3PD

PEAT, MARWICK, MITCHELL & CO.

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report, together with the balance sheets of the company and of the group as at 31st December, 1979 and the consolidated profit and loss account of the group for the year ended on that date.

Activities:

The principal activities of the group are property investment, trading and development.

Accounts and dividend:

The results for the year ended 31st December, 1979 are set out in the attached accounts and notes.

The directors do not recommend the payment of a dividend.

Properties:

The majority of the group's investment properties are included in the balance sheet at either a professional valuation made in September, 1970 or at a directors' valuation made in December 1970, which was substantiated by a subsequent professional valuation in April 1971. Purchases made since December 1970 have been included in the balance sheet at cost. The directors have carefully considered these values and are of the opinion that such properties have an open market value at least equal to the figures at which they are stated in the balance sheet.

The directors' valuation at 31st December, 1970 which was also subsequently substantiated by a professional valuation in April 1971, of properties held for trading and development revealed a surplus over book values, but this surplus was not incorporated into the accounts. These properties and subsequent purchases are included in the balance sheet at the lower of cost and net realisable value.

Directors:

The directors throughout the year and who are still in office were:

Mr. B.S.E. Freshwater
Mr. D. Davis

The directors record with regret the death of Mr. L.L. Tobin who was a director of this company until his death on 19th October, 1979.

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

No director of the company has a service contract, nor do any of them receive any emoluments from the company or from its subsidiaries.

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. B.S.E. Freshwater is a director of Highdorn Co. Limited.

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS
(continued)

Directors' interest in contracts (continued):

The only other contracts in which directors were interested were those entered into in the normal course of business.

Directors' interest in share capital:

Of the company's share capital 649% shares are held by the parent company, Metropolitan Properties Company Limited.

Of the balance of shares in Metropolitan Properties Co. (F.G.C.) Limited, Mr. B.S.E. Freshwater is beneficially interested in 162 shares and has a non beneficial interest in a further 27 shares.

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

Income and Corporation Taxes Act 1970:

So far as the directors are aware, the company is a "close company" within the meaning of Section 282 of the above Act.

Auditors:

A resolution will be proposed at the Annual General Meeting that Messrs. Cohen Arnold & Co., Chartered Accountants and Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, be re-appointed joint auditors of the company and that their remuneration be determined by the directors.

By order of the board



Secretary

Head Office,
Freshwater House,
158/162, Shaftesbury Avenue,
London WC2H 8HR.

REPORT OF THE JOINT AUDITORS TO THE MEMBERS OF
METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED

We have examined the accounts set out on pages 4 to 21 which have been prepared under the historical cost convention, except for the inclusion of certain investment properties at professional and directors' valuation in 1970.

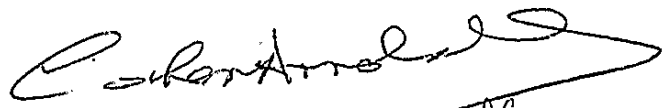
The accounts have been prepared on the basis that the existing financial support available to an intermediate holding company (Freshwater Family Holdings Limited) and its subsidiary companies from their lenders will be continued, and that sales of properties by that group will be maintained at the level necessary to meet its commitments.

As stated in note 9, the directors are unable to determine the net realisable value of trading properties having a book value at 31st December, 1979 of £3.3m including interest of £0.7m.

Subject to the foregoing, in our opinion, the accounts give under the above convention, a true and fair view of the state of affairs of the company and of the group at 31st December, 1979 and of the profit and source and application of funds of the group for the year to that date and comply with the Companies Acts 1948 and 1967.

