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Westmount London Limited
Annual report
for the period ended 31 May 1997

Registered no: 2601874



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Westmount London Limited

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Directors and advisers

Directors

E Zakay

S Zakay

Secretary

C Moharm

Registered office

Acre House

11 - 15 William Road

London

NW1 3ER

Registered Auditor

H.W. Fisher & Company

Acre House

11 - 15 William Road

London

NW1 3ER

Bankers

Barclays Bank Plc

Piccadilly Business Centre

160 Piccadilly

London

W1A 2AB

Directors' report for the period ended 31 May 1997

The directors present their report and the audited financial statements for the fourteen month period ended 31 May 1997.

Principal activities

The principal activity of the company is that of Property Investment.

Review of business

The profit and loss account for the period is set out on page 6.

Both the level of business and the period end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors do not recommend payment of a dividend for the period.

Directors' and their interests in shares of the company

The directors who served during the period were as follows, and their beneficial interests in the shares of the company were:

	Ordinary shares of £1 each	
	31 May 1997	1 April 1996
E Zakay	-	-
S Zakay	-	-

The director had no beneficial interests in the shares of the immediate or ultimate parent companies.

**Directors' report
for the period ended 31 May 1997**

Auditors

A resolution to reappoint the auditors, H W Fisher & Company, will be proposed at the next annual general meeting.

By order of the board

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a long, sweeping horizontal line.

**C Moharm
Company Secretary**

Dated: 19/12/97

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 May 1997. The director also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the auditors to the members of Westmount London 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 investment properties and the accounting policies set out on pages 9 and 10.

Respective responsibilities of the 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.

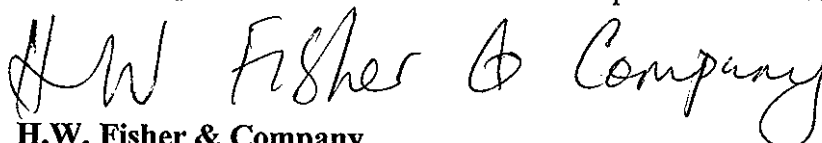
Basis of opinion

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 at 31 May 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



H.W. Fisher & Company
Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER

Dated: 24 December 1997

**Profit and loss account
for the fourteen month period ended 31 May 1997**

	Notes	1997 £	Period Ended 31 March 1996 £
Turnover	2	469,629	350,072
Administrative expenses		(25,336)	(14,288)
Operating profit		444,293	335,784
Interest receivable		4,004	2,632
Interest payable	5	(363,873)	(313,280)
Profit on ordinary activities before taxation	3	84,424	25,136
Taxation	6	-	(6,326)
Retained profit for the financial period	14	84,424	18,810

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**Statement of total recognised gains and losses
for the fourteen month period ended 31 May 1997**

	Notes	1997 £	Year Ended 31 March 1996 £
Profit for the financial period		84,424	18,810
Unrealised surplus on revaluation of property	13	700,000	300,000
Total profits recognised since last annual report		784,424	318,810

Westmount London Limited

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Balance sheet at 31 May 1997

	Notes	1997 £	31 March 1996 £
Fixed assets			
Tangible assets	7	<u>5,500,000</u>	<u>4,800,000</u>
Current assets			
Debtors	8	90,000	-
Cash at bank and in hand		<u>25,159</u>	<u>117,693</u>
		<u>115,159</u>	<u>117,693</u>
Creditors: amounts falling due within one year	9	<u>(904,400)</u>	<u>(991,358)</u>
Net current liabilities		<u>(789,241)</u>	<u>(873,665)</u>
Total assets less current liabilities		<u>4,710,759</u>	<u>3,926,335</u>
Creditors: amounts falling due after more than one year	10	<u>(3,520,000)</u>	<u>(3,520,000)</u>
		<u>1,190,759</u>	<u>406,335</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Revaluation reserve	14	1,065,762	365,762
Profit and loss account	14	<u>123,997</u>	<u>39,573</u>
Equity shareholders' funds	13	<u>1,190,759</u>	<u>406,335</u>

Approved by the Board on 19/12/97


E Zakay
Director

**Notes to the financial statements
for the period ended 31 May 1997****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. However, compliance with SSAP19 '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 in the note relating to tangible fixed assets below. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

(b) Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

In accordance with SSAP19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view.

