



FERRERSMERE ESTATES LIMITED

REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 MARCH 1995

COMPANY NUMBER: 2303538

FERRERSMERE ESTATES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1995

| INDEX | PAGE |
|-----------------------------------|-------------|
| Report of the Directors | 1 and 2 |
| Report of the Auditors | 3 |
| Principal Accounting Policies | 4 |
| Profit and Loss Account | 5 |
| Balance Sheet | 6 |
| Notes to the Financial Statements | 7 to 12 |

FERRERSMERE ESTATES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 March 1995.

Principal activity

The company is principally engaged as property developers.

Business review

There was a loss for the year after taxation amounting to £1,506,700 (1994: £677,762). The directors do not recommend payment of a dividend and the loss has been deducted from reserves.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors who are also directors of the parent undertaking are disclosed in that company's financial statements.

The interests of the other director in the shares of the company, the parent undertaking or other group undertakings as at 1 April 1994 and 31 March 1995 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, are included below:

| | Parent undertaking 1995 and 1994 Ordinary shares | The company and other group undertakings 1995 and 1994 Ordinary shares |
|--|---|---|
| Mr W M Griggs (Chairman) (also a director of the parent undertaking) | - | - |
| Mr S W Griggs (also a director of the parent undertaking) | - | - |
| Mr J M Clissold (also a director of the parent undertaking) | - | - |
| Mrs B Y Griggs | *5,318 | - |

* Includes joint holdings of 750 (1994: 750) ordinary shares.

Mr J M Clissold retired from the Board on 9 September 1995 and Mr H M Johnstone was appointed on that date.

Fixed assets

The movement in the year is shown in note 6 to the financial statements.

The principal addition relates to the development of premises in Covent Garden, London. This property was transferred to R Griggs Group Limited on 30 March 1995.

The investment property was demolished during the year. The company intends to sell the land during the current financial year. This land has therefore been classified as assets held for resale.

FERRERSMERE ESTATES LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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:

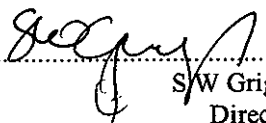
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

.....

S.W. Griggs
Director

Registered office:

Cobbs Lane
Wollaston
Wellingborough
Northants
NN29 7SW

3 November 1995

**REPORT OF THE AUDITORS TO THE MEMBERS OF
FERRERSMERE ESTATES LIMITED**

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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.

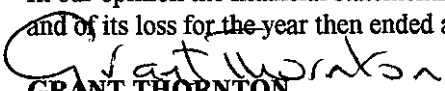
Basis of opinion

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 at 31 March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Northampton

3 November 1995

FERRERSMERE ESTATES LIMITED

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 1995

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention except that investments in property are revalued at market value.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total rent receivable by the company, excluding VAT.

DEPRECIATION

Depreciation is calculated to write down the cost of all tangible fixed assets, other than freehold land and excluding investments properties, by equal annual instalments over their expected useful lives. The rate generally applicable is:

Freehold buildings - 2% Straight line method

INVESTMENTS

Investments are included at cost less amounts written off.

INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No 19, certain of the company's properties are held for long-term investment and are included in the balance sheet at their open market values. The surplus or deficit on annual revaluation of such properties is transferred to the profit and loss account. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

DEFERRED TAXATION

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

FERRERSMERE ESTATES LIMITED**PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED 31 MARCH 1995

| | Note | 1995 £ | 1994 £ |
|--|------|----------------------------|--------------------------|
| Turnover | 1 | 305,860 | 161,728 |
| Other operating income and charges | 2 | 222,387 | 288,738 |
| Operating profit/(loss) | | <u>83,473</u> | <u>(127,010)</u> |
| Amounts written off investments | 7 | 669,933 | 416,683 |
| Exceptional items | | | |
| - Loss on sale of fixed assets in continuing operations | | 280,737 | 52,890 |
| - Deficit on revaluation of investment property | | 100,000 | - |
| - Provision against interest receivable from associated undertaking | | 268,420 | - |
| Net interest | 3 | 266,450 | 85,955 |
| Loss on ordinary activities before taxation | 1 | <u>(1,502,067)</u> | <u>(682,538)</u> |
| Tax on loss on ordinary activities | 5 | 4,633 | (4,776) |
| Loss for the financial year | 16 | <u><u>£(1,506,700)</u></u> | <u><u>£(677,762)</u></u> |

There were no recognised gains or losses other than the loss for the financial year.

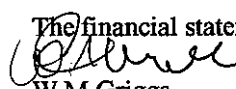
The accompanying accounting policies and notes form an integral part of these financial statements.

