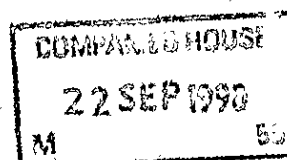


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CHARIWELL LAND plc

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990



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CHARIWELL LAND plc

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990

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CHARIWELL LAND plc

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 3 February 1990.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a property investment company.

RESULTS, DIVIDENDS AND REVIEW OF BUSINESS

The profit on ordinary activities before taxation amounted to £111,890,000 and after taxation to £105,199,000. The directors propose a dividend of £60,000,000. The directors propose to transfer the retained profit for the year to reserves.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

EMPLOYEE INVOLVEMENT

The Board regards employee involvement and effective communication as being essential to foster good employee relations, to achieve improved performance and productivity, to enhance the quality of working life, and to gain commitment to the company's business objectives.

The prime method of communication and involvement throughout the company is the normal day-to-day process of briefing employees through line management.

DISABLED PERSONS

It is the company's policy to give full consideration to the possibility of employing disabled persons wherever suitable opportunities exist. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

PENSION COMMITMENTS

During the year, the company made pension provision for its employees within the Kingfisher Pension Scheme.

The actuarial valuation in respect of the Scheme was made at 1 February 1987 which showed that there were sufficient assets in the Scheme to secure the benefits of existing pensioners and deferred pensions and to provide pensions to employees on the basis of completed pensionable service with allowance for future salary increases. The company is paying the level of contributions recommended by the Actuary.

CHARIWELL LAND plc

DIRECTORS' REPORT

TANGIBLE FIXED ASSETS

The movements in tangible fixed assets are set out in note 7 to the financial statements.

VALUATION

During the year the directors commissioned an external professional valuation of a sample of the company's freehold and long leasehold properties. Based on the results of that sample there has been an internal valuation, on the basis of open market value for existing use, carried out by qualified valuers employed by the company. On that basis the freehold and long leasehold properties have been revalued as at 3 February 1990, resulting in an increase of £16,182,000.

BOARD OF DIRECTORS

The directors who held office during the year were:-

A.J. Norman (Chairman)
G.J. Mulcahy
A.A. Jones
A.N. Light

The interests of the directors in shares and loan stock of Kingfisher plc, the ultimate holding company, are shown in note 15 to the accounts.

CHARITABLE DONATIONS

Donations paid by the company for charitable purposes amount to £700.

TAXATION STATUS

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1970.

AUDITORS

Our auditors, Deloitte Haskins & Sells have merged their practice with Coopers & Lybrand. They have adopted Coopers & Lybrand Deloitte as their business name and have signed their audit report in that name.

By order of the Board

S. J. Snow

Secretary
CHARIWELL LAND plc

AUDITORS' REPORT
TO THE MEMBERS OF CHARTWELL LAND plc

We have audited the financial statements on pages 4 to 17 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the Company's affairs at 3 February 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Conger & Lybrand Deloitte

Chartered Accountants
London

20th May 1990

CHARIWELL LAND plc

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 3 FEBRUARY 1990


	<u>Notes</u>	<u>1990</u> £000	<u>1989</u> £000
Operating income less operating expenses		36,848	39,635
Net interest (payable)	2	<u>(34,406)</u>	<u>(1,252)</u>
Operating profit		2,442	38,383
Surplus on disposal of land & buildings		<u>109,448</u>	<u>59,950</u>
Profit on ordinary activities before taxation	3	111,890	98,333
Taxation	6	<u>6,691</u>	<u>13,579</u>
Profit on ordinary activities after taxation		105,199	84,754
Proposed dividends		60,000	56,000
Retained profit for the year	13	<u>45,199</u>	<u>28,754</u>

