

**RICARDO PROPERTIES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 1998**

**REGISTERED NUMBER 2032816**



# **RICARDO PROPERTIES LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report and financial statements for the year ended 30 June 1998.

## **BUSINESS REVIEW**

The principal activity of the Company consists of the management and the administration of freehold and leasehold properties for the Ricardo Group plc group of companies.

## **RESULTS AND DIVIDENDS**

The results for the year are shown on page 5 of the financial statements. An interim dividend of £92,000 was paid during the year. The Directors propose a final dividend of £90,000. A transfer of £7,000 has been made from reserves.

## **DIRECTORS**

The Directors who served during the year were:

J A Heaman  
R J Westhead

No Director has any interests in the shares of the Company.

The interest of R J Westhead in the share capital of the ultimate holding company, Ricardo Group plc, is disclosed in the accounts of that company. The interest of J A Heaman in the share capital of the ultimate holding company is as follows:

	<u>30 June 1997</u>	<u>Exercised in</u> <u>the year</u>	<u>30 June 1998</u>
Ordinary Shares of 25p each	17,240	-	17,240
Options over Shares of 25p each	40,398	(9,325)	31,073

The options granted to the above Director are exercisable at 119.9p, 106.2p, and 114p up to March 2006.

There were no contracts in which the Directors held any interests.

## **RICARDO PROPERTIES LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **AUDITORS**

Following the merger of Price Waterhouse and Coopers & Lybrand, Price Waterhouse resigned as auditors on 20 July 1998.

The Directors appointed PricewaterhouseCoopers to fill the casual vacancy and, following the Company's resolution to dispense with annual general meetings, they are deemed to be re-appointed for each further succeeding financial year until further notice.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the results for the year. In preparing the financial statements, suitable accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made. The financial statements are prepared in compliance with applicable accounting standards and with the Companies Act 1985. The financial statements are also prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'J A Heaman', with a stylized, flowing script.

J A HEAMAN  
Secretary

4 January 1999

**AUDITORS' REPORT**  
**TO THE MEMBERS OF**  
**RICARDO PROPERTIES LIMITED**

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 8.

**Respective responsibilities of the directors and auditors**

As described on page 3, the Company's Directors are responsible for the preparation of the 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 Practice Board. An audit includes examination, on a test basis, of the 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 mis-statement, whether caused by fraud or 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 affairs of the Company at 30 June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants  
and Registered Auditors  
Bristol

4 January 1999.

# RICARDO PROPERTIES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1998

	Note	1998 £'000	1997 £'000
<u>TURNOVER</u> - continuing operations	2	878	956
Operating charges		(384)	(288)
<u>OPERATING PROFIT</u>		<u>494</u>	<u>668</u>
Exceptional Items:	6		
Loss on disposal of fixed assets		-	(100)
Provision against carrying value of premises		-	(800)
<u>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</u>		<u>494</u>	<u>(232)</u>
Bank interest receivable / (payable)		<u>54</u>	<u>(12)</u>
<u>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	4	<u>548</u>	<u>(244)</u>
Taxation	5	<u>(373)</u>	<u>(179)</u>
<u>PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</u>		<u>175</u>	<u>(423)</u>
Dividends paid and proposed		(182)	(185)
<u>LOSS TRANSFERRED FROM RESERVES</u>	14	<u>(7)</u>	<u>(608)</u>

The loss for the financial year includes all recognised gains and losses in the year.

The notes on pages 8 to 15 form part of these financial statements.

## **RICARDO PROPERTIES LIMITED**

### **NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 30 JUNE 1998**

	1998 £'000	1997 £'000
Reported profit / (loss) on ordinary activities before taxation.	548	(244)
Realisation of property revaluation gains of previous years	-	150
Provision against carrying value of revalued premises	-	351
Historical cost profit on ordinary activities before taxation	<u>548</u>	<u>257</u>
Historical cost loss for the year after taxation and dividends	<u>(7)</u>	<u>(107)</u>

### **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 30 JUNE 1998.**

	1998 £'000	1997 £'000
Profit / (loss) for the financial year	175	(423)
Dividends	<u>(182)</u>	<u>(185)</u>
Reduction in shareholders' funds	(7)	(608)
Opening shareholders' funds	<u>626</u>	<u>1,234</u>
Closing shareholders' funds	<u>619</u>	<u>626</u>

