



**CARPENTER'S ROAD PROPERTIES  
LIMITED**

**Report and Financial Statements**

**31 December 1992**



**Touche Ross & Co.**

**Hill House  
1 Little New Street  
London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 1992**

**CONTENTS**

**Page**

**Directors' report**

**1**

**Auditors' report**

**4**

**Profit and loss account**

**5**

**Balance sheet**

**6**

**Notes to the accounts**

**7**

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1992.

**ACTIVITIES**

The company is in the business of property investment. This is the first year of activity for the company.

**REVIEW OF DEVELOPMENTS**

The financial statements of the company for the year ended 31 December 1992 are set out on pages 5 to 11.

**DIVIDENDS AND TRANSFERS TO RESERVES**

The company has generated rental revenues during the year. However, in view of the losses, no dividend is recommended. Loss for the financial year charged to reserves amounted to £85,853.

**FUTURE PROSPECTS**

The directors are confident about the future prospects of the company.

**FIXED ASSETS**

During the year 1992, the company acquired freehold land and buildings from Kesslers International Limited, a fellow subsidiary, at a cost of £2,465,857 with a view to developing it for investment purposes. Development activity on the land has commenced during the year.

**DIRECTORS**

The directors who have served during the year are as follows:

W A Cochrane

W Kessler

G B Kessler

J R Kessler (Resigned on 28 October 1992)

A E Watson

## **DIRECTORS' REPORT**

### **DIRECTORS' INTERESTS**

The following directors had beneficial interests in the shares of the parent company at 31 December 1992 and at 1 January 1992:

		Ordinary shares of £1 each		Management shares of £1 each
	31 December 1992	1 January 1992	31 December 1992	1 January 1992
W Kessler	49,494	49,494	-	-
G B Kessler	67,488	67,488	-	-

W Kessler held 1 ordinary share in the company as at 31 December 1992 as a nominee.

In addition, the following directors were beneficially interested in the following shares of the parent company at 31 December 1992 and 1 January 1992 as joint beneficiaries of various trusts:

		Ordinary shares of £1 each		Management shares of £1 each
	31 December 1992	1 January 1992	31 December 1992	1 January 1992
W Kessler	179,970	179,970	63	63
G B Kessler and J R Kessler	179,970	179,970	63	63
G B Kessler and J R Kessler	67,488	67,488	55	55

No other person who was a director at 31 December 1992 had any interests in the shares of the company or the parent company.

### **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;
- 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.



**DIRECTORS' REPORT**

**CLOSE COMPANY STATUS**

In the opinion of the directors the company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

**AUDITORS**

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

**DIRECTOR**

17 August 1993



## Chartered Accountants

Touche Ross & Co.  
Hill House  
1 Little New Street  
London EC4A 3TR

Telephone: National 071 936 3000  
International +44 71 936 3000  
Telex: 884739 TRLNDN G  
Fax (Gp. 3): 071 583 8517  
LDE. DX 599

## CARPENTER'S ROAD PROPERTIES LIMITED

### AUDITORS' REPORT TO THE MEMBERS OF CARPENTER'S ROAD PROPERTIES LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

#### 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 as to whether 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 1992 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

17 August 1993

**Deloitte Touche  
Tohmatsu  
International**

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

Principal place of business at which a list of partners' names is available:  
Peterborough Court, 133 Fleet Street, London EC4A 2TR.

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

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1992**

	Note	1992 £	1991 £
<b>TURNOVER</b>	1	29,068	-
Operating expenses	2	(50,411)	-
<b>OPERATING LOSS</b>		(21,343)	-
Interest payable and similar charges	4	(64,510)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	(85,853)	-
Tax on loss on ordinary activities		-	-
<b>LOSS FOR THE FINANCIAL YEAR CHARGED TO RESERVES</b>		(85,853)	-



**BALANCE SHEET**

**31 December 1992**

	Note	1992 £	1991 £
<b>FIXED ASSETS</b>			
Tangible assets	6	2,465,857	-
<b>CURRENT ASSETS</b>			
Debtors	7	4,948	2
<b>CREDITORS: amounts falling due within one year</b>	8	(467,381)	-
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(462,433)	2
<b>TOTAL ASSETS LESS CURRENT (LIABILITIES)/ASSETS</b>		2,003,424	2
<b>CREDITORS: amounts falling due after more than one year</b>	9	(2,089,275)	-
		(85,851)	2
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	2	2
Profit and loss account		(85,853)	-
		(85,851)	2

These financial statements were approved by the Board of Directors on 17 August 1993.

