

**REGISTRAR OF  
COMPANIES**

**Solitaire Property Management  
Company Limited**

## Report and Financial Statements

Year Ended

31 December 1999

**IBDO**

**BDO Stoy Hayward**  
Chartered Accountants

# **SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED**

**Annual report and financial statements for the year ended 31 December 1999**

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Directors

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## **Directors**

H B Shulman  
G A Shapiro  
A D B Taylor

## **Secretary and registered office**

M M Keane, Clinton House, High Street, Coleshill, Birmingham, B46 3BP.

## **Company number**

2231168

## **Auditors**

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

# **SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED**

## **Report of the directors for the year ended 31 December 1999**

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

### **Results and dividends**

The profit and loss account is set out on page 4 and shows the profit for the year.

The directors recommend a final dividend of £150,000 (1998 - £175,000), which leaves a profit of £54,141 to be retained.

### **Principal activities**

The principal activity of the company during the year was the administration and management of flats and housing estates, including the management of maintenance and reserve funds.

### **Review of the business and future developments**

The directors are pleased with the results for the year and are confident that the company will continue to make strong trading profits in the future.

### **Directors**

The directors of the company during the year were:

H B Shulman  
G A Shapiro  
A D B Taylor

None of the directors held any interest in the shares of the company or its fellow subsidiaries, at the beginning or end of the year. The shares held by the directors in the ultimate parent company, Solitaire Group PLC are disclosed in that company's financial statements.

### **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 departure 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.

# **SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED**

## **Report of the directors for the year ended 31 December 1999 (*Continued*)**

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### **Directors' responsibilities**


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.

### **Auditors**

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### **By order of the Board**

M M Keane

  
Secretary

Date **19 APR 2000**

# SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

## Report of the auditors

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### To the shareholders of Solitaire Property Management Company Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on pages 6 and 7.

#### *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 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO STOY HAYWARD**  
*Chartered Accountants  
and Registered Auditors*  
London

19 April 2000

**SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED****Profit and loss account for the year ended 31 December 1999**

	Note	1999 £	1998 £
Turnover	1	1,919,954	1,636,686
Cost of sales		176,274	265,385
<b>Gross profit</b>		1,743,680	1,371,301
Administrative expenses	2	1,440,011	1,096,148
<b>Operating profit</b>	3	303,669	275,153
Interest receivable	4	3,352	12,336
Interest payable	5	2,652	-
<b>Profit on ordinary activities before taxation</b>		304,369	287,489
Taxation	7	100,228	91,434
<b>Profit on ordinary activities after taxation</b>		204,141	196,055
Dividends	8	150,000	175,000
<b>Retained profit for the year</b>		54,141	21,055

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 13 form part of these financial statements.

# SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

Balance sheet at 31 December 1999

	Note	£	1999	£	£	1998	£
<b>Fixed assets</b>							
Intangible assets	9			140,167			-
Tangible assets	10			113,144			181,597
				<u>253,311</u>			<u>181,597</u>
<b>Current assets</b>							
Debtors	11	837,706			469,670		
Cash at bank and in hand		111,558			190,318		
		<u>949,264</u>			<u>659,988</u>		
<b>Creditors: amounts falling due within one year</b>	12	747,706			440,857		
		<u>747,706</u>			<u>440,857</u>		
<b>Net current assets</b>				201,558			219,131
<b>Net assets</b>				<u>454,869</u>			<u>400,728</u>
<b>Capital and reserves</b>							
Called up share capital	14			12,000			12,000
Profit and loss account	15			442,869			388,728
				<u>454,869</u>			<u>400,728</u>
<b>Shareholders' funds</b>				<u>454,869</u>			<u>400,728</u>

The financial statements were approved by the Board on

19 APR 2000

  
G A Shapiro  
Director

The notes on pages 6 to 13 form part of these financial statements.

# SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999

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## 1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

### *Tangible fixed assets*

Depreciation is provided on all tangible fixed assets other than investment properties at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Office equipment	- over 5 years
Motor vehicles	- over 4 years

### *Goodwill*

Goodwill arising on acquisitions is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is amortised through the profit and loss account over the director's estimate of its useful economic life of 20 years.