FERRERSMERE ESTATES LIMITED

BALANCE SHEET AT 31 MARCH 1995

| | Note | £ | 1995 £ | £ | 1994 £ |
|--|------|------------------|---------------------|----------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 6 | | 2,569,615 | | 6,414,472 |
| Investments | 7 | | 401 | | 638,084 |
| | | | <u>2,570,016</u> | | <u>7,052,556</u> |
| Current assets | | | | | |
| Debtors | 8 | 6,021,171 | | 220,428 | |
| Assets held for resale | 9 | 75,000 | | - | |
| Cash at bank | | 11,719 | | 11,860 | |
| | | <u>6,107,890</u> | | <u>232,288</u> | |
| Creditors: amounts falling due within one year | 10 | 10,806,765 | | 8,113,736 | |
| Net current liabilities | | | <u>(4,698,875)</u> | | <u>(7,881,448)</u> |
| Total assets less current liabilities | | | <u>(2,128,859)</u> | | <u>(828,892)</u> |
| Creditors: amounts falling due after more than one year | 11 | 202,100 | | - | |
| Provisions for liabilities and charges | 13 | 4,633 | | - | |
| | | <u>206,733</u> | | <u>-</u> | |
| | | | <u>£(2,335,592)</u> | | <u>£(828,892)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 15 | | 2 | | 2 |
| Profit and loss account | 16 | | (2,335,594) | | (828,894) |
| Shareholders' funds | 17 | | <u>£(2,335,592)</u> | | <u>£(828,892)</u> |

The financial statements were approved by the Board of Directors on 3 November 1995


W M Griggs Director

The accompanying accounting policies and notes form an integral part of these financial statements.

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 1995****1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Turnover and loss on ordinary activities before taxation are attributable to one activity, that of property development.

The loss on ordinary activities is stated after:

| | 1995 £ | 1994 £ |
|---|-----------|-----------|
| Auditors' remuneration | 3,000 | 3,300 |
| Provisions for diminution in value: - writedown of investments | 669,933 | 416,683 |

2 OTHER OPERATING INCOME AND CHARGES

| | Note | 1995 £ | 1994 £ |
|-------------------------|------|-----------------|-----------------|
| Other operating charges | | 168,179 | 234,549 |
| Depreciation | 6 | 54,208 | 54,189 |
| | | <u>£222,387</u> | <u>£288,738</u> |

3 NET INTEREST

| | 1995 £ | 1994 £ |
|--|-----------------|----------------|
| On bank loans, overdrafts and other loans: | | |
| Repayable within 5 years, otherwise than by instalments | 259,165 | 79,356 |
| Repayable within 5 years, by instalments | 15,659 | 15,743 |
| | <u>274,824</u> | <u>95,099</u> |
| Interest payable to group undertakings | 56,223 | 56,512 |
| Other interest receivable and similar income | (64,597) | (65,656) |
| | <u>£266,450</u> | <u>£85,955</u> |

4 DIRECTORS AND EMPLOYEES

No remuneration was paid during the year ended 31 March 1995 or 31 March 1994.

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 1995****5 TAX ON LOSS ON ORDINARY ACTIVITIES**

The tax charge/(credit) is based on the loss for the year and represents:

| | 1995 | 1994 |
|--------------|---------------|-----------------|
| Deferred tax | <u>£4,633</u> | <u>£(4,776)</u> |

Excess management expenses of £28,195 remain available to offset against future taxable trading profits.

6 TANGIBLE FIXED ASSETS

| | Total £ | Land and buildings Freehold £ | Investment property £ |
|-------------------------------------|-------------------|-------------------------------------|-----------------------------|
| Cost or valuation | | | |
| At 1 April 1994 | 6,501,100 | 6,326,100 | 175,000 |
| Additions | 2,665,088 | 2,665,088 | - |
| Deficit on revaluation | (100,000) | - | (100,000) |
| | <u>9,066,188</u> | <u>8,991,188</u> | <u>75,000</u> |
| Disposals | (6,280,737) | (6,280,737) | - |
| Transfer to current assets | (75,000) | - | (75,000) |
| At 31 March 1995 | <u>£2,710,451</u> | <u>£2,710,451</u> | <u>£ -</u> |
| Depreciation | | | |
| At 1 April 1994 | 86,628 | 86,628 | - |
| Provided in the year | 54,208 | 54,208 | - |
| At 31 March 1995 | <u>£140,836</u> | <u>£140,836</u> | <u>£ -</u> |
| Net book amount at 31 March 1995 | <u>£2,569,615</u> | <u>£2,569,615</u> | <u>£ -</u> |
| Net book amount at 31 March 1994 | <u>£6,414,472</u> | <u>£6,239,472</u> | <u>£175,000</u> |

The investment property was restated at directors' valuation prior to being transferred to current assets. The deficit arising on the revaluation has been taken to the profit and loss account.

The gross amount of land and buildings on which depreciation is being provided is £2,705,451.