CHARTWELL LAND plc

BALANCE SHEET AT 3 FEBRUARY 1990

	<u>Notes</u>		<u>1990</u>		<u>1989</u>
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	7	611,133		790,828	
Investments	8	<u>486</u>		<u>486</u>	
			611,619		791,314
CURRENT ASSETS					
Debtors	9	138,205		84,166	
Cash at bank and in hand		-		11	
		<u>138,205</u>		<u>84,177</u>	
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	10	<u>389,265</u>		<u>446,610</u>	
NET CURRENT LIABILITIES			(251,060)		(362,433)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>360,559</u>		<u>428,881</u>
Creditors: Amounts falling due after more than one year	10		(80,000)		(83,493)
Debtor: Amounts due after more than 12 months from subsidiary company	9		50,000		-
			<u>330,559</u>		<u>345,388</u>
CAPITAL AND RESERVES					
Called-up share capital	12		13		13
Revaluation reserve	13		253,012		313,040
Profit and loss account	13		<u>77,534</u>		<u>32,335</u>
			<u>330,559</u>		<u>345,388</u>

The financial statements on pages 4 to 17 were approved by the board of directors on 20 May 1990 and signed on its behalf by:

Whipw. } Directors


CHARWELL LAND plc

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 3 FEBRUARY 1990

	£000	<u>1990</u>	£000	£000	<u>1989</u>	£000
SOURCE OF FUNDS						
Operating profit	2,442			38,383		
Items not involving the movement of funds:						
Depreciation	1,127			1,272		
Capitalised interest	(3,010)			(3,372)		
			559			36,283
FUNDS FROM OTHER SOURCES						
Disposals of tangible fixed assets	255,843			161,750		
Decrease in property debtors	988			24,796		
Issue of shares	-			13		
			256,831			186,559
APPLICATION OF FUNDS						
Purchases of tangible fixed assets	24,845			104,884		
Tax paid	1,056			4,005		
Dividends paid	56,000			75,000		
Increase in property debtors				1		
Movement in balances with group companies and holding company	174,992			34,157		
			(256,893)			(218,046)
			<u>497</u>			<u>4,796</u>
INCREASE/(DECREASE) IN WORKING CAPITAL						
Debtors			107			(1,055)
Creditors			401			6,076
			<u>508</u>			<u>5,021</u>
MOVEMENT IN LIQUID FUNDS						
(Increase)/decrease in bank overdrafts			(-)			(236)
Increase/(decrease) in cash at bank			(11)			11
			<u>497</u>			<u>4,796</u>

CHARIWELL LAND plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990 (Continued)

1. ACCOUNTING POLICIES

Accounting Conventions

The financial statements of the company are prepared under the historical cost convention, except for certain land and buildings, which are included in the financial statements at valuation.

Depreciation

Depreciation of fixed assets is provided where it is necessary to reflect a reduction from book value to estimated residual value over the useful life of the asset to the company. It is the company policy to maintain its properties in a state of good repair, and in the case of freehold and long leasehold properties, the directors consider that the lives of these properties and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on freehold and long leasehold properties.

Depreciation of other fixed assets is calculated by the straight line method and the annual rates applicable to the principal categories are:

Short leasehold	- over remaining period of the lease.
Tenants improvements	- over estimated useful life.
Tenants fixtures	- between 10% and 15%.
Computers & electronic equipment	- 20%
Motor cars	- 25%

Disposal of land and buildings

The surplus or deficit on the disposal of land and buildings represents the difference between the net proceeds and the cost of the land and buildings less depreciation to the date of disposal and is shown after charging expenses attributable to the disposal.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990 (Continued)

1. ACCOUNTING POLICIES (continued)

Leased Assets

The value of assets held under finance leases is not material and compliance with SSAP 21 in respect of these assets is, therefore, not required.

The commitment to payments in the next financial year in respect of assets held under operating leases - including all leasehold properties is reported in Note 14.

All lease payments are charged to profit and loss account in the financial year to which the payment relates.

Capitalisation of Interest

Interest incurred on borrowings to finance developments is included in the cost of the project.

