

CEDARVALE LIMITED

Company Registration No: 2220037

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996



CEDARVALE LIMITED

DIRECTORS' REPORT

The Directors present their Report and the Financial Statements of the Company for the year ended 31 December 1996.

Principal activity and future developments

The Company's principal activity continues to be property development, which is carried out through a share in the Ashford Great Park Partnership. During the year the Directors agreed to release the Church Commissioners from their indemnity in return for an equivalent capital injection of £47.5 million fully paid ordinary £1 shares and £40.5 million nil-paid ordinary shares called for 31 December 1999. During the year the Company acquired 100% ownership of Cricklewood Estates (Investments) Ltd from Cricklewood Trading Estates Ltd.

Results and dividends

The Company's results are set out in the Profit and Loss Account on page 4.

The Directors do not recommend the payment of a dividend for the year (1995: £32,000). The loss for the year of £87,537,474 (1995: loss of £43,758) has been deducted from reserves.

Directors

The Directors of the Company, who held office throughout the year, were:

A C Brown

Mrs M Adams (appointed 31 July 1996)

R Taylerson (appointed 18 October 1996)

M S Fenchelle (resigned 31 July 1996)

R J Nabarro (resigned 18 October 1996)

No Directors held any beneficial interests in the share capital of the Company, nor of any other companies for which the Church Commissioners are the ultimate holding body, at 31 December 1996 or at any time during the year.

STATEMENT OF 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 of the Company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

CEDARVALE LIMITED

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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

A handwritten signature in black ink, appearing to read 'S Meegs', written over the printed name.

MRS S MEOGS
Secretary

14 February 1997

CEDARVALE LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF CEDARVALE LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of Directors and Auditors

As described on page 1 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.

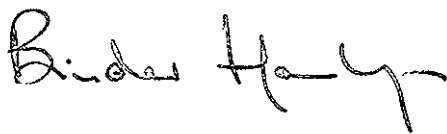
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing 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 circumstances of the Company, 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 affairs of the Company at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BINDER HAMLYN

Chartered Accountants and Registered Auditors
20 Old Bailey
London EC4M 7BH

14 February 1997

CEDARVALE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996**

	Notes	1996 £	1995 £
TURNOVER: Share of partnership profit	5	418,978	14,366
Exceptional cost of sales	6	(87,942,916)	0
GROSS PROFIT		(87,523,938)	14,366
Administrative expenses		(10,568)	(13,855)
OPERATING PROFIT		(87,534,506)	511
Interest payable to group undertaking		(2,849)	(2,158)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(87,537,355)	(1,647)
Tax on loss on ordinary activities	4	0	(10,111)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(87,537,355)	(11,758)
Dividend paid		0	(32,000)
DEFICIT FOR THE YEAR	12	(87,537,355)	(43,758)

The turnover and expenses all relate to continuing operations, none of which were acquired in the year.

There is no difference between the loss on ordinary activities before taxation and the deficit stated above, and their historical cost equivalents.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1996

There are no recognised gains or losses in either year other than the profit for each year.

CEDARVALE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Investment in partnership	5	0	49,228,703
Investment in subsidiary	7	100	0
CURRENT ASSETS		100	49,228,703
Debtors (including £40.5 million receivable after more than one year in respect of unpaid share capital)	8	40,615,825	115,824
CREDITORS: Amounts falling due within one year	9	(1,007,458)	(48,505,139)
NET CURRENT ASSETS/(LIABILITIES)		39,608,367	(48,389,315)
TOTAL ASSETS LESS CURRENT LIABILITIES		39,608,467	839,388
CREDITORS: Amounts falling due after one year			
Provision for liabilities and charges	6	(38,306,434)	0
Convertible debt	10	(40,000)	(40,000)
NET ASSETS		1,262,033	799,388
CAPITAL AND RESERVES			
Fully paid called up share capital	11	48,300,100	800,100
Nil paid called up share capital	11	40,500,000	0
Profit and loss account	12	(87,538,067)	(712)
EQUITY SHAREHOLDERS' FUNDS	13	1,262,033	799,388

On behalf of the Board who approved the financial statements on 14 February 1997.

M Adams

Mrs M Adams
Director

The notes on pages 6 to 10 form part of these financial statements.

CEDARVALE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

1. Accounting policies

Accounting conventions

The financial statements have been prepared on the historical cost basis of accounting modified by the revaluation of investments and in accordance with applicable accounting standards which have been consistently applied throughout the year.

Investment in partnership

The investment in the Ashford Great Park Partnership is such that the Company enjoys joint ownership of the partnership's assets and has joint and several liability in respect of all liabilities incurred by the partnership. The partners have agreed to share the profits and losses of the partnership in accordance with the terms of the partnership agreement.

Borrowing from the Company's ultimate holding body made by way of capital advances was used to finance the acquisition and development of the Company's interest in the partnership's property. Interest on this borrowing was capitalised in the Company's financial statements.

The Company recognises its share of the partnership's profits or losses on the basis of the profit-sharing and distribution arrangements agreed between the partners.

Deferred taxation

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.

