

Lloyds Group Properties Limited
Directors' report and financial statements
for the year ended 31 December 1999

Registered no: 2158377



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Lloyds Group Properties Limited

Annual report for the year ended 31 December 1999

	<u>Pages</u>
Directors' report	1 - 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 14

Lloyds Group Properties Limited

Directors' report for the year ended 31 December 1999

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Results

Details of the results for the financial year are set out in the profit and loss account on page 5.

Principal activities

The company is engaged in the management of a portfolio of properties held as investments yielding a rental return.

Review of business and future prospects

The directors expect the current level of activity to be maintained and they are examining ways in which the performance of the business can be improved in the future.

Dividends

The directors do not propose the payment of a final dividend (1998: £nil). No interim dividend was paid during the year (1998: £nil).

Directors

The directors of the company during the year ended 31 December 1999, all of whom have been directors for the whole of the year, except where otherwise stated, were as follows:

G. A. Kershaw
S. M. Meister (resigned 1 January 1999)
G. V. Mischke (appointed 1 January 1999)
M. A. Ward
R. C. H. Vizard

In accordance with the Articles of Association, none of the directors are required to retire at the annual general meeting.

Lloyds Group Properties Limited

Directors' interests

According to the register kept under section 325 of the Companies Act 1985, no director had a notifiable interest in the shares of the company or other group companies at any time during the year. As permitted, the register does not contain details of directors' interests in parent undertakings which are incorporated outside Great Britain.

None of the directors had a material interest in any contracts with group companies.

Impact of the Euro

An initial assessment of the impact of the Euro on the UK group has been performed. In Ireland the Euro has now been introduced and plans are in place to support the future move to common notes and coins.

Within the United Kingdom the assessment established that little immediate work was required in 1999 and accordingly no significant costs were borne during the year. A project group has been established within GEHE AG to consider and plan any necessary future work which may be required for subsidiaries based in countries not already participating in the Euro.

Year 2000 compliance

The directors continue to be aware of the Year 2000 issue and have taken appropriate steps to deal with it. In particular they are aware that the issue does not solely arise from the roll over of the date from 1999 to 2000 and that there are other potentially problematic dates both within the year 2000 and beyond.

It is believed that all significant assessment, rectification and testing work was completed during 1999 and since that date change no significant problems have manifested themselves. Nevertheless, systems are continually monitored and adequate resources are available to resolve any problems as they arise.

All software rectification costs to date have been charged to the profit and loss account. Replacement hardware has been capitalised and is being depreciated in accordance with normal group policies. As the assessment, rectification and testing process is believed to be complete, no significant future costs are anticipated.

Lloyds Group Properties Limited

Statement of directors' responsibilities

The directors are required by UK Company Law to prepare financial statements for each financial year that 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 profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers, will be put to the members at the annual general meeting.

By order of the Board



G.V. Mischke
Director
9 June 2000

Lloyds Group Properties Limited

Report of the auditors to the members of Lloyds Group Properties Limited

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

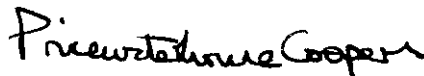
Basis of opinion

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 at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
9 June 2000

Lloyds Group Properties Limited

Profit and loss account for the year ended 31 December 1999

	Notes	1999 £'000	Restated 1998 £'000
Turnover	1	-	70
Administrative expenses		(118)	(191)
Operating loss		(118)	(121)
Loss on disposal of fixed assets		(701)	(212)
Loss on ordinary activities before taxation	4	(819)	(333)
Tax on loss on ordinary activities	5	1	(17)
Loss for the financial year	11	(818)	(350)

All operations are continuing.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the results above and the results on an unmodified historical cost basis.


Details of the restatement of comparatives are given in notes 1 and 6 to the financial statements.