Signed on behalf of the Board of Directors

Director

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1992**

**1. ACCOUNTING POLICIES**

The financial statements are 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 an explanation of the departure is given below. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Tangible fixed assets comprise land and buildings treated as investment properties.

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided in respect of investment properties.

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 considers that, as these 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 loss for the financial year would have been increased 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.

**Turnover**

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

**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**

	1992 £	1991 £
Employee related costs (note 3)	15,941	-
Other charges	34,470	-
	<u>50,411</u>	<u>-</u>

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 1992**

**3. INFORMATION REGARDING EMPLOYEES**

	1992 £	1991 £
Directors' emoluments:		
Other emoluments	11,775	-
Remuneration of the chairman	-	-
Remuneration of the highest paid director	11,775	-
Scale of other directors' remuneration:	No.	No.
£ 0 - £ 5,000	4	4
Employee costs during the year:	1992 £	1991 £
Wages and salaries	3,883	-
Social security costs	283	-
	4,166	-
Average number of persons employed (including directors):		
Administration	2	-

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	1992 £	1991 £
Interest on loan from Kesslers International Limited	64,510	-

**5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1992 £	1991 £
Loss on ordinary activities before taxation is after charging:		
Audit fees	1,000	-

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1992**

**6. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £
Cost and net book value at 1 January 1992	-
Additions during the year	2,465,857
Cost and net book value at 31 December 1992	<u>2,465,857</u>

The 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.

The directors opine that the open market value of the land and buildings in its condition at 31 December 1992 is equal to its acquisition price and consequently no adjustment to the accounts is required.

**7. DEBTORS**

	1992 £	1991 £
Trade debtors	4,946	-
Amount owed by parent company	2	2
	<u>4,948</u>	<u>2</u>

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

	1992 £	1991 £
Amount owed to Kesslers International Limited (fellow subsidiary)	464,281	-
Accruals and deferred income	3,100	-
	<u>467,381</u>	<u>-</u>

The above amount includes an instalment of the loan from Kesslers International Limited due within one year, amounting to £348,213 (1991: £nil) as explained in note 9.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1992**

**9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1992	1991
	£	£
Secured loan from Kesslers International Limited	2,089,275	-

The loan from Kesslers International Limited amounting to £2,437,488 is secured by a second charge over land and buildings situate at Carpenter's Road and is repayable in annual instalments over a period of seven years. Interest is accrued at 2% above Barclays Bank base rate on the amount outstanding.

The above amount includes instalments due after 5 years amounting to £696,425.

**10. CALLED UP SHARE CAPITAL**

	1992	1991
	£	£
Authorised: 1,000 ordinary shares of £1 each	1,000	1,000
Allotted and fully paid: 2 ordinary shares of £1 each	2	2

**11. CAPITAL COMMITMENTS**

	1992	1991
	£	£
Contracted for but not provided in the financial statements	1,550,000	-

**12. FINANCIAL COMMITMENTS**

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

The overdrafts of the company, its ultimate parent company and the fellow subsidiary subject to the cross-guarantee totalled £129,371 at 31 December 1992.

**13. TRANSACTIONS WITH RELATED PARTIES**

During the year, 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 has taken a secured loan from Kesslers International Limited for the sum of £2,437,488. The loan is repayable over a period of seven years in annual instalments. 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 also received management services from Kesslers International Limited. In consideration thereof, the company owes an amount of £11,775 (1991 - £nil) to Kesslers International Limited).



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1992**

**14. ULTIMATE PARENT COMPANY**

In the opinion of the directors the ultimate parent company 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.