



**NORTH CHESHIRE PROPERTIES**

**LIMITED**

**REPORT AND ACCOUNTS**

**27 October 1996**

**REPORT OF THE DIRECTORS**

The directors submit their report and the accounts for the year ended 27 October 1996.

**PRINCIPAL ACTIVITIES**

The principal activity of the company is that of property investment and management.

**REVIEW OF THE BUSINESS**

The interest of the company remains the letting of commercial and industrial property. During the year one new property has been acquired and one has been disposed of. Suitable property acquisitions are continually sought with the aim of maximising the company's rental income.

**RESULTS AND DIVIDENDS**

The results of the company for the year are set out in detail on page 4. The directors recommend that no dividend be paid for the year (1995 - £Nil).

**INVESTMENT PROPERTIES**

Details of movements in and valuations of investment properties are included in note 6 to the accounts.

**DIRECTORS**

The directors who served during the year were as follows:

P J Kennedy  
J C Parsons

The directors had no interests in the shares of the company during the year. P J Kennedy's interests in the shares of Bertrem Limited, the ultimate parent company, are disclosed in note 12 to the accounts. J C Parsons had no share interests in that company.

**AUDITORS**

A resolution to re-appoint Deloitte & Touche as auditors will be proposed at the annual general meeting.

By order of the Board



R W Kirkin

Secretary

18 February 1997

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for keeping 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.

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 as at the end of the financial year 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;
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# Deloitte & Touche



## Chartered Accountants

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## AUDITORS' REPORT TO THE MEMBERS OF NORTH CHESHIRE PROPERTIES LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 9.

### 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 mis-statement, 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 27 October 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and Registered Auditors

18 February 1997

**Deloitte Touche  
Tohmatsu  
International**

Aberdeen, Bath, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Dartford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available:  
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

**PROFIT AND LOSS ACCOUNT**  
for the year ended 27 October 1996

|   | Note | 1996<br>£       | 1995<br>£        |
|---|------|-----------------|------------------|
| TURNOVER  | 1    | 185,788         | 134,124          |
| Deficit on revaluation of investment property           |      | -               | (211,467)        |
| Administrative expenses                                 |      | <u>(63,922)</u> | <u>(15,471)</u>  |
| OPERATING PROFIT/(LOSS)                                 |      | 121,866         | (92,814)         |
| Other interest receivable                               |      | 864             | -                |
| Bank interest payable and similar charges               |      | <u>(52,548)</u> | <u>(36,883)</u>  |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES<br>BEFORE TAXATION | 2    | 70,182          | (129,697)        |
| Tax on profit/(loss) on ordinary activities             | 5    | (25,871)        | (14,563)         |
| RETAINED PROFIT/(LOSS) FOR THE<br>FINANCIAL YEAR        | 11   | <u>44,311</u>   | <u>(144,260)</u> |

All activities relate to continuing operations.

**BALANCE SHEET**

27 October 1996

|   | Note | 1996<br>£        | 1995<br>£        |
|---|------|------------------|------------------|
| <b>FIXED ASSETS</b>                                       |      |                  |                  |
| Investment properties                                     | 6    | 1,899,492        | 1,845,000        |
| <b>CURRENT ASSETS</b>                                     |      |                  |                  |
| Debtors   | 7    | 36,843           | 64               |
| <b>CREDITORS: AMOUNTS FALLING<br/>DUE WITHIN ONE YEAR</b> | 8    | <u>(699,270)</u> | <u>(655,576)</u> |
| <b>NET CURRENT LIABILITIES</b>                            |      | <u>(662,427)</u> | <u>(655,512)</u> |
| <b>TOTAL ASSETS LESS<br/>CURRENT LIABILITIES</b>          |      | 1,237,065        | 1,189,488        |
| <b>PROVISIONS FOR LIABILITIES<br/>AND CHARGES</b>         | 9    | <u>(29,674)</u>  | <u>(26,408)</u>  |
|   |      | <u>1,207,391</u> | <u>1,163,080</u> |
| <b>CAPITAL AND RESERVES</b>                               |      |                  |                  |
| <b>CALLED UP SHARE CAPITAL</b>                            | 10   | 50,000           | 50,000           |
| <b>RESERVES</b>   |      |                  |                  |
| Revaluation reserve                                       | 11   | 841,905          | 983,175          |
| Profit and loss account                                   | 11   | <u>315,486</u>   | <u>129,905</u>   |
|   |      | <u>1,157,391</u> | <u>1,113,080</u> |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                         |      | <u>1,207,391</u> | <u>1,163,080</u> |