LONDON

10. SEP. 1980


Peter Marwick Mitchell & Co.
Chartered Accountants

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1979

	<u>Note</u>	<u>£'000</u>	<u>1979</u> <u>£'000</u>	<u>£'000</u>	<u>1978</u> <u>£'000</u>
Rents and charges receivable	2	5,125		4,649	
Property outgoings		<u>3,210</u>		<u>3,104</u>	
			1,915		1,545
Surplus on sales of properties	2 & 3		<u>1,703</u>		<u>3,096</u>
			3,618		4,641
Financing charges	4	2,677		2,714	
Other charges (credits)	5	<u>92</u>		<u>(140)</u>	
			<u>2,769</u>		<u>2,574</u>
PROFIT BEFORE TAXATION			849		2,067
Taxation	6		<u>(65)</u>		<u>20</u>
GROUP PROFIT AFTER TAXATION			784		2,087
Minority interest (credit)			<u>-</u>		<u>1</u>
GROUP PROFIT	7		784		2,086
Transfer to mortgage sinking fund		7		7	
Transfer to capital reserve	8	<u>1,249</u>		<u>1,938</u>	
			<u>1,256</u>		<u>1,945</u>
			(472)		141
Adverse balance brought forward			(4,629)		(4,770)
ADVERSE BALANCE CARRIED FORWARD:					
Metropolitan Properties Co.					
(F.G.C.) Limited		(5,706)		(5,257)	
Subsidiary companies		<u>605</u>		<u>628</u>	
			(5,101)		(4,629)


The notes referred to above form part of these accounts.

**METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES**

CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER, 1979

	<u>Note</u>	<u>£'000</u>	<u>1979</u> <u>£'000</u>	<u>£'000</u>	<u>1978</u> <u>£'000</u>
EMPLOYMENT OF CAPITAL					
Properties held for investment	9		7,646		8,017
Properties held for trading	9		13,549		14,119
Investment in associated company	10		174		(42)
Mortgages granted and other investments	11		689		682
Current assets	12		4,639		4,233
Deferred taxation	6		50		-
			<u>26,747</u>		<u>27,009</u>
Current liabilities	13	5,427		6,277	
Amounts due to less amounts due from holding and fellow subsidiary companies	14	13,626		13,125	
Long term loans	15	4,475		4,994	
Minority interest		<u>70</u>		<u>70</u>	
			<u>23,598</u>		<u>24,466</u>
			<u>3,149</u>		<u>2,543</u>
			<u>=====</u>		<u>=====</u>
CAPITAL EMPLOYED					
Share capital	16		1		1
Reserves	17		3,148		2,542

The notes referred to above form part of these accounts.

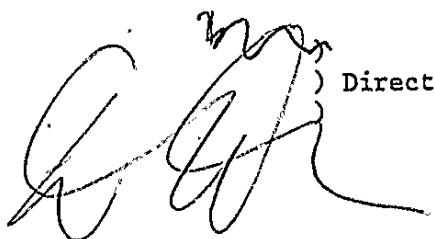
 Directors

3,149 2,543
===== =====

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITEDBALANCE SHEET AT 31ST DECEMBER, 1979

	Note	<u>£'000</u>	<u>1979</u> <u>£'000</u>	<u>£'00</u>	<u>1978</u> <u>£'000</u>
EMPLOYMENT OF CAPITAL					
Properties held for investment	9		5,015		5,253
Investment in associated company	10		174		(42)
Amounts due from less amounts due to holding and fellow subsidiary companies	14		7,241		6,421
Current assets	12		<u>1,440</u>		<u>1,295</u>
			13,870		12,927
Current liabilities	13	1,331		1,635	
Interest in subsidiary companies	19	12,614		11,272	
Long term loans	15	694		924	
Deferred taxation	6	<u>100</u>		<u>-</u>	
			14,739		13,831
			<u>(869)</u>		<u>(904)</u>
CAPITAL EMPLOYED					
Share capital	16		1		1
Reserves - adverse balance	17		(870)		(905)

The notes referred to above
form part of these accounts.

 Directors

(869)(904)

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER, 1979

	<u>1979</u> <u>£'000</u>	<u>1978</u> <u>£'000</u>
SOURCE OF FUNDS		
Profit before taxation	849	2,067
Exclude:		
Surplus on sales of properties dealt with below	<u>1,703</u>	<u>3,096</u>
	(854)	(1,029)
Adjustment for item not involving the movements of funds:		
Depreciation	<u>19</u>	<u>21</u>
Funds absorbed by operations other than sales of properties	(873)	(1,008)
Sale of properties (net of selling expenses £169,000 - 1978:£300,000)	<u>2,828</u>	<u>6,581</u>
Funds generated from operations	1,955	5,573
Increase (reduction) in amounts due to holding and fellow subsidiary and associated companies (including accrued interest)	387	(30)
	<u>2,342</u> =====	<u>5,543</u> =====
APPLICATION OF FUNDS		
Expenditure on property:		
Investment	10	-
Trading	<u>329</u>	<u>385</u>
	339	385
Reduction in long term loans	505	1,782
Increase in mortgages granted and other investments	7	550
Taxation paid	54	95
Deposit with trustees of debenture holders	59	1,000
Reduction in other net current liabilities	<u>673</u>	<u>532</u>
	1,637	4,344
Reduction in bank loans and overdrafts	905	295
(Reduction) increase in cash and bank balances	<u>(200)</u>	<u>904</u>
	<u>2,342</u> =====	<u>5,543</u> =====

