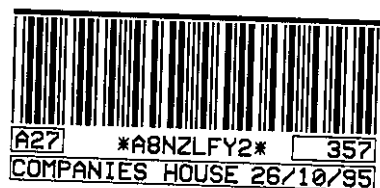


**BRITISH GAS LAND INVESTMENTS LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 1994**

REGISTRATION NO: 2394159



# **BRITISH GAS LAND INVESTMENTS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994**

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company are to own and develop property for the purposes of receiving rental income, as well as investing in the equity of property investment and development companies.

### **BUSINESS REVIEW**

The Company completed the development and letting of certain properties and further developments will be undertaken during the next financial year.

After making enquiries, the Directors have a reasonable expectation but cannot guarantee that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts which are shown on pages 6 to 14.

### **RESULTS AND DIVIDEND**

The Company's profit for the year ended 31 December 1994 was £1,078,000 (31 December 1993: £1,720,000). No dividend has been proposed (31 December 1993: £Nil), and the profit for the year has been transferred to reserves.

### **THE DIRECTORS**

The following served as Directors during the period:-

R Ellis (appointed 23 May 1994)

P Ash (appointed 23 May 1994)

R Herbert

Miss D J Vesty, MBE

T M Melvin

Mr R Herbert and Miss D J Vesty resigned as Directors on 5 April 1995 and 1 May 1995 respectively.

### **DIRECTORS' INTERESTS**

At no time during the year did any Director still holding office on 31 December 1994 have any beneficial interest in the shares of the Company or any other company within the British Gas Group except for the interests in the shares of the ultimate parent company, British Gas plc, as stated below:

## **BRITISH GAS LAND INVESTMENTS LIMITED**

	<b><u>Beneficial Holdings</u></b>		<b><u>Savings Related Share Options</u></b>	
	<b>31 December <u>1994</u></b>	<b>1 January <u>1994</u></b>	<b>31 December <u>1994</u></b>	<b>1 January <u>1994</u></b>
R Ellis	3880	3354*	4083	4083*
P Ash	-	- *	50	50 *
Miss D Vesty, MBE	-	-	-	-
T M Melvin	3165	3165	9469	9469

\* as at date of appointment

The following Directors have been granted options over shares in the parent company's Executive Share Option Scheme:-

	<b>1 January <u>1994</u></b>	<b>Granted <u>in year</u></b>	<b>Exercised <u>in year</u></b>	<b>31 December <u>1994</u></b>
R Ellis	44228*	39973	-	84201
P Ash	-*	18971	-	18971
Miss D J Vesty, MBE	21971	-	-	21971
T M Melvin	123527	4906	-	128433

\* as at date of appointment

All options were granted under the terms of the ultimate parent company's Savings Related Share Option Scheme and Executive Share Option Scheme, details of which are given in that company's annual report and accounts.

The interests of Mr R Herbert, who is a director of the ultimate parent company, British Gas plc, are shown in that company's annual report and accounts.

### **DIRECTORS' INSURANCE**

The ultimate parent company has maintained insurance to cover all Directors and other Officers against liabilities in relation to the Company.

### **FIXED ASSETS**

Changes in fixed assets during the period are shown in notes 6 and 7 to the accounts.

**BRITISH GAS LAND INVESTMENTS LIMITED**

**AUDITORS**

A resolution to reappoint the retiring auditors, Price Waterhouse, and to authorise the Directors to fix their remuneration will be proposed at the next general meeting.

By order of the Board:

.....*Barbara S Macaulay*..... Date .....*6 October*..... 1995

BARBARA SCOTT MACAULAY  
Secretary

Registered Office:  
Rivermill House  
152 Grosvenor Road  
London  
SW1V 3JL

## **BRITISH GAS LAND INVESTMENTS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which 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 for the financial year.

The Directors consider that in preparing the financial statements on pages 6 to 14, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

# **BRITISH GAS LAND INVESTMENTS LIMITED**

## **AUDITORS' REPORT**

### **To the members of the British Gas Land Investments Limited**

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the accounting policies set out on pages 9 and 10.

