

**Northern England Estates Limited**

**Directors' report and financial  
statements**

**Registered number 2511913**

**30 June 2000**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2000.

### Principal activities

The principal activities of the company in the year under review were those of property, investment and management.

### Directors and directors' interests

The directors who held office during the year were as follows:

ID Grant  
RLJ Grant  
AC Zaphiriou-Zarifi

The beneficial interests of the directors holding office on 30 June 2000 in the issued share capital of the company were as follows:

Ordinary £1 shares	2000	1999
ID Grant	-	12,500
RLJ Grant	-	12,500
AC Zaphiriou-Zarifi	-	12,500
T Bowley	-	12,500
Resigned 1 July 1999		


On 1 July 1999 Alpha Gamma Ltd acquired the entire share capital of the Company. All the directors are also directors of the Holding Company, Alpha Gamma Ltd, and their interests in the share capital of that Company are disclosed in its accounts. The directors had no interest in the shares of the Company.

### Auditors

During the year Maurice I. Esterson & Co. resigned and KPMG were appointed as auditors.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J. Oddie  
Secretary

Grant House  
56-60 St. John Street  
London  
EC1M 4DT

4 October 2000

## 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;
- 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 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 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.



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## **Report of the auditors to the members of Northern England Estates Limited**

We have audited the financial statements on pages 4 to 11.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### *Basis of audit 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 30 June 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'KPMG', written over the printed KPMG logo.

**KPMG**

*Chartered Accountants  
Registered Auditors*

4 October 2000

## Profit and loss account

for the year ended 30 June 2000

	Note	2000 £	1999 £
<b>Turnover</b>		<b>94,953</b>	132,064
Cost of sales		(27,849)	(36,068)
<b>Gross profit</b>		<b>67,104</b>	95,996
Administrative expenses		(4,313)	(8,929)
Profit on sale of investment properties	4	41,958	-
Impairment of investment properties		(67,544)	
<b>Operating profit</b>		<b>37,205</b>	87,067
Interest payable and similar charges	5	(39,905)	(55,270)
<b>(Loss) / profit on ordinary activities before taxation</b>	2	<b>(2,700)</b>	31,797
Tax on profit on ordinary activities	6	(2,800)	-
<b>(Loss) / profit for the financial year</b>		<b>(5,500)</b>	31,797

A statement of movements on reserves is given in note 14 to the financial statements.

## Statement of total recognised gains and losses

For the year ended 30 June 2000

	2000 £	1999 £
(Loss)/profit for the financial year	(5,500)	31,797
Impairment losses not charged to profit for the financial year	(67,544)	-
<b>Total recognised gains and losses relating to the financial year</b>	<b>(73,044)</b>	<b>31,797</b>

## Note of historical cost profits and losses

	2000 £	1999 £
Reported (loss) / profit on ordinary activities before taxation	(2,700)	31,797
Realisation of property revaluation gains of previous years	15,582	-
<b>Historical cost profit on ordinary activities before taxation</b>	<b>12,882</b>	<b>31,797</b>

## Balance sheet

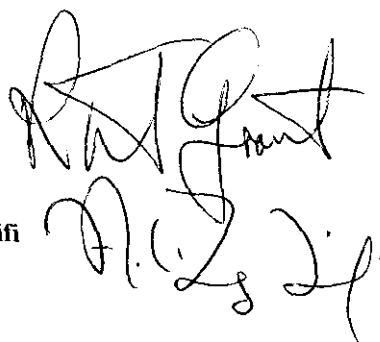
at 30 June 2000

	Note	2000		1999	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		904,219		1,119,613
Investments	8		2		2
			<hr/>		<hr/>
			904,221		1,119,615
<b>Current assets</b>					
Debtors	9	88,156		85,208	
		<hr/>		<hr/>	
		88,156		85,208	
<b>Creditors: amounts falling due within one year</b>	10	(728,918)		(378,461)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(640,762)		(293,253)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			263,459		826,362
			<hr/>		<hr/>
<b>Creditors: amounts falling due after more than one year</b>	11		(154,560)		(711,963)
			<hr/>		<hr/>
			108,899		114,399
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	13		50,000		50,000
Revaluation reserve	14		44,715		127,841
Profit and loss account			14,184		(63,442)
			<hr/>		<hr/>
<b>Shareholders' funds</b>			108,899		114,399
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 4 October 2000 and were signed on its behalf by:

RLJ Grant  
Director

AC Zaphiriou-Zarifi  
Director



## Notes

(forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts.

In accordance with the requirement of Financial Reporting Standard No1 (Cash Flow Statements - Revised), the company has not prepared a cash flow statement on the basis that it is a wholly owned subsidiary and hence its cash flows are included in the consolidated cash flow statement of its parents.

