

CEDARVALE

Company Registration No: 2220037

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998



CEDARVALE

DIRECTORS' REPORT

The Directors present their Report and the Financial Statements of the Company, together with the Auditors' Report, for the year ended 31 December 1998.

Principal activity and business review

The Company's principal activity continues to be property development, which is carried out through a share in the Ashford Great Park Partnership.

The Company was re-registered as unlimited on 21 December 1998.

Results and dividends

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

The Directors paid a dividend for the year of £36,800 (1997: £nil). The profit of £1,221,284 (1997: £3,988,707) has been transferred to reserves.

Directors

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

A C Brown
Mrs M Adams
R Taylerson

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 1998 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

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.

Year 2000 Compliance

The Directors have looked at all areas of the Company's business which have the potential to be affected, whether directly or otherwise, by a computer system which fails to deal with the date change at Year 2000. After a review, the Directors are confident that the common computer programmes provided by the ultimate holding body will work normally. This has been achieved without the Company incurring significant expenditure other than an investment in staff time.

By Order of the Board

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

MRS S MEGGS
Secretary

12 February 1999

CEDARVALE

AUDITORS' REPORT TO THE SHAREHOLDERS OF CEDARVALE

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 pages 1 and 2 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility, as Auditors, to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

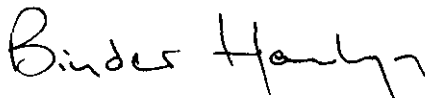
Basis of opinion

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 1998 and of its profit 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

12 February 1999

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
TURNOVER: Share of partnership profit	5	3,535,316	4,090,730
Share of partnership provision	5	(1,992,762)	0
GROSS PROFIT		1,542,554	4,090,730
Administrative expenses		(18,004)	(11,668)
Charitable donations		(176,311)	0
OPERATING PROFIT		1,348,239	4,079,062
Interest payable to group undertaking		(82,694)	(90,355)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,265,545	3,988,707
Tax on profit on ordinary activities	4	(7,461)	0
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,258,084	3,988,707
Dividend paid		(36,800)	0
RETAINED PROFIT TRANSFERRED TO RESERVES	12	1,221,284	3,988,707

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

There is no difference between the profit on ordinary activities before and after taxation for the years stated above and their historical cost equivalents.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1998

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

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BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Investment in partnership	5	0	0
Investment in subsidiary	6	100	100
TOTAL FIXED ASSETS		100	100
CURRENT ASSETS			
Debtors (1997: including £40.5 million receivable after more than one year in respect of unpaid share capital)	7	31,205,508	40,615,825
CREDITORS: Amounts falling due within one year	8	(69,182)	(1,074,738)
NET CURRENT ASSETS		31,136,326	39,541,087
TOTAL ASSETS LESS CURRENT LIABILITIES		31,136,426	39,541,187
CREDITORS: Amounts falling due after one year			
Provision for liabilities and charges	5	(29,829,042)	(34,250,447)
Convertible debt	9	(40,000)	(40,000)
NET ASSETS		1,267,384	5,250,740
CAPITAL AND RESERVES			
Fully paid called up share capital	10	100	48,300,100
Nil paid called up share capital	10	0	40,500,000
Profit and loss account	11	1,267,284	(83,549,360)
EQUITY SHAREHOLDERS' FUNDS	12	1,267,384	5,250,740

On behalf of the Board who approved the financial statements on 12 February 1999.

M Adams

Mrs M Adams
Director

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

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. The investment in the Partnership is disclosed at the lower of cost or net realisable value.

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 (Revised) from publishing a cash flow statement.

Non-consolidation

The financial statements contain information about Cedarvale as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare and deliver consolidated financial statements as it and its partnership interest are included by full consolidation in the consolidated financial statements of the Church Commissioners for England, a body incorporated in Great Britain.

2. Employees

The average monthly number of employees during the year was nil (1997: nil).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1998	1997
	£	£
Directors' emoluments	0	0
Auditors' remuneration in respect of:		
Audit	2,100	1,900

4. Tax on profit on ordinary activities

	1998	1997
	£	£
Corporation tax (prior year)	(1,739)	0
Irrecoverable ACT	9,200	0
	7,461	0

The Company has tax losses at 31 December 1998 of approximately £80.8 million available to be carried forward to future years.

5. Investment in partnership

This comprises a 90% (1997: 45%) share in the Ashford Great Park Partnership (of 1 Millbank, London SW1P 3JZ). The Partnership's total turnover for the year ended 31 December 1998 was £221,574 (1997: £229,119 as restated).

The movement during the year is as follows:

	£
<u>Cost</u>	
Brought forward at 1 January 1998	(34,250,447)
Acquisition of partnership share	50,000
Acquisition of share of partnership provision	(1,992,762)
Share of retained profits	3,535,316
Cash introduced	2,828,851
Carried forward at 31 December 1998	(29,829,042)
<u>Provision</u>	
Brought forward at 1 January 1998	34,250,447
Decrease in provision	(4,421,405)
Carried forward at 31 December 1998	29,829,042
<u>Net book value</u>	
At 31 December 1998	0
At 31 December 1997	0

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

5. Investment in partnership (cont)

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.

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

6. Investment in subsidiary

The investment comprises the cost of the Company's interest in its wholly owned subsidiary, Cricklewood Estates (Investments) Limited. As the subsidiary is an exempt charity, Cedarvale is not entitled to any distributions from it, either by way of dividend or on winding up.

7. Debtors

	1998	1997
	£	£
Amounts owed by the ultimate holding body	31,089,537	0
Called up share capital not paid	0	40,500,000
Income tax recoverable	2,231	2,231
VAT recoverable	146	0
Other debtors	113,594	113,594
	<u>31,205,508</u>	<u>40,615,825</u>

8. Creditors: Amounts falling due within one year

	1998	1997
	£	£
Trade creditor	823	0
Amounts owed to the ultimate holding body	0	1,055,882
ACT payable	9,200	0
Income tax payable	40,552	0
Corporation tax payable	0	1,739
Accruals and deferred income	18,607	17,117
	<u>69,182</u>	<u>1,074,738</u>

The amounts owed to the ultimate holding body bear interest, have no fixed repayment date and are unsecured. Interest is payable at 2% over LIBOR.

9. 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

10. Called up share capital

	1998	1997
	£	£
Authorised ordinary shares of £1 each	61,000	88,861,000
Ordinary shares of £1 each		
Issued, called up and fully paid:	100	48,300,100
Issued, called up and nil paid:	0	40,500,000
Total shares issued	100	88,800,100

£35.3 million of the nil paid ordinary share capital was called for and paid during the year and £5.2 million nil paid ordinary shares were cancelled, prior to a capital reduction of £83.6 million.

The Company was re-registered as unlimited on 21 December 1998.

11. Profit and loss account

	1998	1997
	£	£
Balance at 1 January	(83,549,360)	(87,538,067)
Write back on share capital reduction	83,595,360	0
Profit for the year	1,221,284	3,988,707
Balance at 31 December	1,267,284	(83,549,360)

12. Reconciliation of movements in shareholders' funds

	1998	1997
	£	£
Profit for the financial year	1,258,084	3,988,707
Dividend	(36,800)	0
Net increase in shareholders' funds	1,221,284	3,988,707
Opening shareholders' funds	5,250,740	1,262,033
Nil paid shares cancelled	(5,204,640)	0
Closing shareholders' funds	1,267,384	5,250,740

13. Related parties

The Company has taken advantage of the exemption granted in Financial Reporting Standard No 8 not to disclose transactions with fellow group undertakings.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

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.