

**CARPENTER'S ROAD PROPERTIES  
LIMITED**

**Report and Financial Statements**

**31 December 1999**

**Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 1999**

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**REPORT AND FINANCIAL STATEMENTS 1999**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

W Kessler  
G B Kessler  
C J Kessler  
A E Watson  
W A Cochrane

**SECRETARY**

W A Cochrane

**REGISTERED OFFICE**

International Business Park  
11 Rick Roberts Way  
London E15 2NF

**BANKERS**

Barclays Bank PLC  
Strand Corporate Banking Centre  
Burleigh House  
PO Box 90  
357 Strand  
London EC2R ONX

**SOLICITORS**

Pritchard Englefield  
14 New Street  
London  
EC2M 3TR

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

**DIRECTORS' REPORT**

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

**ACTIVITIES**

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

**REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The results of the company for the year are set out in detail in the profit and loss account on page 6. The development of the company has been affected by the low level of activity in the industrial property market, but the directors are satisfied with the results for the year and are confident about the future prospects of the company.

**DIVIDENDS**

The company has generated rental revenues during the year. However, in view of the loss carried forward, no dividend is recommended (1998 - £nil).

**DIRECTORS**

The directors who served throughout the year were:

W A Cochrane  
W Kessler  
G B Kessler  
C J Kessler  
A E Watson

**DIRECTORS' INTERESTS**

The following directors had beneficial interests in the shares of the ultimate parent company, Kesslers International Holding Company Limited, at 1 January 1999 and at 31 December 1999:

	Ordinary shares of £1 each		Management shares of £1 each	
	31 December 1999	31 December 1998	31 December 1999	31 December 1998
W Kessler	494	494	-	-
C J Kessler	67,488	67,488	-	-
G B Kessler	67,488	67,488	-	-

W Kessler held one ordinary share in the company as at 31 December 1999 as a nominee.

In addition, the following directors were beneficially interested in the shares of the ultimate parent company at 1 January 1999 and at 31 December 1999 as joint beneficiaries of various trusts:

	Ordinary shares of £1 each		Management shares of £1 each	
	31 December 1999	1 January 1999	31 December 1999	1 January 1999
C J Kessler and G B Kessler	476,428	476,428	118	118

No other person who was a director at 31 December 1999 had any interests in the shares of the company or other group companies.

## DIRECTORS' REPORT

### AUDITORS

Pursuant to Section 386 of the Companies Act 1985, as inserted by Section 119 of the Companies Act 1989, an elective resolution was passed dispensing with the requirement to appoint auditors annually. Therefore, Deloitte & Touche are deemed to continue as auditors.

Approved by the Board of Directors  
and signed on behalf of the Board



W A Cochrane  
Secretary

16 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 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;
- 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 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' REPORT TO THE MEMBERS OF CARPENTER'S ROAD PROPERTIES LIMITED**

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 8.

### **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 1999 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

27 October 2000

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1999**

	Note	1999 £	1998 £
<b>TURNOVER</b>	1	503,232	256,544
Operating expenses	2	(92,095)	(217,408)
<b>OPERATING PROFIT</b>		411,137	39,136
Interest payable and similar charges	4	-	(228,189)
<b>(PROFIT)/LOSS BEFORE TAXATION</b>	5	411,137	(189,053)
Tax charge on profit/(loss) on ordinary activities	6	(120,605)	(54,015)
<b>PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION</b>		290,532	(243,068)
<b>Loss brought forward</b>		(638,638)	(395,570)
<b>Loss carried forward</b>		(348,106)	(638,638)

All amounts derive from continuing operations. There are no recognised gains or losses or movements in shareholders' funds for the current financial year and the preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of recognised gains and losses or reconciliation of movements in shareholders' funds is given.