APPROVED BY THE BOARD OF DIRECTORS

J C Parsons



18 February 1997

**CASH FLOW STATEMENT**

for the year ended 27 October 1996

|  | Note | 1996<br>£        | 1995<br>£       |
|--|------|------------------|-----------------|
| NET CASH (OUTFLOW)/INFLOW FROM<br>OPERATING ACTIVITIES                   | (a)  | <u>(422)</u>     | <u>148,599</u>  |
| RETURNS ON INVESTMENTS AND<br>SERVICING OF FINANCE                       |      |                  |                 |
| Interest received  |      | 864              | -               |
| Interest paid  |      | <u>(52,548)</u>  | <u>(36,883)</u> |
| Net cash outflow from returns on investments<br>and servicing of finance |      | <u>(51,684)</u>  | <u>(36,883)</u> |
| TAXATION   |      |                  |                 |
| Corporation tax paid   |      | <u>(5,357)</u>   | <u>(39,629)</u> |
| Tax paid   |      | <u>(5,357)</u>   | <u>(39,629)</u> |
| INVESTING ACTIVITIES   |      |                  |                 |
| Proceeds from disposal of investment property                            |      | 345,000          | -               |
| Additions in and improvements to investment properties                   |      | <u>(399,492)</u> | <u>-</u>        |
| Net cash outflow from investing activities                               |      | <u>(54,492)</u>  | <u>-</u>        |
| (DECREASE)/INCREASE IN CASH AND<br>CASH EQUIVALENTS                      | (b)  | <u>(111,955)</u> | <u>72,087</u>   |

**NOTES TO THE CASH FLOW STATEMENT**

for the year ended 27 October 1996

**(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

|  | 1996<br>£        | 1995<br>£      |
|--|------------------|----------------|
| Operating profit/(loss)                                | 121,866          | (92,814)       |
| Deficit on revaluation of investment property          | -                | 211,467        |
| Increase in debtors                                    | (36,779)         | (64)           |
| Increase/(decrease) in creditors                       | 40,797           | (10,990)       |
| (Decrease)/increase in amounts owed to group companies | <u>(126,306)</u> | <u>41,000</u>  |
| Net cash (outflow)/inflow from operating activities    | <u>(422)</u>     | <u>148,599</u> |

**(b) ANALYSIS OF CASH AND CASH EQUIVALENTS**

Bank overdrafts:

|                       |                  |                  |
|-----------------------|------------------|------------------|
| At 29 October 1995    | (437,261)        | (509,348)        |
| Cash (outflow)/inflow | <u>(111,955)</u> | <u>72,087</u>    |
| At 27 October 1996    | <u>(549,216)</u> | <u>(437,261)</u> |



1996  
£1995  
£**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 27 October 1996

|   |               |                |
|---|---------------|----------------|
| Profit/(loss) for the financial year                          | 68,084        | (144,260)      |
| Surplus on revaluation of investment properties               | -             | 983,175        |
| <b>Total recognised gains and losses relating to the year</b> | <b>68,084</b> | <b>838,915</b> |

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
for the year ended 27 October 1996

|  |         |           |
|--|---------|-----------|
| Reported profit/(loss) on ordinary activities before taxation        | 70,182  | (129,679) |
| Realisation of property revaluation gains of earlier years           | 141,270 | -         |
| Historical cost profit/(loss) on ordinary activities before taxation | 211,452 | (129,679) |
| Historical cost profit for the period after taxation and dividends   | 185,581 | (144,242) |

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
for the year ended 27 October 1996

|   |                  |                  |
|---|------------------|------------------|
| Profit/(loss) for the financial year        | 44,311           | (144,260)        |
| Other recognised gains relating to the year | -                | 983,175          |
| <b>Net addition to shareholders' funds</b>  | <b>44,311</b>    | <b>838,915</b>   |
| Opening shareholders' funds                 | 1,163,080        | 324,165          |
| <b>Closing shareholders' funds</b>          | <b>1,207,391</b> | <b>1,163,080</b> |

**NOTES TO THE ACCOUNTS**

27 October 1996

**1. ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards. The principal accounting policies adopted are as follows:

**TURNOVER**

Turnover represents rental income and service charges made to tenants.

**INVESTMENT PROPERTIES**

In accordance with Statements of Standard Accounting Practice No 19 investment properties are revalued annually by the Directors and at least every five years by an external valuer. The aggregate surplus or deficit arising on revaluation is transferred to revaluation reserve except for permanent shortfalls between cost and valuation on individual properties which are charged to profit and loss account.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because their properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**DEFERRED TAXATION**

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

**2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES  
BEFORE TAXATION****1996**  
£**1995**  
£

Profit/(loss) on ordinary activities before  
taxation is arrived at after charging:

Auditors' remuneration - audit fees

2,2001,200

## NOTES TO THE ACCOUNTS

27 October 1996

## 3. PROFIT ON DISPOSAL OF INVESTMENT PROPERTY

A previously revalued property was disposed of during the year realising a total profit on cost of £141,270 which has been transferred between the revaluation and profit and loss account reserves.

## 4. DIRECTORS

Other than the directors of the company there were no employees. The directors received no emoluments during the current or preceding year.