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Basis of preparation of the accounts:

The accounts are prepared under the historical cost convention as adjusted by the policy of accounting for investment properties referred to in note 1(g).

(b) Sales of investment properties:

It is group policy to sell in significant numbers, as individual units, flats in residential blocks which have been held as investments but which are now considered uneconomic to retain. Occasionally there are sales of residential and commercial investment blocks. Since such sales of all types of investment property are expected to continue, the resulting surpluses based on the excess of sales proceeds over cost, plus additions, is included with the group profit before extraordinary items. Taxation on the gains arising on these sales is shown as part of the taxation charge.

(c) Income available for distribution:

Under the Articles of Association of group investment companies, realised capital profits are not available for distribution as dividends and these profits together with unrealised surpluses and deficits are taken to capital reserve.

(d) Depreciation:

No depreciation is provided on freehold property nor on leasehold property having an unexpired term of more than fifty years. Leasehold properties having an unexpired term of less than fifty years are amortised evenly over the remaining period of the lease

(e) Disposal of properties:

Disposals are considered to have taken place at the date of legal completion.

(f) Deferred taxation:

Deferred taxation is provided in respect of all timing differences (including those relating to surpluses on revaluation of investment property) other than those where in the opinion of the directors there is no reasonable probability that a taxation liability will arise in the foreseeable future.

(g) Properties:

Investment properties:

These properties are included in the balance sheet at at professional and directors' valuation in 1970 with subsequent additions at cost.

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS
(continued)

1. ACCOUNTING POLICIES (continued)

(g) Properties (continued)

Trading and development properties:

These properties are stated at the lower of cost and net realisable value. Cost includes interest on finance raised for the purpose of those properties where development has taken place during the year. No interest is added to the cost of completed properties, nor to the cost of all other properties not acquired for development purposes.

2. GROUP TURNOVER

	<u>1979</u>	<u>1978</u>
	<u>£'000</u>	<u>£'000</u>
Rents and charges receivable	5,125	4,649
Trading property sales	1,377	4,026
Investment property sales	1,620	2,855
	<u>8,122</u>	<u>11,530</u>
	=====	=====

3. SURPLUS ON SALES OF PROPERTIES

	<u>1979</u>	<u>1978</u>
	<u>£'000</u>	<u>£'000</u>
Investment properties:		
Transfer from capital reserve of surpluses:		
on revaluation now realised (note 8)	78	400
Surplus over book value	1,225	1,530
	<u>1,303</u>	<u>1,930</u>
Trading properties:		
Profit on properties sold	577	1,276
Provision for diminution in value of unsold properties	(177)	(110)
	<u>400</u>	<u>1,166</u>
Total surplus	<u>1,703</u>	<u>3,096</u>
	=====	=====

4. FINANCING CHARGES

	<u>1979</u>	<u>1978</u>
	<u>£'000</u>	<u>£'000</u>
Interest payable:		
Loans terminating after 31st December, 1984	395	492
Loans terminating prior to 1st January, 1985		
and other short term interest	654	651
Group finance charges payable	3,065	2,853
	<u>4,114</u>	<u>3,996</u>
	=====	=====

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS
(continued)

4. FINANCING CHARGES (continued)

	<u>1979</u> <u>£'000</u>	<u>1978</u> <u>£'000</u>
Interest receivable	370	270
Group finance charges receivable	<u>1,059</u>	<u>999</u>
	1,429	1,269
Net interest	2,684	2,727
Less interest charged to cost of development properties	<u>7</u>	<u>13</u>
	<u>2,677</u> =====	<u>2,714</u> =====

