

Caparo House Limited

Directors' report and financial statements

For the year ended 31 December 1995

Registered number 1718594



Caparo House Limited

Directors' report and financial statements

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Caparo House Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

The company is a wholly owned subsidiary of Caparo Group Limited, a company registered in England and Wales.

Principal activities

The principal activity of the company is making property investment. The company's property is situated at 103 Baker Street, London. Part of the property provides accommodation for Caparo Group Limited, whilst the remaining accommodation is let to external tenants.

Business review

The results for the year are shown in the profit and loss account set out on page 4 and shows the profit on ordinary activities after taxation for the year of £323,000 (1994: £342,000).

The company has operated satisfactorily during the year. The directors are of the opinion that the company will continue to be profitable in the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend for the year.

Fixed assets

Movements in fixed assets are shown in note 7 to the financial statements.

Directors and directors' interests

The directors of the company who held office during the year were:

Angad Paul
Mrs A Punn
CG Steele

The interests of Mr Angad Paul in the share capital of Caparo Group Limited, the ultimate parent company, are disclosed in the directors' report of that company. Neither of the other directors had any interest in the share capital of Caparo Group Limited.

None of the directors had any interest in the share capital of the company nor in the share or loan capital of any other subsidiary company of the ultimate parent company.

Liability insurance

During the year the company maintained liability insurance for its officers.

Caparo House Limited

Directors' report *(continued)*

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to re-appoint its auditors annually and KPMG will, therefore, continue in office.

By order of the board


CG Steele
Secretary

Caparo House
103 Baker Street
London
W1M 2LN

12 June 1996



2 Cornwall Street
Birmingham
B3 2DL

Auditors' report to the members of Caparo House Limited

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

12 June 1996

Caparo House Limited

Profit and loss account for the year ended 31 December 1995

	<i>Note</i>	1995 £000	1994 £000
Turnover	2	493	547
Cost of sales		(15)	(25)
		<hr/>	<hr/>
Gross profit		478	522
Administrative expenses		(1)	(1)
		<hr/>	<hr/>
Operating profit		477	521
Other interest receivable and similar income	3	1	1
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	478	522
Tax on profit on ordinary activities	6	(155)	(180)
		<hr/>	<hr/>
Profit for the financial year		323	342
Profit brought forward		368	26
		<hr/>	<hr/>
Profit carried forward		691	368
		<hr/>	<hr/>

Turnover and results reported above all relate to continuing activities.

There are no recognised gains or losses other than the profit for the year as shown above.

Caparo House Limited

Balance sheet

as at 31 December 1995

	Note	1995		1994	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		5,169		5,169
Current assets					
Debtors	8	101		100	
Cash at bank		97		93	
		<u>198</u>		<u>193</u>	
Creditors: Amounts falling due within one year	9	<u>(371)</u>		<u>(380)</u>	
Net current liabilities			<u>(173)</u>		<u>(187)</u>
Total assets less current liabilities			4,996		4,982
Creditors: Amounts falling due after more than one year	10		<u>(2,736)</u>		<u>(3,045)</u>
Net assets			<u>2,260</u>		<u>1,937</u>
Capital and reserves					
Called up share capital	11		-		-
Investment property revaluation reserve			1,569		1,569
Profit and loss account			691		368
Equity shareholders' funds	12		<u>2,260</u>		<u>1,937</u>

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


CG Steele
Director

Caparo House Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules, modified to include the revaluation of the investment property.

Investment property

In accordance with Statement of Standard Accounting Practice no 19 (as amended):

- (i) the investment property is revalued annually at open market values determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors. Surpluses and deficits are taken to the revaluation reserve. Any permanent diminution is taken to the profit and loss account for the year; and
- (ii) no depreciation or amortisation is provided.

This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, this property is not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Depreciation on other fixed assets is calculated to write off the cost over their estimated life in equal annual instalments at the following rate:

Fixtures and fittings - 20% per annum

Cash flow statement

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

2 Turnover and profits

All the company's turnover and profits are derived from its normal activity carried on within the United Kingdom.

Caparo House Limited

Notes (continued)

3 Other interest receivable and similar charges

	1995 £000	1994 £000
Other interest	<u>1</u>	<u>1</u>

4 Profit on ordinary activities before taxation

	1995 £000	1994 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	<u>1</u>	<u>1</u>

5 Directors' remuneration

No director received any remuneration during the year (1994: £Nil).

The average number of persons employed by the company (including directors) during the year was nil (1994: nil).

6 Taxation

	1995 £000	1994 £000
Corporation tax charge on the profit on ordinary activities for the period at 33% (1994: 33%)	157	180
Corporation tax charge on prior year	<u>(2)</u>	<u>-</u>
	<u>155</u>	<u>180</u>

The taxation that would become payable on the ultimate disposal of the property outside the group amounts to approximately £512,000 (1994: £512,000) under current legislation for which no provision has been made.

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

Caparo House Limited

Notes (continued)

7 Tangible fixed assets

	Freehold investment property £000	Fixtures and fittings £000	Total £000
Cost of valuation			
At beginning and end of year	5,169	5	5,174
Depreciation			
At beginning and end of year	-	5	5
Net book value			
At 31 December 1995	5,169	-	5,169
At 31 December 1994	5,169	-	5,169

The investment property is stated at directors' valuation based on appropriate professional advice given by their managing agents, Messrs Gross Fine and in accordance with the Valuation Guidance Notes issued by the Royal Institute of Chartered Surveyors.

The historic cost of the investment property was £3,599,000.

8 Debtors

	1995 £000	1994 £000
Trade debtors	99	100
Prepayments and accrued income	2	-
	<u>101</u>	<u>100</u>

9 Creditors: Amounts falling due within one year

	1995 £000	1994 £000
Corporation tax	158	180
Accruals and deferred income	213	200
	<u>371</u>	<u>380</u>

Caparo House Limited

Notes (continued)

10	Creditors: Amounts falling due after more than one year	1995	1994
		£000	£000
	Amount owed to parent company	<u>2,736</u>	<u>3,045</u>
11	Share capital and reserves	1995	1994
		£	£
	<i>Authorised, called up, allotted and fully paid:</i>		
	100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
12	Reconciliation of movements in shareholders' funds	1995	1994
		£000	£000
	Profit for the financial year	323	342
	Shareholders' funds brought forward	<u>1,937</u>	<u>1,595</u>
	Shareholders' funds carried forward	<u>2,260</u>	<u>1,937</u>

13 Parent company

The company is a subsidiary of Caparo Group Limited, which is the ultimate parent company registered in England and Wales. Copies of the consolidated financial statements of the group can be obtained from Caparo House, 103 Baker Street, London W1M 2LN.