## 5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

1996  
£1995  
£

Taxation is based on the profit/(loss) for the year and comprises:

|                         |               |               |
|-------------------------|---------------|---------------|
| Corporation tax at 33%  | 15,919        | 5,357         |
| Group relief            | 6,618         | 14,317        |
| Deferred tax            | 3,262         | 5,596         |
|                         | <u>25,799</u> | <u>25,270</u> |
| Prior year adjustments: |               |               |
| Corporation tax         | 1,180         | -             |
| Deferred tax            | 4             | (10,707)      |
| Group relief            | (1,112)       | -             |
|                         | <u>25,871</u> | <u>14,563</u> |

The tax charge for the year has been increased by the following amounts as a result of:

|  |              |               |
|--|--------------|---------------|
| General disallowable expenditure                     | 2,639        | -             |
| Non tax allowable devaluation in investment property | <u>-</u>     | <u>69,784</u> |
|  | <u>2,639</u> | <u>69,784</u> |

## NOTES TO THE ACCOUNTS

27 October 1996

## 6. INVESTMENT PROPERTIES

| At valuation       | Freehold<br>land and<br>buildings<br>£ |
|--------------------|--|
| At 29 October 1995 | 1,845,000                              |
| Additions          | 399,492                                |
| Disposals          | <u>(345,000)</u>                       |
| At 27 October 1996 | <u>1,899,492</u>                       |

At 27 October 1996 the properties were valued by the directors and considered to have a market value of £1,899,492. The historical cost of properties owned at 27 October 1996 was £1,269,055 (1995 - £1,073,292).

## 7. DEBTORS

|                                | 1996<br>£     | 1995<br>£ |
|--------------------------------|---------------|-----------|
| Other taxation                 | 13,861        | -         |
| Prepayments and accrued income | <u>22,982</u> | <u>64</u> |
|                                | <u>36,843</u> | <u>64</u> |

## 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Bank overdraft                  | 549,216        | 437,261        |
| Corporation tax                 | 17,099         | 5,357          |
| Amounts owed to group companies | 69,466         | 190,266        |
| Accruals and deferred income    | <u>63,489</u>  | <u>22,692</u>  |
|                                 | <u>699,270</u> | <u>655,576</u> |

## NOTES TO THE ACCOUNTS

27 October 1996

| 9. PROVISIONS FOR LIABILITIES AND CHARGES                                       | 1996<br>£     | 1995<br>£     |
|---|---------------|---------------|
| Deferred taxation   | <u>29,674</u> | <u>26,408</u> |
| Movement in the year:   |               |               |
| At 29 October 1995  | 26,408        |               |
| Charge for the year   | 3,262         |               |
| Prior year adjustment   | 4             |               |
|   | <u>29,674</u> |               |
| At 27 October 1996  | <u>29,674</u> |               |
| The balance on the deferred taxation account for which provision has been made: |               |               |
| Capital allowances  | 29,674        | 27,402        |
| Short term timing differences   | -             | (994)         |
|   | <u>29,674</u> | <u>26,408</u> |

## 10. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each:

|                         |                |                |
|-------------------------|----------------|----------------|
| Authorised              | <u>250,000</u> | <u>250,000</u> |
| Allotted and fully paid | <u>50,000</u>  | <u>50,000</u>  |

## 11. RESERVES

|                                 | Revaluation<br>reserve<br>£ | Profit and<br>loss account<br>£ | Total<br>£       |
|---------------------------------|-----------------------------|---------------------------------|------------------|
| At 29 October 1995              | 983,175                     | 129,905                         | 1,113,080        |
| Disposal of investment property | (141,270)                   | 141,270                         | -                |
| Retained profit for the year    | -                           | 44,311                          | 44,311           |
| At 27 October 1996              | <u>841,905</u>              | <u>315,486</u>                  | <u>1,157,391</u> |

The balance on the profit and loss account is all available for distribution.

The revaluation reserve relates to investment properties.

**NOTES TO THE ACCOUNTS**

27 October 1996

**12. CONTINGENT LIABILITIES**

The company is liable under the group election scheme for the value added tax liabilities of other group companies. The contingent liability at 27 October 1996 amounted to £1,452,812 (1995 - £662,418).

The bank overdraft of the company is guaranteed by the other group companies under the terms of a cross guarantee set up between Kennedy Construction Group Limited and its subsidiaries. At 27 October 1996 the Company itself had no contingent liability resulting from this arrangement (1995 - £Nil).

**13. ULTIMATE PARENT COMPANY**

The company's parent company is Kennedy Construction Group Limited which is incorporated in Great Britain. The ultimate parent company is Bertrem Limited which is incorporated and registered in the Isle of Man.

Copies of the group financial statements of Kennedy Construction Group Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The issued share capital of Bertrem Limited is held in trusts for the members of the family of Mr P J Kennedy and Mrs K Kennedy.