Lloyds Group Properties Limited

Balance sheet at 31 December 1999

	Notes	1999 £'000	Restated 1998 £'000
Fixed assets			
Tangible assets	6	<u>2,610</u>	<u>4,612</u>
Current assets			
Debtors:			
Amounts falling due within one year	7	1,572	1,461
Amounts falling due after more than one year	7	739	127
Cash at bank and in hand		102	160
		<u>2,413</u>	<u>1,748</u>
Creditors: amounts falling due within one year	8	<u>(1,212)</u>	<u>(1,971)</u>
Net current assets / (liabilities)		<u>1,201</u>	<u>(223)</u>
Total assets less current liabilities		3,811	4,389
Creditors: amounts falling due after more than one year	8	(3,339)	(3,063)
Provisions for liabilities and charges	9	-	(36)
Net assets		<u><u>472</u></u>	<u><u>1,290</u></u>
Capital and reserves			
Called-up share capital	10	-	-
Revaluation reserve	11	-	-
Profit and loss account	11	472	1,290
Equity shareholders' funds	12	<u><u>472</u></u>	<u><u>1,290</u></u>

The financial statements on pages 5 to 14 were approved by the board of directors on 9 June 2000 and were signed on its behalf by:


G.V. Mischke
Director

Lloyds Group Properties Limited

Notes to the financial statements for the year ended 31 December 1999

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. Set out below is a summary of the more important accounting policies, which have been applied consistently except where stated otherwise.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Fixed assets

FRS 15 'Tangible fixed assets' has been adopted for the first time this year. As a result, certain fixed assets which had previously been included in balance sheet at a valuation have been reinstated at their historic cost. The impact on depreciation has been reflected in the profit and loss account as a prior year adjustment.

Depreciation is calculated by reference to the expected lives of the assets concerned. The following depreciation rates have been applied:

Freehold buildings	2% straight line
Leasehold properties	2% straight line or over the period of the lease if less than 50 years.

Freehold land is not depreciated.

Where appropriate, provision is also made for any impairment identified in the value of fixed assets.

Lloyds Group Properties Limited

Cash flow statement

The company takes advantage of the exemption in FRS 1 (revised) not to prepare a cash flow statement on the grounds that the company is a wholly owned subsidiary whose ultimate parent prepares consolidated financial statements which are publicly available.

Turnover

Turnover represents cash and credit sales made in the United Kingdom excluding value added tax.

Leased assets

All leases are operating leases and the rental costs are charged on a straight-line basis over the lease term.

2 Directors' emoluments

The emoluments of Mr Kershaw, Mr Mischke, Mr Vizard and Mr Ward are paid by a fellow group company (AAH Subsidiaries Limited) which makes no recharge to the company. Mr Kershaw, Mr Mischke, Mr Vizard and Mr Ward are directors of a number of fellow group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies. Accordingly, no emoluments in respect of Mr Kershaw, Mr Mischke, Mr Vizard and Mr Ward are disclosed. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of AAH Subsidiaries Limited.

3 Employees

The company had no employees during the year, other than executive directors (1998: nil).

Lloyds Group Properties Limited

4 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging / (crediting) the following:

	1999 £'000	Restated 1998 £'000
Rents receivable	-	(70)
Depreciation – tangible owned fixed assets	80	99
Exceptional items – loss on disposal of fixed assets	701	212
Auditors' remuneration for audit	<u>3</u>	<u>3</u>

FRS 15 'Tangible fixed assets' has been adopted for the first time this year. As a result, certain fixed assets which had previously been included in the balance sheet at a valuation have been reinstated at their historic cost. The impact on depreciation has been reflected in the profit and loss account as a prior year adjustment.

The impact of the changes described above on the results for the year has been to reduce depreciation and other charges to the profit and loss account by £60,000 (1998: £46,000).

5 Tax on loss on ordinary activities

	1999 £'000	1998 £'000
UK corporation tax at 30.25% (1998: 31%)	35	16
Deferred taxation (see note 9)	<u>(36)</u>	<u>1</u>
	<u>(1)</u>	<u>17</u>

Lloyds Group Properties Limited

6 Tangible fixed assets

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Total £'000
Cost or valuation			
At 1 January 1999			
As previously stated	4,594	1,379	5,973
Prior year adjustment	34	(534)	(500)
As restated	<u>4,628</u>	<u>845</u>	<u>5,473</u>
Disposals	<u>(1,987)</u>	<u>-</u>	<u>(1,987)</u>
At 31 December 1999	<u>2,641</u>	<u>845</u>	<u>3,486</u>
Depreciation			
At 1 January 1999			
As previously stated	92	28	120
Prior year adjustment	652	89	741
As restated	<u>744</u>	<u>117</u>	<u>861</u>
Charge for the year	65	15	80
Disposals	<u>(65)</u>	<u>-</u>	<u>(65)</u>
At 31 December 1999	<u>744</u>	<u>132</u>	<u>876</u>
Net book value at 31 December 1999	<u>1,897</u>	<u>713</u>	<u>2,610</u>
Net book value at 31 December 1998 (restated)	<u>3,884</u>	<u>728</u>	<u>4,612</u>

The prior year adjustment has been made in respect of the adoption for the first time this year of FRS 15 'Tangible fixed assets'. As a result, certain tangible fixed assets which had previously been included at a revalued amount have been reinstated at an historic cost. Depreciation has also, as a result, been recalculated on the basis of historic cost.