### **Respective responsibilities of directors and auditors**

As described on page 4 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 as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse  
Chartered Accountants  
and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

*Price Waterhouse*

Date.....*6 October*..... 1995

**BRITISH GAS LAND INVESTMENTS LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

		1994	1993
	Notes	£000	£000
Rental Income	3	4,001	2,567
Property management and administrative expenses		(433)	(331)
Exceptional item: provision against the permanent diminution in value of tangible fixed assets		(1,598)	-
		<hr/>	<hr/>
Operating profit	4	1,970	2, 236
Interest receivable		-	1
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,970	2,237
Taxation	5	(892)	(517)
Profit for the financial year	12	<u>1,078</u>	<u>1,720</u>

**BRITISH GAS LAND INVESTMENTS LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR  
ENDED 31 DECEMBER 1994**

	1994	1993
	£000	£000
Profit for the year	1,078	1,720
Unrealised surplus on revaluation of properties	<u>2,477</u>	<u>5,548</u>
Total recognised gains in the year	<u>3,555</u>	<u>7,268</u>

**NOTE OF HISTORICAL COST PROFIT**

There is no difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

The accompanying notes on pages 9 to 14 form part of these accounts.



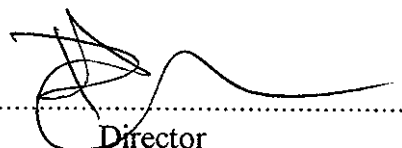
# BRITISH GAS LAND INVESTMENTS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1994

	Notes	31 December 1994 £000	31 December 1993 £000
<b>FIXED ASSETS</b>			
Tangible assets	6	56,321	50,596
Investments	7	<u>1</u>	<u>1</u>
		<u>56,322</u>	<u>50,597</u>
<b>CURRENT ASSETS</b>			
Debtors	8	236	5
Cash at bank and in hand		<u>-</u>	<u>29</u>
		236	34
CREDITORS (amounts falling due within one year)	9	<u>(39,454)</u>	<u>(37,082)</u>
NET CURRENT (LIABILITIES)		<u>(39,218)</u>	<u>(37,048)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,104</u>	<u>13,549</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	-	-
Profit and loss account	12	4,031	2,953
Revaluation reserve	11	<u>13,073</u>	<u>10,596</u>
		<u>17,104</u>	<u>13,549</u>

The accounts on pages 6 to 14 were approved by the Board of Directors on 6 October 1995 and signed on its behalf by:

Paul Anthony Ash

  
.....  
Director

The accompanying notes on pages 9 to 14 form part of these accounts.

## **BRITISH GAS LAND INVESTMENTS LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1994**

#### **(1) PRINCIPAL ACCOUNTING POLICIES**

The accounts have been prepared in accordance with applicable accounting standards. Compliance with SSAP 19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and amortisation and an explanation of the departure is given below.

##### **Tangible Assets**

Development properties are valued and treated as investment properties when they are completed and substantially let.

Properties held for or in the course of development are included in the balance sheet at cost less provision for any anticipated reduction in value prior to completion of the development. Cost includes construction costs and development expenses including professional fees.

A professional valuation of investment properties, determined on the basis of open market value, is made each year either by the ultimate parent company's internal valuers, who are members of the Royal Institution of Chartered Surveyors, or by external valuers.

##### **Depreciation**

No depreciation is charged on development properties in the course of construction or on freehold investment properties.

In accordance with SSAP19, investment properties are revalued annually and no provision is made for depreciation of freehold properties. This departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated is, in the opinion of the directors, necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

The depreciation (which would, had the provision of the Act been followed, have reduced profit for the year) is only one of the factors reflected in the annual valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

##### **Contributions**

Contributions including grants received towards the cost of developing a property are treated as a deferred creditor until the property is transferred to the investment portfolio, at which point the contributions are taken into account in determining the surplus or deficit on revaluation.

## **BRITISH GAS LAND INVESTMENTS LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)**

#### **Taxation**

Deferred taxation is provided only to the extent that it is probable that a liability or asset will crystallise in the foreseeable future. No provision is made for any liability in respect of taxation which would arise if the properties held at valuation were sold at the values at which they are stated in the accounts.

#### **(2) GROUP ACCOUNTS**

As the Company is a wholly owned indirect subsidiary undertaking of British Gas plc, neither Mainstream Forty-Seven Limited nor Assethall Limited (see note 7) have been consolidated with these accounts.

#### **(3) RENTAL INCOME**

Rental income is stated net of VAT and is derived from properties situated within the United Kingdom.

#### **(4) OPERATING PROFIT**

The operating profit is stated after charging auditors' fees of £4,000 (1993 - £3,500).

The Company has no employees. All of the Directors are employees of British Gas plc. All emoluments paid to the Directors are borne by British Gas plc for their services to the group as a whole.