5. OTHER CHARGES (CREDITS)

	<u>1979</u> <u>£'000</u>	<u>1978</u> <u>£'000</u>
These include:		
Amortisation, depreciation and improvements written off	19	23
Auditors' remuneration	38	22
Surplus arising on redemption of mortgage and debenture stocks	(11)	(8)
Provision made in prior years, in respect of mortgages granted, no longer required	-	(275)
	<u>=====</u>	<u>=====</u>

6. TAXATION

The taxation (charge) credit in the profit and loss account
comprises:

	<u>1979</u> <u>£'000</u>	<u>1978</u> <u>£'000</u>
Taxation on the profit for the year attributable to the surplus on sales of investment properties	(161)	-
Taxation refunded, relating to gains on sales of property in a prior period	96	-
Overprovision in prior periods	<u>-</u>	<u>20</u>
	<u>(65)</u> =====	<u>20</u> =====

**METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES**

**NOTES ON THE ACCOUNTS
(continued)**

6. TAXATION (continued)

Deferred taxation in the balance sheet comprises:

	The group		The company	
	1979	1978	1979	1978
	£'000	£'000	£'000	£'000
Taxation relating to 1980 property sales	150	-	-	-
Taxation on unrealised surpluses on revaluation of investment properties (note 17)	(100)	-	(100)	-
	50	-	(100)	-
	=====	=====	=====	=====

No provision has been made for any liability that may arise in respect of deferred taxation relating to interest accrued as the directors anticipate that losses will be incurred by group companies sufficient to eliminate the liability.

No provision has been made for corporation tax on the eventual disposal of certain assets on which capital allowances have been claimed as in the opinion of the directors there is no reasonable probability that a taxation liability will arise in the foreseeable future.

The potential deferred taxation liability for which no provision has been made arises as follows:

	The group		The company	
	1979	1978	1979	1978
	£'000	£'000	£'000	£'000
Interest accrued	340	285	340	146
Unrealised surpluses on revaluation of property	671	795	472	590
Capital allowances claimed	155	147	149	142
	1,166	1,227	961	878
	=====	=====	=====	=====

7. GROUP PROFIT FOR THE YEAR

The profit for the year includes a profit of £193,000 (1978:£720,000) dealt with in the accounts of the company.

8. TRANSFER TO CAPITAL RESERVE

	The group		The company	
	1979	1978	1979	1978
	£'000	£'000	£'000	£'000
Surplus on sales of investment properties (note 3)	1,303	1,930	642	1,321
Taxation (note 6)	(65)	-	-	-
Surplus arising on redemption of mortgage and debenture stocks	11	8	-	-
	1,249	1,938	642	1,321
	=====	=====	=====	=====

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

Page 12

NOTES ON THE ACCOUNTS
(continued)

9. PROPERTIES

The group:

Investment properties:

	Freehold	Long	Short	Total	Total
	<u>£'000</u>	<u>leases</u>	<u>leases</u>	<u>1979</u>	<u>1978</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1st January, 1979	5,497	1,796	719	8,012	
Additions	10	-	-	10	
Transfers	45	(45)	-	-	
Disposals	(288)	(74)	-	(362)	
Amortisation	-	-	(18)	(18)	
	<u>5,264</u>	<u>1,677</u>	<u>701</u>	<u>7,642</u>	
At valuation 1970	4,829	1,434	671	6,934	
At cost	435	243	138	816	
Amortisation	-	-	(108)	(108)	
	<u>5,264</u>	<u>1,677</u>	<u>701</u>	<u>7,642</u>	8,012
Plant and fixtures:					
At 1st January, 1979			5		
Depreciation			(1)		
			<u>4</u>		
At cost			31		
Depreciation			(27)		
			<u>4</u>		
				<u>4</u>	<u>5</u>
				<u>7,646</u>	<u>8,017</u>

Trading properties at the lower of
cost and net realisable value:

Land	3,477	3,560
Developments in progress	257	312
Completed properties	9,815	10,247
	<u>13,549</u>	<u>14,119</u>

The company:

Investment properties:

At 1st January, 1979	3,298	1,236	719	5,253	
Disposals	(186)	(34)	-	(220)	
Amortisation	-	-	(18)	(18)	
	<u>3,112</u>	<u>1,202</u>	<u>701</u>	<u>5,015</u>	
At valuation 1970	2,736	959	671	4,366	
At cost	376	243	138	757	
Amortisation	-	-	(108)	(108)	
	<u>3,112</u>	<u>1,202</u>	<u>701</u>	<u>5,015</u>	<u>5,253</u>

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS
(continued)

9. PROPERTIES (continued)

- (a) Properties held for trading include accumulated finance charges £1,442,000 (1978:£1,600,000).
- (b) Included in properties held for trading are certain properties having a book value of £3,328,000 (1978:£3,323,000), the net realisable value of which is uncertain. Because of difficulties with planning permission and other matters the directors are unable to determine the net realisable value of the properties and the extent of any loss which might eventually be realised in connection with these properties.
- (c) Properties held for trading include an interest in a building site at a cost of £482,000 which is being developed by a third party. This cost is estimated to be recouped as to £150,000 (received since the year end) and an additional sum which cannot at this stage be precisely quantified but which is estimated to be not less than the balance of cost at which the property is included in the accounts.

10. INVESTMENT IN ASSOCIATED COMPANY

The associated company is Cherry Orchard Properties Limited, a company incorporated in Great Britain in which the group holds 50% of the equity. The group's interest and that of the company is made up as follows:

	The group		The company	
	1979	1978	1979	1978
	£'000	£'000	£'000	£'000
Shares at cost (£50)	-	-	-	-
Amounts due from (to)	174	(42)	174	(42)
	174	(42)	174	(42)
	=====	=====	=====	=====

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS
(continued)

11. MORTGAGES GRANTED AND OTHER INVESTMENTS

	<u>1979</u>	<u>1978</u>
	<u>£'000</u>	<u>£'000</u>
Mortgages granted to related company -		
repayable after 31st December, 1980	589	589
Mortgage redemption sinking fund policies	<u>100</u>	<u>93</u>
	689	682
	=====	=====

Surrender values of the mortgage redemption sinking fund policies are 1979:£107,000 (1978:£98,000).

12. CURRENT ASSETS

	<u>The group</u>		<u>The company</u>	
	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Interest receivable from holding and fellow subsidiary companies	668	625	668	427
Rents and service charges due and accrued	1,009	751	445	204
Debtors and prepayments	646	494	264	232
Taxation recoverable	112	18	11	10
Deposit with trustees of debenture holders	1,059	1,000	-	-
Bank balances and cash in hand and in transit	<u>1,145</u>	<u>1,345</u>	<u>52</u>	<u>422</u>
	4,639	4,233	1,440	1,295
	=====	=====	=====	=====

Bank balances include £927,000 (1978:£1,167,000) in the case of the group and £36,000 (1978:£416,000) in the case of the company held as security by the bankers of a subsidiary of an intermediate holding company, being the proceeds of sale of properties formerly owned by the company and certain subsidiary companies and which were charged in favour of the aforementioned banker.

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS
(continued)

13. CURRENT LIABILITIES

	The group		The company	
	1979	1978	1979	1978
	£'000	£'000	£'000	£'000
Rents and service charges charged in advance	630	519	245	191
Interest payable to immediate holding company	193	48	-	35
Creditors and provisions	687	813	144	107
Long term loan interest	75	78	7	11
Bank and other short term interest	19	8	9	1
Loans repayable within one year (note 15)	175	161	129	113
Taxation - current	193	32	-	-
Taxation - deducted from interest paid	27	285	-	5
Bank loans and overdrafts	<u>3,428</u>	<u>4,333</u>	<u>797</u>	<u>1,172</u>
	<u>5,427</u>	<u>6,277</u>	<u>1,331</u>	<u>1,635</u>
	=====	=====	=====	=====

Bank loans and overdrafts include the following amounts partly secured on the assets of:

	The group		The company	
	1979	1978	1979	1978
	£'000	£'000	£'000	£'000
The company	242	627	242	627
Subsidiary companies	<u>2,818</u>	<u>3,395</u>	<u>450</u>	<u>445</u>
	<u>3,060</u>	<u>4,022</u>	<u>692</u>	<u>1,072</u>
	=====	=====	=====	=====

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS
 (continued)