Pensions

The company operates a defined benefits pension scheme for its employees.

A separate fund is being accumulated to meet the accruing liabilities which is held under a trust and which is entirely separate from the company's assets. The pension costs included in the profit and loss account reflect the contributions paid to the pension scheme. The rate of contribution payable by the company is assessed at least once every three years by an independent actuary.

Deferred Taxation

Provision is made for deferred taxation except where the directors consider that it is unlikely to become payable in the foreseeable future.

2. NET INTEREST RECEIVABLE/(PAYABLE)

	<u>1990</u>		<u>1989</u>	
	£000	£000	£000	£000
Interest receivable:				
From external sources		2		139
From subsidiary companies		7,712		-
Interest payable:				
Bank loans and overdrafts repayable within 5 years other than by instalments			(6)	
To group companies	(45,130)		(4,757)	
Less amount capitalised	<u>3,010</u>		<u>3,372</u>	
		(42,120)		(1,391)
		<u>(34,406)</u>		<u>(1,252)</u>

CHARIWELL, LAND plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990 (Continued)

3.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION is stated after crediting:	<u>1990</u> £000	<u>1989</u> £000
	Rental income	49,864	53,886
	and after charging:		
	Auditor's remuneration (including expenses)	50	22
	Lease payments:		
	Operating leases - land and building	8803	10,131
	Depreciation - land and buildings	801	1,232
	- fixtures and fittings	93	40
		<u> </u>	<u> </u>

4. EMPLOYEES

Staff costs:

Wages and salaries	1,111	697
Social security costs	82	51
Other pension costs	107	53
	<u>1,300</u>	<u>801</u>

Average number of persons employed:

	<u>1990</u> Number	<u>1989</u> Number
Administration	<u>39</u>	<u>21</u>

The number of employees whose emoluments (excluding pension contributions) were within the following bands was:-

	<u>1990</u>	<u>1989</u>
£30,001 - £35,000	5	2
£35,001 - £40,000	3	1
£40,001 - £45,000	-	1
£45,001 - £50,000	1	1
£50,001 - £55,000	2	-

CHARIWELL LAND plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990 (Continued)

	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
5. DIRECTORS		
Staff costs include the following remuneration of directors:		
Other emoluments (including pension contributions)	<u>332</u>	<u>271</u>
Directors' remuneration includes amounts paid (excluding pension contributions) to:		
The Chairman	<u>Nil</u>	<u>Nil</u>
The highest paid director	<u>188</u>	<u>169</u>
The other director whose emoluments (excluding pension contributions) during the period were within the following bands:		
	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
£nil	1	1
£75,001 - £80,000	-	1
£100,001 - £105,000	1	

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Taxation charge on profit on the ordinary activities of the company for the year:

United Kingdom corporation tax at 35%	8,136	12,463
Overseas taxation	-	9
Deferred taxation	-	4,031
Adjustment for prior year provisions	(1,445)	(2,924)
	<u>6,691</u>	<u>13,579</u>

The taxation charge for the year has been reduced by timing differences not provided for amounting to £10.5m in respect of property disposals on which tax is expected to be permanently deferred due to roll over relief.

CHARIWELL LAND plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990 (Continued)

7. TANGIBLE FIXED ASSETS

	Land and buildings £000	Fixtures, fittings and equipment £000	Payments on account and assets in course of construction £000	Total £000
Cost/valuation				
At 28 January 1989	766,815	241	29,181	796,237
Revaluation	16,182	-	-	16,182
Reclassifications	14,378	-	(14,378)	-
Additions	2,059	1,464	21,322	24,845
Capitalised interest	-	-	3,010	3,010
Disposals	(213,810)	(100)	(11,085)	(224,995)
At 3 February 1990	585,624	1,605	28,050	615,279
Depreciation				
At 28 January 1989	5,369	40	-	5,409
Revaluation	-	-	-	-
Reclassification	-	-	-	-
Charge for year	1,035	92	-	1,127
Disposals	(2,372)	(18)	-	(2,390)
At 3 February 1990	4,032	114	-	4,146
At 3 February 1990	581,592	1491	28,050	611,133
Net book amount				
At 28 January 1989	761,446	201	29,181	790,828
At valuation	585,624	-	-	585,624
At cost	-	1,605	28,050	29,633
Aggregate depreciation	585,624	1,605	28,050	615,279
	4,032	114	-	4,146
	581,592	1,491	28,050	611,133