#### **(5) TAXATION**

	1994	1993
	£000	£000
UK Corporation Tax at 33%	941	517
Overprovision from previous years	(49)	-
	<u>892</u>	<u>517</u>

The tax charge has been reduced by £285,000 (31 December 1993: £230,000) as a result of relief due in respect of expenditure included in investment properties.

**BRITISH GAS LAND INVESTMENTS LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)**

**(6) TANGIBLE FIXED ASSETS**

	<u>Freehold Development Properties</u>	<u>Freehold Investment Properties</u>	<u>Total</u>
	£000	£000	£000
Cost or Valuation at 1 January 1994	6,231	44,365	50,596
Additions	2,975	(47)	2,928
Transfers from group undertaking	1,918	-	1,918
Transfer of completed development properties	(2,095)	2,095	-
Surplus on valuation in year	-	2,477	2,477
Provision for permanent diminution in value	(1,598)	-	(1,598)
Cost or Valuation at 31 December 1994	<u>7,431</u>	<u>48,890</u>	<u>56,321</u>
Historical cost at 31 December 1994	<u>7,431</u>	<u>35,817</u>	<u>43,248</u>

**(7) INVESTMENTS**

Shares in group undertakings	£
Cost at 1 January 1994 and 31 December 1994	25,501
Provision against diminution in value at 1 January and 31 December 1994	<u>(24,999)</u>
Valuation at 1 January 1994 and 31 December 1994	<u>502</u>

**BRITISH GAS LAND INVESTMENTS LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)**

The Company owns a 100% holding in Mainstream Forty-Seven Limited and a 99.99% holding in Assethall Limited. Both undertakings are registered in England and Wales.

The principal activity of Mainstream Forty-Seven Limited is property development and of Assethall Limited is property investment.

**(8) DEBTORS**

	<b>31 December 1994</b>	<b>31 December 1993</b>
	£000	£000
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Other debtors and prepayments	<u>236</u>	<u>5</u>

**(9) CREDITORS**

	<b>31 December 1994</b>	<b>31 December 1993</b>
	£000	£000
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank overdraft*	538	50
Amounts owed to group undertakings	35,866	34,694
Taxation and social security	941	517
Accruals and deferred income	<u>2,109</u>	<u>1,821</u>
	<u>39,454</u>	<u>37,082</u>

\*The ultimate parent company bears the interest payable on bank overdrafts of the Company.

**(10) SHARE CAPITAL**

	<b>31 December 1994</b>	<b>31 December 1993</b>
Authorised 1,000,000 ordinary shares at £1 each	<u>£1,000,000</u>	<u>£1,000,000</u>
Issued, allotted and fully paid 101 ordinary shares at £1 each	<u>£101</u>	<u>£101</u>

**BRITISH GAS LAND INVESTMENTS LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)**

**(11) REVALUATION RESERVE**

	£000
At 1 January 1994	10,596
Surplus on valuation in year	<u>2,477</u>
At December 1994	<u>13,073</u>

**(12) STATEMENT OF MOVEMENT ON RESERVES**

	£000
Balance at 1 January 1994	2,953
Profit retained for the year	<u>1,078</u>
Balance at 31 December 1994	<u>4,031</u>

**(13) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1994</b>	<b>1993</b>
	£000	£000
Profit for the year	1,078	1,720
Other recognised gains relating to the year	<u>2,477</u>	<u>5,548</u>
Addition to shareholders' funds	3,555	7,268
Opening shareholders' funds	<u>13,549</u>	<u>6,281</u>
Closing shareholders' funds	<u>17,104</u>	<u>13,549</u>

**BRITISH GAS LAND INVESTMENTS LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)**

**(14) COMMITMENTS AND CONTINGENCIES**

	1994 £000	1993 £000
In respect of contracts placed	3,550	924
Authorised but not yet contracted	<u>9,200</u>	<u>2,034</u>

No provision has been made for the amount of taxation which would become payable under present legislation if properties held as investments were disposed of at the values at which they are stated in the accounts, because no significant disposals are planned.

A legal claim has been made against the Company which is being vigorously contested. Advice received by the Company in connection with the claim indicates that it is unlikely to prove to be material to the Accounts.

The ultimate parent company will bear any costs of cleaning contaminated land required under statutory obligations.

**(15) ULTIMATE PARENT COMPANY**

The Company is a wholly owned indirect subsidiary undertaking of British Gas plc which is registered in England and Wales. Copies of the group accounts may be obtained from British Gas plc, 152 Grosvenor Road, London SW1V 3JL.