#### *FRS 8 exemption*

As the company is a wholly owned subsidiary of Alpha Gamma Limited the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Alpha Gamma Limited, within which this company is included, can be obtained from the address given in note 15.

#### *Turnover*

Turnover represents rent receivable stated net of value added tax.

#### *Investment properties*

In accordance with Statement of Standard Accounting Practice No.19, investment properties are revalued annually. Surpluses and temporary deficits arising on the valuation of individual investment properties are taken directly to a revaluation reserve.

A deficit is considered permanent where it is reasonably certain that a loss will be crystallised on disposal. Provisions for such losses are provided in the profit and loss account. No provision for depreciation is made in respect of these properties since they are held for investment and are revalued annually. This treatment, as regards certain of the group's investment properties, may be a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is possible that an actual liability will crystallise in the foreseeable future.

## Notes (continued)

### 2 (Loss) / profit on ordinary activities before taxation

(Loss) / profit on ordinary activities before taxation is stated after charging.

	2000 £	1999 £
Auditors' remuneration	1,386	1,781
	<u>=====</u>	<u>=====</u>

### 3 Remuneration of the directors

No directors received any emoluments during the year. The Company employed no staff during the year.

### 4 Other operating income

	2000 £	1999 £
Profit on disposal of investment properties	41,958	-
	<u>=====</u>	<u>=====</u>

### 5 Interest payable and similar charges

	2000 £	1999 £
On bank loan	19,593	30,643
On bank overdraft	20,312	24,627
	<u>=====</u>	<u>=====</u>
	39,905	55,270
	<u>=====</u>	<u>=====</u>

### 6 Taxation on ordinary activities

	2000 £	1999 £
UK corporation tax at 30%	2,800	-
	<u>=====</u>	<u>=====</u>

### 7 Tangible fixed assets – Investment Properties

	Freehold land and buildings £
<i>Cost or valuation</i>	
At 1 July 1999	1,119,613
Disposals	(147,850)
Impairment	(67,544)
	<u>=====</u>
<i>Net book value</i>	
At 30 June 2000	904,219
	<u>=====</u>

The investment properties are included at the directors' valuation at 30 June 2000 on the basis of open market value, the properties historical cost is £839,606.

### Notes (continued)

## 8 Fixed asset investments

		£
<b>Cost</b>		
At 1 July 1999 and 30 June 2000		2
		<hr/>
<b>Net book value</b>		
At 30 June 2000		2
		<hr/> <hr/>

	2000	1999
	£	£
Unlisted investments	2	2

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

	Class of shares	% holding
<b>Northern England Property Company Limited</b>		
Nature of business: Property dealing and management	Ordinary	100.00

## Notes (continued)

### 9 Debtors: due within one year

	2000 £	1999 £
Trade debtors	22,094	14,246
Loan	-	5,500
Due by group undertaking	66,062	65,462
	<hr/> 88,156 <hr/>	<hr/> 85,208 <hr/>

### 10 Creditors: amounts falling due within one year

	2000 £	1999 £
Due to group undertaking	462,028	-
Bank loans and overdrafts	247,479	349,917
Other creditors	15,611	6,528
Corporation tax	2,800	-
Accruals and deferred income	1,000	22,016
	<hr/> 728,918 <hr/>	<hr/> 378,461 <hr/>

### 11 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Bank loans	154,560	257,637
Loans	-	454,326
	<hr/> 154,560 <hr/>	<hr/> 711,963 <hr/>

### 12 Secured debts

The following secured debts are included within creditors:

	2000 £	1999 £
Bank overdrafts	195,957	285,517
Bank loans	206,082	322,037
	<hr/> 402,039 <hr/>	<hr/> 607,554 <hr/>

## Notes (continued)

### 13 Called up share capital

	2000 £	1999 £
<i>Authorised, allotted, issued and fully paid</i>		
50,000 ordinary shares of £1 each	50,000	50,000

### 14 Reserves

	Revaluation reserve £	Profit and Loss account £
At 1 July 1999	127,841	(63,442)
Loss for the year	-	(5,500)
Impairment of investment properties	(67,544)	67,544
Transfer of realised profits	(15,582)	15,582
At 30 June 2000	44,715	14,184

### 15 Reconciliation of movement in shareholders funds

	2000 £	1999 £
Opening shareholders' funds	114,399	82,602
(Loss) / profit for the year	(5,500)	31,797
Closing shareholders' funds	108,899	114,399

### 16 Ultimate parent company

The company is a subsidiary undertaking of an ultimately controlled by Alpha Gamma Limited a company incorporated and registered in England.

Copies of the consolidated accounts of Alpha Gamma Limited are available from its registered office at 56-60 St John Street, London.