### *Investment properties*

Investment properties are accounted for in accordance with SSAP 19 "Accounting for Investment Properties", which provides that these should not be subject to periodic depreciation charges (unless held on short lease), but should be shown at open market value. This is contrary to the Companies Act 1985 which states that, subject to any provision for depreciation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act does not give true and fair view as these assets are not held for consumption in the business but as investments, the disposal of which would not materially effect any manufacturing or trading operations of the enterprise. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties and reversions. Details of the current value and historical cost information for investment properties are disclosed separately.

The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

### *Deferred taxation*

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.



# SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (Continued)

## 1 Accounting policies (Continued)

### *Pension contributions*

The company operates a defined contribution pension scheme for certain employees. The cost of the contributions are charged in the profit and loss account as incurred.

### *Turnover*

Turnover consists of ground rents, management fees, surveyor's fees and registration fees receivable, net of Value Added Tax.

The company collects and disburses service charges and rents on behalf of clients, through client trustee bank accounts. In the opinion of the directors, this turnover and these bank accounts are not part of the company's own operations and are therefore excluded from these financial statements.

The company's turnover and profit before taxation were all derived from its principal activity and all sales were made in the United Kingdom.

## 2 Administrative expenses

	1999 £	1998 £
Other administrative expenses	609,972	435,056
Staff costs	830,039	661,092
	<u>1,440,011</u>	<u>1,096,148</u>

## 3 Operating profit

This is stated after charging:

Depreciation charge for the year - owned assets	42,812	13,620
Operating lease rentals - equipment	53,205	17,756
- land and buildings	37,500	37,500
Auditors' remuneration	16,500	5,000
	<u>149,017</u>	<u>73,876</u>

## 4 Interest receivable

Other interest receivable	3,352	12,336
	<u>3,352</u>	<u>12,336</u>

# SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (Continued)

## 5 Interest payable

	1999 £	1998 £
Bank overdraft	1,187	-
Loan	1,465	-
	<u>2,652</u>	<u>-</u>

## 6 Employees

The average number of employees, including directors, during the year was:

	Number	Number
Administration	37	32
	<u>37</u>	<u>32</u>
Staff costs consist of:	£	£
Wages and salaries	754,950	598,421
Social security costs	75,997	57,533
Other pension costs	(908)	5,138
	<u>830,039</u>	<u>661,092</u>
Directors' remuneration:		
Emoluments (including pension contributions and benefits in kind)	119,600	99,601
	<u>119,600</u>	<u>99,601</u>

## 7 Taxation

UK Corporation tax at 30% (1998 - 31%)	100,228	91,434
	<u>100,228</u>	<u>91,434</u>

## 8 Dividends

Ordinary - proposed £12.50 (1998 - £14.58) per share	150,000	175,000
	<u>150,000</u>	<u>175,000</u>

# SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 *(Continued)*

## 9 Intangible assets

	£
Goodwill	145,000
Amortisation	(4,833)
	<hr/>
	140,167
	<hr/>

Costs amounting to £145,000 were incurred in connection with acquisition of the management of certain rental portfolios. This was financed from internal resources.

## 10 Tangible assets

	Leasehold investment property £	Freehold investment property £	Office equipment £	Motor vehicles £	Total £
<i>Cost or valuation</i>					
At 1 January 1999	35,343	49,587	194,072	3,300	282,302
Additions	-	-	59,944	-	59,944
Disposals	(35,343)	(49,587)	(655)	-	(85,585)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	-	-	253,361	3,300	256,661
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 January 1999	-	-	99,742	963	100,705
Charge for the year	-	-	41,987	825	42,812
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	-	-	141,729	1,788	143,517
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 1999	-	-	111,632	1,512	113,144
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	35,343	49,587	94,330	2,337	181,597
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The leasehold and freehold investment properties are stated at cost.

# SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (*Continued*)

## 11 Debtors

	1999 £	1998 £
Trade debtors	206,564	127,984
Amounts owed by group companies	296,912	157,927
Other debtors	38,870	11,543
Prepayments and accrued income	295,360	172,216
	<u>837,706</u>	<u>469,670</u>

## 12 Creditors: amounts falling due within one year

Trade creditors	51,109	83,841
Amounts owed to group companies	283,169	55,465
Corporation tax	118,558	125,416
Other taxation and social security costs	139,066	50,159
Other creditors	9,384	71,448
Accruals and deferred income	146,420	54,528
	<u>747,706</u>	<u>440,857</u>