Cash flow statement

The Company is a wholly owned subsidiary of the Church Commissioners for England which publishes consolidated financial statements that include a consolidated cash flow statement. The cash flows of the Company are included in the consolidated group cash flow statement. Consequently the Company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

2. Employees

The average monthly number of employees during the year was nil (1995: nil).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (continued)

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	1996	1995
	£	£
Directors' emoluments	0	0
Auditors' remuneration in respect of:		
Audit	1,800	3,250
Over provision in prior years	<u>0</u>	<u>(500)</u>

4. Tax on profit on ordinary activities

	1996	1995
	£	£
Corporation tax	0	6,211
Over provision in respect of prior years	0	(47)
Irrecoverable ACT	<u>0</u>	<u>3,947</u>
	<u>0</u>	<u>10,111</u>

The Company has tax losses at 31 December 1996 of approximately £83.7 million available to be carried forward to future years.

5. Investment in partnership

This comprises an investment in the Ashford Great Park Partnership (of 1 Millbank, London SW1P 3JZ).

The movement during the year is as follows:

	£
Brought forward at 1 January 1996	49,228,703
Capital introduced	26,375
Share of profit for the year	418,978
Cash distributed	(38,333)
Revaluation on release of indemnity (note 6)	<u>(49,635,723)</u>
Carried forward at 31 December 1996	<u>0</u>

CEDARVALE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (continued)

5. Investment in partnership (continued)

Included in the cost at 31 December 1996 is £17.74 million (1995: £17.74 million) of capitalised interest.

The financial statements of the partnership are dealt with on a consolidated basis in the group accounts prepared by the Church Commissioners for England. Consequently, the Company has taken advantage of the exemption conferred by Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993 from the requirements of those regulations.

6. Release of indemnity

The company had the benefit of an indemnity from the Commissioners for a number of years. Its effect was to indemnify the company for any loss over book value of its investment in the Ashford Great Park Partnership.

During the year the Directors agreed to release the Commissioners from this indemnity in return for a capital injection of £88 million to maintain the solvency of the company. The investment in the Partnership is now disclosed at the lower of cost and net realisable value.

Liabilities connected with the company's investment in the Ashford Great Park Partnership are disclosed as provision for liabilities and charges.

7. Investment in subsidiary

The 1996 investment comprised the cost of the Company's interest in its wholly owned subsidiary, Cricklewood Estates (Investments) Limited which was acquired during the year from Cricklewood Trading Estates Ltd, a wholly owned subsidiary of the Church Commissioners for England. As the subsidiary is an exempt charity, Cedarvale Ltd is not entitled to any distributions from it, either by way of dividend or on winding up.

8. Debtors

	1996	1995
	£	£
Called up share capital not paid	40,500,000	0
Income tax receivable	2,231	2,231
Other debtors	113,594	113,593
	<u>40,615,825</u>	<u>115,824</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (continued)

9. Creditors: Amounts falling due within one year

	1996	1995
	£	£
Amounts owed to the ultimate holding body	994,119	48,489,961
Corporation tax payable	1,739	2,158
Accruals and deferred income	11,600	13,020
	<u>1,007,458</u>	<u>48,505,139</u>

The amounts owed to the ultimate holding body do not bear interest, have no fixed repayment date and are secured on the freehold land held by the Ashford Great Park Partnership.

10. Convertible debt

The Unsecured Convertible Loan Notes were issued to the Church Commissioners to finance medium term working capital requirements and are convertible at any time at par into ordinary shares at nominal value at the lender's option before 31 December 2002. These Notes constitute one class of debenture and may be redeemed at par by the company at any time. Interest is payable at 1% over LIBOR.

11. Called up share capital

	1996	1995
	£	£
Authorised ordinary shares of £1 each	<u>88,861,000</u>	<u>861,000</u>
Ordinary shares of £1 each		
Issued, called up and fully paid:	48,300,100	800,100
Issued, called up and nil paid:	<u>40,500,000</u>	<u>0</u>
Total shares issued	<u>88,800,100</u>	<u>800,100</u>

The nil paid ordinary share capital has been called for 31 December 1999.

The shares were all issued as consideration for the release of the indemnity previously provided by the Church Commissioners for England, as described in note 6.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (continued)

12. Profit and loss account

	1996	1995
	£	£
Balance at 1 January	(712)	43,046
Deficit for the year	(87,537,355)	(43,758)
Balance at 31 December	<u>(87,538,067)</u>	<u>(712)</u>

13. Reconciliation of movements in shareholders' funds

	1996	1995
	£	£
Deficit for the financial year	(87,537,355)	(11,758)
Dividend paid	0	(32,000)
Net decrease in shareholders' funds	<u>(87,537,355)</u>	<u>(43,758)</u>
Opening shareholders' funds	799,388	843,146
Shares allotted during year	88,000,000	0
Closing shareholders' funds	<u>1,262,033</u>	<u>799,388</u>

14. Ultimate holding body

The Company is wholly owned by the Church Commissioners for England, a statutory body established by the Church Commissioners Measure 1947 (as amended). Copies of the Church Commissioners' consolidated financial statements may be obtained from The Communications Department, Church Commissioners, 1 Millbank, London SW1P 3JZ.