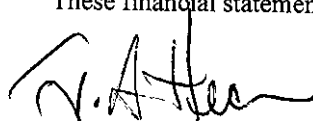
# RICARDO PROPERTIES LIMITED

## BALANCE SHEET AS AT 30 JUNE 1998

		1998	1997
	Note	£'000	£'000
<u>FIXED ASSETS</u>			
Tangible Fixed Assets	7	4,835	4,529
Investment Properties	8	1,215	3,061
		6,050	7,590
<u>CURRENT ASSETS</u>			
Properties for sale	9	-	469
Debtors	10	1,955	340
Cash at bank		1,157	276
		3,112	1,085
<u>CREDITORS</u>			
Amounts falling due within one year	11	(8,543)	(8,019)
<u>NET CURRENT LIABILITIES</u>			
		(5,431)	(6,934)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			
		619	656
Provision for liabilities and charges	12	-	(30)
<u>NET ASSETS</u>			
		619	626
<u>CAPITAL RESERVES</u>			
Called up share capital	13	500	500
Revaluation reserve	14	82	82
Profit and loss account	14	37	44
<u>SHAREHOLDERS' FUNDS</u>			
		619	626

The notes on pages 8 to 15 form part of these financial statements.

These financial statements were approved by the Board of Directors on 4 January 1999.



J A Heaman  
Director

# **RICARDO PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998**

### **1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies are described below.

#### **a) Accounting Convention**

Long leasehold and freehold land and buildings are stated at cost or estimated valuation. All other items are stated in the financial statements under the historical cost accounting convention.

#### **b) Fixed Assets**

##### Tangible Fixed Assets

Depreciation is provided to write off the value (being cost less estimated residual value) of long leasehold property and freehold buildings and the cost of other tangible fixed assets over their estimated useful lives as follows:

Freehold buildings	-	over 50 years
Long leasehold property	-	over the term of the lease
Short leasehold property	-	over the term of the lease
Fixtures, fittings and equipment	-	between 3 and 10 years

##### Investment Properties

Investment properties are stated at the Directors' valuation. In accordance with the Statement of Standard Accounting Practice no. 19, the properties are not depreciated, contrary to the Companies Act 1985, in order to show a true and fair view.

#### **c) Properties for sale**

Properties for sale are treated as current assets and are stated at their estimated realisable value.

#### **d) Deferred Taxation**

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is possible that liabilities will crystallise in the foreseeable future.

#### **e) Leases**

The cost of operating leases are dealt with by way of a charge to the profit and loss account as incurred.



## **RICARDO PROPERTIES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998 (continued)**

#### **2. TURNOVER**

Turnover represents the amount of rents and service charges receivable net of Value Added Tax. All turnover is derived in the United Kingdom.

	1998 £'000	1997 £'000
Turnover derived from external customers	318	274
Turnover derived from other Ricardo Group companies	560	682
	<hr/> 878	<hr/> 956

#### **3. STAFF COSTS**

Average number of persons employed during the year was 1 (1997 - 1)

	1998 £'000	1997 £'000
Staff costs charged to the profit and loss account are as follows:		
Wages & Salaries	40	34
Social Security Costs	3	3
Other Pension Costs	3	2
	<hr/> 46	<hr/> 39

#### **4. PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1998 £'000	1997 £'000
i) <u>This is shown after charging (crediting):</u>		
Auditors' remuneration	3	3
Fees in respect of other services provided by the auditors	-	11
Depreciation	13	33
Operating leases	87	120
ii) <u>Emoluments of directors:</u>		
Directors emoluments (including pension contributions)	43	36

# RICARDO PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998 (continued)

### 4. PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

#### ii) Emoluments of directors (continued):

Directors' emoluments consist of a recharge from a fellow subsidiary and are based on the services provided in connection with the management of the Company.

Both directors exercised share options in respect of the ultimate parent company, Ricardo Group plc, during the year and have benefits accruing under a defined benefit scheme.

#### iii) Operating leases

Commitments exist for operating lease rentals payable during 1998/99 for leases of land and buildings which expire in future years as follows:

	1998 £'000	1997 £'000
Expiry:		
Within one year	-	2
After five years	74	74
	<u>74</u>	<u>76</u>

### 5. TAXATION

	1998 £'000	1997 £'000
United Kingdom corporation tax		
Current at 31% (1997: 33%)	(226)	(179)
Prior year adjustment:		
Corporation tax	(177)	-
Deferred tax (note 12)	30	-
	<u>(373)</u>	<u>(179)</u>

# RICARDO PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 1998 (continued)

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### 6. EXCEPTIONAL ITEMS

	1998 £'000	1997 £,000
Loss on sale of freehold property	-	100
Provision against carrying value of premises previously occupied by Design companies	-	800
	<u>-</u>	<u>900</u>