14. AMOUNTS DUE TO LESS AMOUNTS DUE FROM HOLDING AND FELLOW SUBSIDIARY COMPANIES

	The group		The company	
	1979	1978	1979	1978
	£'000	£'000	£'000	£'000
Amounts due to:				
Intermediate holding companies	21	365	21	365
Immediate holding company	21,952	23,267	-	-
Fellow subsidiary companies	-	28	-	28
	<u>21,973</u>	<u>23,660</u>	<u>21</u>	<u>393</u>
Amounts due from:				
Intermediate holding company	120	537	-	-
Immediate holding company	7,965	9,739	7,000	6,555
Fellow subsidiary companies	262	259	262	259
	<u>8,347</u>	<u>10,535</u>	<u>7,262</u>	<u>6,814</u>
	<u>13,626</u>	<u>13,125</u>	<u>(7,241)</u>	<u>(6,421)</u>
	=====	=====	=====	=====

Amounts due to/from group companies exclude unpaid interest which is shown under current liabilities/assets.

15. LONG TERM LOANS

	Interest rate	The group		The company	
		1979	1978	1979	1978
		£'000	£'000	£'000	£'000
Repayment terms:					
Terminating after 31st December, 1984:					
Unsecured loan	8%	584	584	-	-
stock 1991/96					
First mortgage debenture stock	8 3/4%	763	783	-	-
1986/91					
First mortgage debenture stock	9%	1,197	1,218	-	-
1987/92					
Mortgages repayable	7-11%	324	324	-	-
between 1988-2005					
		<u>2,868</u>	<u>2,909</u>	<u>-</u>	<u>-</u>
Carried forward					

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
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NOTES ON THE ACCOUNTS
 (continued)

15. LONG TERM LOANS (continued)

	Interest rate	The group		The company	
		1979 £'000	1978 £'000	1979 £'000	1978 £'000
Repayment terms:(continued)					
Terminating after 31st December, 1984:(continued)					
Brought forward		2,868	2,909	-	-
Instalment mortgages terminating between 1993-2005	6 3/4%-8 3/4%	825	992	408	539
Instalment mortgages terminating between 1985-2016	* 12-15%	620	710	415	460
Terminating prior to 1st January, 1985:					
Mortgage repayable - 1981	* 12-14%	337	522	-	16
Mortgage repayable - 1980	* 12-15%	-	22	-	22
		<u>4,650</u>	<u>5,155</u>	<u>823</u>	<u>1,037</u>
Amounts repayable prior to 1st January, 1981 transferred to current liabilities					
		175	161	129	113
		<u>4,475</u>	<u>4,994</u>	<u>694</u>	<u>924</u>

* Average rate for the year shown, interest rate varies according to bank base rate and building society rate.

A subsidiary company is required to set aside specific annual sums to provide for the redemption of the First Mortgage Debenture Stock. Alternatively the subsidiary company may purchase equivalent amounts of debenture stock.

At 31st August, 1980 group and company long term loans amounting to £676,000 and £58,000 respectively had been repaid from the proceeds of property sales since the year end.

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
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NOTES ON THE ACCOUNTS
 (continued)

16. SHARE CAPITAL

	<u>Number</u>	
	<u>1979</u>	<u>1978</u>
Ordinary stock units of £1:		
Authorised, issued and fully paid at 31st December, 1979 and 1978	1,000 =====	1,000 =====

17. RESERVES

	<u>The group</u>		<u>The company</u>	
	<u>1979</u>		<u>1979</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Capital reserve:</u>				
At 1st January, 1979	7,101		4,352	
Transfer to profit and loss account of surpluses on prior years' revaluation of investment properties now realised (note 3)	(78)		(58)	
Provision for taxation relating to unrealised surpluses on revaluation of properties (note 6)	(100)		(100)	
Transfer from profit and loss account (note 8)	<u>1,249</u>	8,172	<u>642</u>	4,836
<u>Mortgage sinking fund:</u>				
At 1st January, 1979	70		-	
Transfer from profit and loss account	<u>7</u>	77	<u>-</u>	-
<u>Profit and loss account</u>				
At 1st January, 1979 - adverse balance	(4,629)		(5,257)	
(Loss) for the year after transfer to capital reserve	<u>(472)</u>	(5,101)	<u>(449)</u>	(5,706)
		<u>3,148</u> =====		<u>(870)</u> =====