BALANCE SHEET  
31 December 1999

	Note	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	7	8,822,097	5,661,950
<b>CURRENT ASSETS</b>			
Debtors	8	238,995	178,018
<b>CREDITORS: amounts falling due within one year</b>	9	(89,892)	(64,509)
<b>NET CURRENT ASSETS</b>		149,103	113,509
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,971,200	5,775,459
<b>CREDITORS: amounts falling due after more than one year</b>	10	(7,086,783)	(5,308,089)
<b>ACCRUALS AND DEFERRED INCOME</b>	11	(1,718,422)	(1,045,084)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	(181,527)	(60,922)
		(15,532)	(638,636)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	2	2
Revaluation reserve	12	332,572	-
Profit and loss account		(348,106)	(638,638)
<b>TOTAL EQUITY SHAREHOLDERS' DEFICIT</b>		(15,532)	(638,636)

These financial statements were approved by the Board of Directors on 16<sup>th</sup> October 2000.

Signed on behalf of the Board of Directors



W A Cochrane  
Director

## NOTES TO THE ACCOUNTS

Year ended 31 December 1999

## 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

**Turnover**

Turnover represents rental income which is derived solely from the United Kingdom.

**Tangible fixed assets**

Depreciation of fixed assets is provided at the following annual rates on a straight line basis.

Freehold land	-	nil
Freehold property	-	4%
Plant and machinery	-	15%

As at 31 December 1998 freehold land and buildings were reclassified as investment properties. The Companies Act 1985 required properties to be depreciated. The directors consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them on an ongoing basis would not give a true and fair view and it is necessary to adopt SSAP 19 in order to give a true and fair view.

Investment properties are included in the balance sheet at open market value.

**Grant income**

Grant income received in respect of land development is treated as deferred income in the balance sheet. The grant is recognised in the profit and loss account when the related asset is sold. The deferred income balance is brought into the calculation of the profit or loss on the sale of the asset.

**Deferred tax**

Deferred taxation is provided at the anticipated tax rates on timing 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. OPERATING EXPENSES

	1999	1998
	£	£
Employee costs (see note 3)	39,577	39,326
Depreciation (see note 7)	2,152	3,228
Other operating charges	50,366	174,854
	<u>92,095</u>	<u>217,408</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 1999

## 3. INFORMATION REGARDING EMPLOYEES AND DIRECTORS

	1999 £	1998 £
Directors' emoluments:		
Emoluments (see note 15)	20,000	20,000
	<u>No.</u>	<u>No.</u>
The average number of persons, including directors, employed by the company were:		
Administration	6	6
	<u>£</u>	<u>£</u>
The costs, including directors, incurred in respect of these employees were:		
Wages and salaries	38,210	37,950
Social security costs	1,367	1,376
	<u>39,577</u>	<u>39,326</u>

## 4. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Interest on loan from Kesslers International Limited (fellow subsidiary)	-	228,189

The loan from Kesslers International Limited is repayable after more than one year.

## 5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £	1998 £
Profit/(loss) on ordinary activities before taxation is arrived at after charging:		
Auditors' remuneration – audit fees	8,000	8,000
Depreciation	2,152	3,228

## 6. TAX CHARGE ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1999 £	1998 £
Deferred taxation	120,605	56,154
Adjustment in respect of prior years	-	(2,139)
	<u>120,605</u>	<u>54,015</u>

NOTES TO THE ACCOUNTS  
Year ended 31 December 1999

## 7. TANGIBLE FIXED ASSETS

	Assets in course of construction	Freehold land and buildings	Plant and machinery	Total
	£	£	£	£
<b>Cost and valuation:</b>				
At 1 January 1999	1,537,099	4,122,699	21,520	5,681,318
Reclassification	(4,044,729)	4,044,729	-	-
Additions	2,829,727	-	-	2,829,727
Revaluation	-	332,572	-	332,572
	<u>322,097</u>	<u>8,500,000</u>	<u>21,520</u>	<u>8,843,617</u>
At 31 December 1999				
<b>Accumulated depreciation:</b>				
At 1 January 1999	-	-	19,368	19,368
Charge for the year	-	-	2,152	2,152
	<u>-</u>	<u>-</u>	<u>21,520</u>	<u>21,520</u>
At 31 December 1999				
<b>Net book value:</b>				
At 31 December 1999	<u>322,097</u>	<u>8,500,000</u>	<u>-</u>	<u>8,822,097</u>
At 31 December 1998	<u>1,537,099</u>	<u>4,122,699</u>	<u>2,152</u>	<u>5,661,950</u>

Freehold land and property represent investment properties. They were valued at an open market value of £8,500,000 at 6 October 1999 by King Sturge & Co. a firm of Chartered Surveyors. The surplus arising on revaluation has been taken to the revaluation reserve.