### 7. TANGIBLE FIXED ASSETS

	Land & Buildings			Fixtures Fittings & Equipment	Total
	Freehold	Long Leasehold	Short Leasehold		
	£'000	£'000	£'000	£'000	£'000
<u>COST OR VALUATION</u>					
At 1 July 1997	5,304	33	28	114	5,479
Additions	364	-	-	-	364
Transfer to Investment Properties	-	-	-	(85)	(85)
At 30 June 1998	<u>5,668</u>	<u>33</u>	<u>28</u>	<u>29</u>	<u>5,758</u>
<u>DEPRECIATION</u>					
At 1 July 1997	867	-	22	61	950
Charge for year	6	3	1	3	13
Transfer to Investment Properties	-	-	-	(40)	(40)
At 30 June 1998	<u>873</u>	<u>3</u>	<u>23</u>	<u>24</u>	<u>923</u>
<u>NET BOOK AMOUNT</u>					
At 30 June 1998	<u>4,795</u>	<u>30</u>	<u>5</u>	<u>5</u>	<u>4,835</u>
<u>NET BOOK AMOUNT</u>					
At 30 June 1997	<u>4,437</u>	<u>33</u>	<u>6</u>	<u>53</u>	<u>4,529</u>

The net book amount of freehold and long leasehold properties at 30 June 1998 comprises historical cost less accumulated depreciation.

# RICARDO PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998 (continued)

### 8. INVESTMENT PROPERTIES

	1998 £'000	1997 £'000
As at 1 July	3,061	-
Transfer from Tangible Fixed Assets (note 7)	45	2,653
Provision against carrying value of premises	(3)	(800)
Transfer from Properties for Sale	-	1,208
Additions	10	-
Disposals	(1,898)	-
	<u>1,215</u>	<u>3,061</u>

The net book amount of the investment properties at 30 June 1998 is comprised as follows:

	£'000
Historical cost	1,562
Revaluation	82
Accumulated Depreciation	(51)
Provision for diminution in value	(378)
Carrying value	<u>1,215</u>

### 9. PROPERTIES FOR SALE

	1998 £'000	1997 £'000
As at 1 July	469	1,642
Additions	11	35
Disposals	(480)	-
Transfer to Investment Properties	-	(1,208)
	<u>-</u>	<u>469</u>

## **RICARDO PROPERTIES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998 (continued)**

#### **10. DEBTORS**

	1998 £'000	1997 £'000
Trade Debtors	114	134
Amounts owed by fellow subsidiary undertakings	1	157
Sale of investment property	1,811	-
Other debtors	10	23
Prepayments and accrued income	19	26
	<u>1,955</u>	<u>340</u>

All of these amounts are due within one year of the balance sheet date.

#### **11. CREDITORS - Amounts falling due within one year**

	1998 £'000	1997 £'000
Trade creditors	28	25
Amounts owed to parent undertaking	7,776	6,726
Amounts owed to fellow subsidiary undertakings	93	1
Other creditors	55	75
Corporation tax	333	927
Other taxes and social security	31	34
Accruals and deferred income	227	231
	<u>8,543</u>	<u>8,019</u>

# RICARDO PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998 (continued)

### 12. PROVISION FOR LIABILITIES AND CHARGES

	1998 £'000	1997 £'000
<u>Deferred Taxation</u>		
Balance at 1 July	30	30
Movement in year (note 5)	(30)	-
	<u>-</u>	<u>30</u>
The amounts provided are in respect of:		
Accelerated capital allowances on properties held for resale.	<u>-</u>	<u>30</u>

No provision has been made for the following deferred taxation in respect of capital allowances in advance of depreciation or in respect of tax arising if the properties which are classified as investment properties were disposed of at their revalued amounts, as no liability is expected to crystallise in the foreseeable future. The deferred tax not provided is as follows:

	1998 £'000	1997 £'000
Accelerated capital allowances	1,098	1,467
Other short term timing differences	-	(26)
	<u>1,098</u>	<u>1,441</u>

### 13. SHARE CAPITAL

	1998 £'000	1997 £'000
Ordinary shares of £1 each authorised, allotted and fully paid.	<u>500</u>	<u>500</u>

## **RICARDO PROPERTIES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998 (continued)**

#### **14. RESERVES**

	Revaluation Reserve	Profit and Loss Account
	£'000	£'000
Balance at 1 July 1997	82	44
Deficit for the year	-	(7)
Balance at 30 June 1998	<u>82</u>	<u>37</u>

#### **15. CONTINGENT LIABILITIES**

The Company has given an unlimited guarantee in respect of the bank overdrafts of other group companies which amounted to £7,182,698 at 30 June 1998 (1997 - £7,487,286).

#### **16. ULTIMATE HOLDING COMPANY**

Ricardo Group plc, which is registered in England, is the ultimate holding company as at 30 June 1998. Copies of the consolidated accounts of Ricardo Group plc which is the largest and smallest group for which group accounts are prepared and of which Ricardo Properties Limited is a member are available from: The Company Secretary, Ricardo Group plc, 1 Watling Drive, Sketchley Business Park, Hinckley, Leicestershire, LE10 3EY.

The Company has taken advantage of the exemption provided by Financial Reporting Standard 8 "Related Parties" and not disclosed related party transactions with other companies within the Ricardo Group.