18. CHARGES ON ASSETS AND GUARANTEES

Group and company properties having book values at 31st December, 1979 of £17,718,000 (1978:£17,996,000) and £4,402,000 (1978: £4,525,000) respectively were charged as part security for the following loans from third parties granted to:

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
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NOTES ON THE ACCOUNTS
(continued)

18. CHARGES ON ASSETS AND GUARANTEES (continued)

	<u>The group</u>		<u>The company</u>	
	1979	1978	1979	1978
	£'000	£'000	£'000	£'000
Immediate holding company	8,178	8,732	7,301	8,469
Intermediate holding company	-	12	-	-
Fellow subsidiary companies	7,080	7,320	7,080	7,169
Companies associated with certain of the directors	171	497	171	422
Third parties	1,748	1,913	-	-
	<u>17,177</u>	<u>18,474</u>	<u>14,552</u>	<u>16,060</u>
	=====	=====	=====	=====

The company and certain of its subsidiaries have given guarantees in support of the properties charged to secure the above loans. The loans guaranteed by these companies amounted to:

	<u>The group</u>		<u>The company</u>	
	1979	1978	1979	1978
	£'000	£'000	£'000	£'000
Immediate holding company	5,687	6,042	5,633	5,866
Intermediate holding company	-	12	-	-
Fellow subsidiaries	800	850	-	-
Companies associated with certain of the directors	132	352	132	352
	<u>6,619</u>	<u>7,256</u>	<u>5,765</u>	<u>6,218</u>
	=====	=====	=====	=====

In addition certain other subsidiary companies have given guarantees to secure the above loans. The loans guaranteed amounted to:

	<u>The group</u>	
	1979	1978
	£'000	£'000
Immediate holding company	5,664	5,947
Intermediate holding company	-	12
	<u>5,664</u>	<u>5,959</u>
	=====	=====

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
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NOTES ON THE ACCOUNTS
(continued)

18. CHARGES ON ASSETS AND GUARANTEES (continued)

A subsidiary company has given a guarantee to secure a loan to its immediate holding company which at 31st December, 1979 amounted to £453,000 (1978:£162,000).

A subsidiary company has given a guarantee to a third party amounting to £23,000 (1978:£28,000) relating to the debts of a former subsidiary company.

A subsidiary company has given a guarantee amounting to £13,000 (1978:£19,000) in respect of a liability incurred by a company associated with certain of the directors.

Certain of the company's property assets having book values of £425,000 (1978:£464,000) were charged as part security for loans made to subsidiary companies amounting to £857,000 (1978:£874,000). One of these properties having a book value of £340,622 (1978:£340,622) is also subject to a second charge to secure a loan to a fellow subsidiary company of £6,219,000 (1978:£6,220,000) and has been referred to above.

The company has given a guarantee amounting to £40,500 in respect of a liability incurred by one of its subsidiary companies.

19. INTEREST IN SUBSIDIARIES

	1979 £'000	1978 £'000
Shares at cost and directors' valuation	3,224	3,208
Loans to subsidiary companies	2,304	1,674
	5,528	4,882
Loans from subsidiary companies	18,142	16,154
	(12,614)	(11,272)
	=====	=====

Loans to/from subsidiary companies exclude unpaid interest which is included under current assets/liabilities.

The subsidiary companies which principally affect the results or assets of the group are shown below:-

Investment companies:

E. Alec Colman Investments Limited

Property investment companies:

Calabar Properties Limited

Calabar (Wellingborough) Limited

Deritend Investments (Cheetham) Limited

Metropolitan Properties Co. (Colman) Limited

Savile Estates Limited

METROPOLITAN PROPERTIES CO. (F.G.C.) LIMITED
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NOTES ON THE ACCOUNTS
(continued)

19. INTEREST IN SUBSIDIARIES (continued)

Property trading companies:

Calabar Estates Limited

Derno Estates Limited

Henry Davies Developments Limited

Metropolitan Properties Co. (Cloisters) Limited

Metropolitan Property Realizations Limited

Metropolitan Properties Co. (Regis) Limited

All the above companies which are wholly owned, are incorporated
in Great Britain and registered in England.

20. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Linnet Limited a company
incorporated in the Isle of Man and controlled by trusts.