The freehold property is charged to the company's bankers as security to support the borrowings of the company, the ultimate parent company and Kesslers International Limited, a fellow subsidiary.

## 8. DEBTORS

	1999 £	1998 £
Amounts owed by associated company	123,750	-
Other debtors	115,245	178,018
	<u>238,995</u>	<u>178,018</u>

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

	1999 £	1998 £
Rent timing adjustment	88,892	64,509
Accrued overheads	1,000	-
	<u>88,892</u>	<u>64,509</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 1999

## 10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1999 £	1998 £
Secured loan from Kesslers International Limited	2,437,488	2,437,488
Other loan from Kesslers International Limited	4,649,295	2,870,601
	<u>7,086,783</u>	<u>5,308,089</u>

The loan from Kesslers International Limited amounting to £2,437,488 is secured by a second charge over land and buildings situated at Carpenter's Road and is repayable after more than one year. Interest is accrued at 2% above Barclays Bank base rate on the amount outstanding and is payable annually. Payment of the interest has been waived during 1999. Repayment of the loan capital is deferred until 31 December 2001, at which date the loan shall become repayable in full. The other loan from Kesslers International Limited is unsecured and interest free. Repayment of the loan capital is deferred until 31 December 2001.

## 11. ACCRUALS AND DEFERRED INCOME

	1999 £	1998 £
Deferred income:		
City grant	<u>1,718,422</u>	<u>1,045,084</u>

The company received a grant in connection with its development of property. This grant will be released to the profit and loss account on disposal.

## 12. PROVISIONS FOR LIABILITIES AND CHARGES

	1999 £	1998 £
<b>Deferred taxation</b>		
Balance at 1 January	60,922	15,487
Charge for the year	120,605	56,154
Adjustment in respect of prior years	-	(10,719)
Balance at 31 December	<u>181,527</u>	<u>60,922</u>

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Provided 1999 £	Provided 1998 £	Not provided 1999 £	Not provided 1998 £
Capital allowances in excess of depreciation	214,313	123,001	-	-
Other short term timing differences	(32,786)	(62,079)	-	-
	<u>181,527</u>	<u>60,922</u>	<u>-</u>	<u>-</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 1999

## 13. REVALUATION RESERVE

	£
Brought forward at 1 January 1999	-
Surplus on revaluation of fixed assets	332,572
	<hr/>
Carried forward at 31 December 1999	332,572
	<hr/>

## 14. CALLED UP SHARE CAPITAL

	1999 £	1998 £
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid:</b>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

## 15. FINANCIAL COMMITMENTS

The company has entered into a cross guarantee arrangement with the ultimate parent company and Kesslers International Limited, a fellow subsidiary and Kesslers Investments Limited, an affiliated company.

The overdrafts of the company, its ultimate parent company and the fellow subsidiary subject to the cross-guarantee totalled £nil at 31 December 1999 (1998 - £nil).

## 16. RELATED PARTY DISCLOSURES

During 1992, the company purchased freehold land and buildings at a market value of £2,437,488 from Kesslers International Limited, a fellow subsidiary.

In order to finance the acquisition of this property, the company took a secured loan from Kesslers International Limited for the sum of £2,437,488. Interest is payable on the balance outstanding at 2% above Barclays Bank base rate. Kesslers International Limited holds a second charge over the property as security for the loan.

During the year, the company has received management services from Kesslers International Limited. In consideration thereof, the company owes an amount of £20,000 (1998 - £20,000) to Kesslers International Limited.

In accordance with Financial Reporting Standard No.8, "Related Party Disclosures" transactions with other undertakings within, and investee related parties of Kesslers International Group have not been disclosed in the financial statements.

## 17. PARENT COMPANY AND CONTROLLING PARTY

In the opinion of the directors the immediate and ultimate parent company and controlling party is Kesslers International Holding Company Limited, a company registered in England and Wales and incorporated in Great Britain. Copies of its accounts may be obtained from the Registrar of Companies, Crown Way, Maindy, Cardiff, CF4 3UZ.