If land and buildings had not been revalued, they would have been included at the following:

	1989 £000	1989 £000
Cost	332,612	453,775
Aggregate depreciation	4,032	5,369
Net amount	328,580	448,406

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990 (Continued)

7. TANGIBLE FIXED ASSETS (Continued)

£000	<u>Freehold</u>	<u>Long leasehold</u>	<u>Short leasehold</u>	<u>Total 1990</u>	<u>Total 1989</u>
Land and buildings:					
At valuation - 1990	453,842	106,906	24,876	585,624	
- 1989					766,815
At cost	-	-	-	-	-
.....					
Aggregate depreciation	-	-	4,032	4,032	5,369
.....					
Net book amount:					
3 February 1990	453,842	106,906	20,844	581,592	
28 January 1990	595,394	140,447	25,605		761,446
.....					

During each of the last five years a representative sample of the company's freehold and long leasehold properties have been valued by either Healey & Baker or Churston Heard & Co, surveyors and valuers, so that the entire portfolio as at 3 February 1990 has been the subject of an external valuation during this period. Based on the results of these sample valuations there have been internal valuations of the entire portfolio each year, on the basis of open market value for existing use, carried out by qualified valuers employed by the company. The resulting revaluation surpluses have been placed to revaluation reserve.

CHARTWELL LAND plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990 (Continued)

8. FIXED ASSET INVESTMENTS

Investments in subsidiary and related companies

	<u>1990</u>	<u>1989</u>
	£000	£000
Cost at 3 February 1990	<u>486</u>	<u>486</u>

At 3 February 1990 the company held the entire issued share capital (except where stated) of the following principal operating companies:-

Chartwell Land Investments Ltd*
Chartwell Land Development Ltd*
Portswood Developments Ltd
Chartwell Development Management Ltd
Chartwell Development Properties Ltd (74%)
Woodstock Land PLC (75%)
Chartwell City Developments Ltd (50%)
Vanbrugh Land plc (75%)

* Held directly by Chartwell Land plc

Consolidated accounts have not been provided as the company is a wholly owned subsidiary of Kingfisher plc which is incorporated in the United Kingdom.

In the opinion of the directors the value of the company's investments in the subsidiary and related companies was not less than the amounts at which they are stated in the balance sheet.

9. DEBTORS

	<u>1990</u>	<u>1989</u>
	£000	£000
Due within 12 months		
Amounts falling due within one year:		
Property debtors	-	988
Amounts owed by group companies	136,158	81,238
Other debtors	1,506	719
Rents paid in advance	439	1,046
Prepayments and VAT	102	175
	<u>138,205</u>	<u>84,166</u>
Due from group company after 12 months	<u>50,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990 (Continued)

	<u>1990</u> £000	<u>1989</u> £000
10. CREDITORS		
Amounts falling due within one year:		
Bank overdrafts	449	449
Amounts owed to holding company	292,797	355,324
Amounts owed to group companies	5,593	18,666
Corporation tax	8,896	3,261
Group Relief Payable	9,021	-
Other creditors	2,090	1,748
Rents received in advance	7,560	8,083
Accruals and deferred income	2,859	3,079
Proposed dividend	60,000	56,000
	<u>389,265</u>	<u>446,610</u>

Amounts falling due after more than one year:

Loans from group company	<u>80,000</u>	<u>83,493</u>
--------------------------	---------------	---------------

The loans from the group company incur interest and is repayable as detailed below.