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.

Investment properties are revalued annually by the directors (see note 7).

(c) Turnover

Turnover, which excludes value added tax, represents rents receivable.

Notes to the financial statements for the period ended 31 May 1997

(d) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

(e) Cash flow statement

The company is a wholly owned subsidiary of Topland Group plc and its cash flows are included within the consolidated group cashflow statement.

Consequently the company is exempt from the requirement to publish a cash flow statement.

2 Turnover and profit

The turnover and profit before taxation are attributable to the principal activity of the company. Turnover consists entirely of rental income arising in the United Kingdom.

3 Profit on ordinary activities before taxation is stated after charging:

	1997	31 March 1996
	£	£
Auditors' remuneration:		
Audit fees	1,000	1,308
Non-audit fees	2,021	-
	<u> </u>	<u> </u>

4 Directors' emoluments

The directors, who were the only employees of the company during the year, received no emoluments for their services as directors in the year (1996: £ Nil).

Notes to the financial statements for the period ended 31 May 1997

5 Interest Payable

	1997	31 March 1996
	£	£
On bank loans	<u>363,873</u>	<u>313,280</u>

6 Taxation

There is no corporation tax charge in the period due to the availability of group relief (1996:£6,326).

7 Tangible fixed assets

	1997	31 March 1996
	£	£
Investment property - freehold land and buildings		
Valuation		
At 1 April 1996	4,800,000	4,500,000
Revaluation (note 13)	<u>700,000</u>	<u>300,000</u>
At 31 May 1997	<u>5,500,000</u>	<u>4,800,000</u>

The investment property was valued as at 31 May 1997 by the directors on an open market basis.

If stated under the historical cost principles, the property would have been included at a net book value of £4,153,400 (1996: £4,256,866) (assuming a depreciation rate of 2%.)

8 Debtors

	1997	31 March 1996
	£	£
Amounts due from group undertakings	<u>90,000</u>	<u>-</u>

Amounts due from group undertakings bear no interest and have no fixed term of repayment.

Notes to the financial statements for the period ended 31 May 1997

9 Creditors: amounts falling due within one year

	1997	31 March 1996
	£	£
Amounts due to group undertakings	800,978	860,978
Other creditors	-	30,979
Deferred income	23,695	88,051
Taxation	24,262	6,326
Accruals	55,465	5,024
	<u>904,400</u>	<u>991,358</u>

Amounts due to group undertakings bear no interest and have no fixed terms of repayment.

10 Creditors: amounts falling due after more than one year

	1997	31 March 1996
	£	£
Bank loan	<u>3,520,000</u>	<u>3,520,000</u>
Loan Maturity Analysis:		
Between two and five years	264,000	176,000
In five years or more	<u>3,256,000</u>	<u>3,344,000</u>
	<u>3,520,000</u>	<u>3,520,000</u>

The bank loan is secured by a first legal charge on the investment property, an assignment over the company's rental income and a floating charge over the company's other assets. Any interest shortfall is guaranteed by Westmount Group Plc, the immediate parent company. The loan bears interest at 1% above the lenders cost of funds and is repayable in 2004.

11 Deferred taxation

No provision has been made for the potential tax liability of £186,057 (1996:£28,283) which would arise if investment properties were sold at their revalued amounts, as the directors do not intend to dispose of the properties in the foreseeable future.

Notes to the financial statements for the period ended 31 May 1997

12 Called up share capital

	1997	31 March 1996
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

13 Reconciliation of movements in shareholders' funds

	1997	31 March 1996
	£	£
Opening shareholders' funds	406,335	87,525
Retained profit for the financial period	84,424	18,810
Movement in revaluation reserve	700,000	300,000
Closing shareholders' funds	1,190,759	406,335

14 Reserves

	Profit and loss account	Revaluation reserve
	£	£
At 1 April 1996	39,573	365,762
Retained profit for the period	84,424	-
Revaluation	-	700,000
At 31 May 1997	123,997	1,065,762

**Notes to the financial statements
for the period ended 31 May 1997**

15 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard No.8 from the requirement to disclose details of transactions with group companies.

16 Ultimate holding company and controlling party

The immediate holding company and controlling party is Westmount Group plc. The ultimate holding company and controlling party is New Liberty Limited, a company incorporated in the British Virgin Islands.