## 13 Deferred taxation

	1999		1998	
	Unprovided £	Provided £	Unprovided £	Provided £
Excess of tax allowances	5,215	-	517	-
	<u>5,215</u>	<u>-</u>	<u>517</u>	<u>-</u>

## 14 Share capital

	1999 £	1998 £
<i>Authorised</i>		
20,000 ordinary shares of £1 each	20,000	20,000
<i>Allotted, issued and fully paid</i>		
12,000 ordinary shares of £1 each	12,000	12,000

# SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 *(Continued)*

## 15 Profit and loss account

	1999 £	1998 £
At 1 January 1999	388,728	367,673
Profit for the year	54,141	21,055
	<hr/>	<hr/>
At 31 December 1999	442,869	388,728
	<hr/>	<hr/>

## 16 Reconciliation of movements in shareholders' funds

Profit for the financial year	204,141	196,055
Dividends	150,000	175,000
	<hr/>	<hr/>
	54,141	21,055
Opening shareholders' funds	400,728	379,673
	<hr/>	<hr/>
Closing shareholders' funds	454,869	400,728
	<hr/>	<hr/>

## 17 Capital commitments

There were no capital commitments, contracted or authorised at the year end.

## 18 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost of £908 (1998 - £5,138) represents contributions payable by the company to the fund.

## SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 *(Continued)*

### 19 Commitments under operating leases

As at 31 December 1999, the company had annual commitments under non-cancellable operating leases as set out below:

	1999		1998	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
In two to five years	-	54,079	-	36,149
Over five years	37,500	-	37,500	-
	<u>37,500</u>	<u>54,079</u>	<u>37,500</u>	<u>36,149</u>

### 20 Ultimate parent company

The parent company is Holding and Management (Solitaire) Limited which is registered in England and Wales.

The ultimate parent company is Solitaire Group PLC, which is registered in England and Wales. Copies of the group financial statements of Solitaire Group PLC are available from its registered office at Lynwood House, 10 Victors Way, Barnet, Hertfordshire, EN5 5TZ.

### 21 Contingent liabilities

Loans in certain group companies are secured by fixed and floating charges over the assets of the company.

### 22 Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with group undertakings on the grounds that it is a subsidiary of a UK company which has produced consolidated financial statements which are publicly available.

Year end balances with group undertakings are disclosed in debtors and creditors as appropriate.

On 15 September 1998 Graham Harvey, Solicitors, a firm in which Mr Graham Shapiro and Mr Harvey Shulman were partners, entered into an agreement with the company whereby the latter, as sub-agent, agreed, with effect from 21 March 1998 to receive all benefits and meet all expenses in connection with carrying out property management contracts enjoyed by Graham Harvey, Solicitors. The balance due from Graham Harvey as at 31 December 1999 amounted to £163,940 (1998 - debtor £76,521) and is included in trade debtors.

## **SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED**

**Notes forming part of the financial statements for the year ended 31 December 1999 *(Continued)***

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### **22 Related party transactions *(Continued)***

During the year, the company recharged office space costs to Graham Harvey, Solicitors, at a cost of £30,000 (1998 - £Nil). The balance due from Graham Harvey, Solicitors in respect of this as at 31 December 1999 amounted to £30,000 (1998 - £Nil) and is included in prepayments and accrued income.

During the year, Graham Harvey, Solicitors, provided sundry legal work services to the company. The balance due to Graham Harvey, Solicitors is £8,696 (1998 - £267) included within trade creditors.

During the year, the company entered into an agreement with Graham Harvey, Solicitors, for the purchase of a property management portfolio for a sum of £145,000.

During the year, Mr Harvey Shulman provided services as a director for a number of BES schemes. The company received £58,370 for those services. The amount due from the BES schemes at 31 December 1999 was £46,704 (1998 - £34,168). The company also received £548,816 in respect of management fees, £7,461 in respect of reference fees and £5,234 in respect of administration fees. All amounts were received in the year.

During the year, the company provided accountancy services to Southern & District Finance Limited, a company in which Mr Graham Shapiro and Mr Harvey Shulman were directors, for a fee of £6,500 (1998 - £Nil). The balance due from Southern & District Finance Limited as at 31 December 1999 amounted to £6,500 (1998 - £Nil).

### **23 Cash flow statement**

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as consolidated financial statements are publicly available.