<u>Amount</u> £000	<u>Interest Rate</u>	<u>Repayable</u>
80,000.	10%	14.10.2003

11. DEFERRED TAXATION

The full potential liability for deferred taxation and the amount for which provision has been made in the financial statements are as follows:

	<u>Full potential liability</u>		<u>Amount provided</u>	
	<u>1990</u> £000	<u>1989</u> £000	<u>1990</u> £000	<u>1989</u> £000
Chargeable gains on re-valuation of properties	(89,433)	(84,813)	-	-
Losses and short-term timing differences	-	-	-	-
	<u>(89,433)</u>	<u>(84,813)</u>	<u>-</u>	<u>-</u>

CHARTWELL LAND plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990 (Continued)

11. DEFERRED TAXATION (Continued)

	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
The movement on the amount provided for deferred tax is:		
At 28 January 1989	-	4,031
Transfer to/(from) profit and loss account reserves	-	(4,031)
At 3 February 1990	<u>-</u>	<u>-</u>

12. CALLED-UP SHARE CAPITAL

	<u>£</u>	<u>£</u>
Authorised:		
5,000,000 ordinary shares at £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted called-up and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and partly paid:		
49,900 ordinary shares of £1 each partly paid 25p in the £1	<u>12,475</u>	<u>12,475</u>

13. RESERVES

	Revaluation reserve		Profit and loss account	
	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
At 28 January 1989	313,040	272,454	32,335	3,581
Retained profit for the year	-	-	45,199	28,754
Realised revaluation surplus	(76,210)	(30,131)	-	-
Revaluation during year	16,182	70,717	-	-
At 3 February 1990	<u>253,012</u>	<u>313,040</u>	<u>77,534</u>	<u>32,335</u>

CHARIWELL LAND plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990 (Continued)

14. COMMITMENTS

	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>
a) Capital commitments		
Contracted but not provided	-	31,794
Authorised but not contracted	-	5,395

b) Lease commitments

	<u>Land & buildings</u>
	<u>1990</u>
	<u>£000</u>

The company had annual commitments under non-cancellable operating leases as follows:

Expiring within one year	-	15
Expiring between two and five years	-	80
Expiring in five years or more	<u>6,855</u>	<u>9,677</u>

c) Pension commitments

The company is a member of Kingfisher Pension Scheme; the latest actuarial valuation of this scheme was made at 1 February 1987.

The valuation showed that there were sufficient assets in the fund to secure the benefits of existing pensioners and deferred pensions and to provide pensions to present members on the basis of completed pensionable service with allowance for future salary increases. The company is paying the level of contribution as recommended by the actuaries.

15. DIRECTORS' INTERESTS IN SHARES AND LOAN STOCK

None of the directors has any beneficial interest in the shares of the company nor any beneficial interest in any loan stock of the ultimate holding company, Kingfisher plc.

G. J. Mulcahy and A. J. Norman are directors of Kingfisher plc and their interests are disclosed in the financial statements of that company.

CHARIWELL LAND plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 FEBRUARY 1990 (Continued)

15. DIRECTORS' INTERESTS IN SHARES AND LOAN STOCK (Continued)

The interest of other directors in the shares of Kingfisher plc.

At 28 January 1980 and 3 February 1990

	<u>Shares</u>	<u>Options to</u> <u>Subscribe for Shares</u>
A.A. Jones	20,000	103,798 (a)
A.N. Light	-	66,692 (b)

a) Exercisable on varying dates through to 1998 at prices between £2.05 and £3.00 a share.

b) Exercisable on varying dates through to 1998 at prices between £2.05 and £2.86.

16. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Kingfisher plc, a company incorporated in England.

17. GUARANTEES

The company has undertaken to guarantee the indebtedness of the company's subsidiaries.