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 MARCH 1995

7 FIXED ASSET INVESTMENTS

At 31 March 1995 the company held 50% (1994: 50%) of the allotted ordinary share capital of Rufus Properties Limited, a company engaged in property development and registered in England & Wales. At 25 March 1995 the aggregate capital and deficit reserves was £2,379,997 (25 March 1994: £2,189,580) and the loss for the financial year ended on that date was £190,417 (25 March 1994: £229,366).

| | Total | Shares in associated undertaking -unlisted | Unsecured loan stock | Loan |
|-------------------------------------|-------------------|---|-------------------------|-----------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 April 1994 | 1,054,767 | 401 | 833,366 | 221,000 |
| Additions | 32,250 | - | - | 32,250 |
| At 31 March 1995 | <u>£1,087,017</u> | <u>£401</u> | <u>£833,366</u> | <u>£253,250</u> |
| Amounts written off | | | | |
| At 1 April 1994 | 416,683 | - | 416,683 | - |
| Provided in the year | 669,933 | - | 416,683 | 253,250 |
| At 31 March 1995 | <u>£1,086,616</u> | <u>£ -</u> | <u>£833,366</u> | <u>£253,250</u> |
| Net book amount at 31 March 1995 | <u>£401</u> | <u>£401</u> | <u>£ -</u> | <u>£ -</u> |
| Net book amount at 31 March 1994 | <u>£638,084</u> | <u>£401</u> | <u>£416,683</u> | <u>£221,000</u> |

The unsecured loan stock is repayable on 1 January 1998 and is subject to interest at 2% above Lloyds Bank base rate. The loan in issue is interest free.

The above associated undertaking is accounted for using the equity method in the financial statements of the ultimate parent undertaking.

8 DEBTORS

| | 1995 | 1994 |
|------------------------------------|-------------------|-----------------|
| | £ | £ |
| Amounts owed by group undertakings | 6,000,000 | - |
| Other debtors | 11,361 | 16,606 |
| Prepayments and accrued income | 9,810 | 203,822 |
| | <u>£6,021,171</u> | <u>£220,428</u> |

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 MARCH 1995

9 ASSETS HELD FOR RESALE

| | Land £ |
|----------------------------|----------------|
| Valuation | |
| At 1 April 1994 | - |
| Transfer from fixed assets | 75,000 |
| At 31 March 1995 | <u>£75,000</u> |

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1995 £ | 1994 £ |
|------------------------------------|--------------------|-------------------|
| Bank overdraft | 9,465,404 | 6,914,670 |
| Unsecured loan stock | - | 202,100 |
| Amounts owed to group undertakings | 1,223,441 | 913,110 |
| Accruals | 117,920 | 83,856 |
| | <u>£10,806,765</u> | <u>£8,113,736</u> |

Amounts owed to group undertakings

Included in amounts due to group undertakings is £725,600 (1994: £725,600) which represents an unsecured loan and is subject to interest at 2% above Lloyds Bank base rate.

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 1995 | 1994 |
|----------------------|-----------------|------------|
| Unsecured loan stock | <u>£202,100</u> | <u>£ -</u> |

The unsecured loan stock is due to one of the directors. The loan is subject to interest at the rate of 2% above Lloyds Bank base rate.

12 BORROWINGS

Borrowings are repayable as follows:

| | 1995 £ | 1994 £ |
|---------------------------------|--------------------|-------------------|
| Within one year: | | |
| Bank overdraft | 9,465,404 | 6,914,670 |
| Other loans | 725,600 | 927,700 |
| After one and within two years: | | |
| Other loans | 202,100 | - |
| | <u>£10,393,104</u> | <u>£7,842,370</u> |

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 MARCH 1995

13 PROVISIONS FOR LIABILITIES AND CHARGES**Deferred
taxation
(note 14)**

Provided during the year and at 31 March 1995

£4,633**14 DEFERRED TAXATION**

Deferred taxation provided for in the financial statements is set out below:

| | 1995 £ | 1994 £ |
|--------------------------------|---------------|------------|
| Accelerated capital allowances | 3,100 | - |
| Other timing differences | 10,837 | - |
| | <u>13,937</u> | <u>-</u> |
| Less: | | |
| Trading losses | (9,304) | - |
| | <u>£4,633</u> | <u>£ -</u> |

15 SHARE CAPITAL**1995 and 1994**

Authorised

500,000 ordinary shares of £1 each

£500,000

Allotted, called up and fully paid

2 ordinary shares of £1 each

£2**16 RESERVES****Profit and
loss account
£**

At 1 April 1994

(828,894)

Loss for the financial year

(1,506,700)

At 31 March 1995

£(2,335,594)

FERRERSMERE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 MARCH 1995

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1995 £ | 1994 £ |
|---|---------------------|-------------------|
| Loss for the financial year and net decrease in shareholders' funds | (1,506,700) | (677,762) |
| Shareholders' funds at 1 April 1994 | (828,892) | (151,130) |
| Shareholders' funds at 31 March 1995 | <u>£(2,335,592)</u> | <u>£(828,892)</u> |

18 CAPITAL COMMITMENTS

| | 1995 £ | 1994 £ |
|---|------------|-------------------|
| Authorised by the directors but not contracted for | - | 2,050,000 |
| Contracted for but not provided in these financial statements | - | 80,000 |
| | <u>£ -</u> | <u>£2,130,000</u> |

19 CONTINGENT LIABILITIES

The company, together with other group undertakings, is party to unlimited multilateral guarantees given in respect of the bank overdrafts of the participating companies. As at 31 March 1995 the total overdraft guaranteed by the company under this agreement amounted to £14,134,477 (1994: £1,203,434).

20 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of this company is R Griggs Group Limited, which is registered in England and Wales.