Lloyds Group Properties Limited

7 Debtors

	1999 £'000	1998 £'000
Amounts due within one year:		
Trade debtors	31	64
Amounts owed by parent and fellow subsidiaries	-	656
Amounts owed by other group companies	1,455	608
Prepayments and accrued income	86	133
	<u>1,572</u>	<u>1,461</u>
Amounts due after one year:		
Amounts owed by parent and fellow subsidiaries	664	127
Amounts owed by other group companies	75	-
	<u>739</u>	<u>127</u>

8 Creditors

	1999 £'000	1998 £'000
Amounts falling due within one year:		
Bank overdraft	-	566
Amounts owed to parent and fellow subsidiaries	719	719
Corporation tax	35	15
Other creditors including taxation and social security	76	41
Accruals and deferred income	382	630
	<u>1,212</u>	<u>1,971</u>
Amounts falling due after one year:		
Amounts owed to parent and fellow subsidiaries	3,339	3,063

Lloyds Group Properties Limited

9 Provisions for liabilities and charges

	Deferred taxation £'000
At 1 January 1999	36
Transferred to profit and loss account (see note 5)	<u>(36)</u>
At 31 December 1999	<u><u>-</u></u>

The deferred tax provided in the financial statements, and the amount not provided of the full potential liability, are as follows:

	Amount provided		Amount not provided	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	36	-	-
Deferred capital gains	<u>-</u>	<u>-</u>	<u>673</u>	<u>914</u>
	<u><u>-</u></u>	<u><u>36</u></u>	<u><u>673</u></u>	<u><u>914</u></u>

10 Called-up share capital

	1999	1998
	£	£
Authorised		
100 ordinary shares of £1 each	<u><u>100</u></u>	<u><u>100</u></u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u><u>2</u></u>	<u><u>2</u></u>

Lloyds Group Properties Limited

11 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 1998		
As previously reported	280	2,647
Prior year adjustment	(280)	(1,007)
As restated	-	1,640
Loss for the financial year		
As previously reported	-	(396)
Prior year adjustment	-	46
As restated	-	(350)
At 1 January 1999		
As previously reported	280	2,251
Prior year adjustment	(280)	(961)
As restated	-	1,290
Loss for the financial year	-	(818)
At 31 December 1999	-	472

12 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Loss for the financial year (restated)	(818)	(350)
Opening shareholders' funds		
As previously stated	1,290	2,927
Prior year adjustment	-	(1,287)
As restated	1,290	1,640
Closing shareholders' funds (restated)	472	1,290

13 Financial commitments

The company had no annual commitments under non-cancellable operating leases at 31 December 1999 (1998: £nil).

14 Capital commitments

The company had no capital commitments at 31 December 1999 (1998: £nil).

15 Related party transactions

The company has taken advantage of the exemption under FRS 8 from disclosure of intra-group transactions and balances as these are eliminated on consolidation in the financial statements of the ultimate parent undertaking.

16 Ultimate parent undertaking and ultimate controlling party

In the opinion of the directors the company's ultimate controlling party is the ultimate parent undertaking, Franz Haniel & Cie GmbH, a company registered in Germany, by virtue of its majority shareholding in the intermediate parent GEHE AG and its consolidation of the GEHE AG Group results into its own consolidated financial statements.

Consolidated financial statements for the largest group of undertakings are prepared by Franz Haniel & Cie GmbH and may be obtained from Franz Haniel Platz 1, D47119 Duisburg, Ruhrort, Germany.

Consolidated accounts for the smallest group of companies are prepared by GEHE AG and may be obtained from GEHE AG, Neckartalstrasse 155, D-70376 Stuttgart, Germany.