

**CONOR PROPERTIES II PLC**  
**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**

**for the year ended 31 March 2003**



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**Company number 2660900**

**CONOR PROPERTIES II PLC**

**COMPANY PROFILE**  
**for the year ended 31 March 2003**

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**DIRECTORS**

HJ Grossman  
K Irving

**SECRETARY**

A Mackay

**REGISTERED OFFICE**

Princes Buildings  
15 Oxford Court  
Oxford Street  
Manchester M2 3WQ

**AUDITORS**

Beever & Struthers  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

**BANKERS**

Barclays Bank plc  
Manchester City Office  
51 Moseley Street  
Manchester M2 3HQ

**SOLICITORS**

Croftons  
Princes Buildings  
Oxford Court  
Oxford Street  
Manchester M2 3WQ

## **CONOR PROPERTIES II PLC**

### **DIRECTORS' REPORT for the year ended 31 March 2003**

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#### **FINANCIAL STATEMENTS**

The directors present their report and audited financial statements for the year ended 31 March 2003.

#### **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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

#### **PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The company's principal activity is the management of housing.

The company purchased residential property from Northern Counties Housing Association Limited, which it is renting under the Assured Tenancy rules contained within the Housing Act 1988.

The directors remain optimistic about the future prospects of the company.

#### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £177,110 (2002: 51,703). The directors do not propose the payment of a dividend.

#### **DIRECTORS**

The directors during the year were as follows:

*HJ Grossman*  
K Irving

## CONOR PROPERTIES II PLC

### DIRECTORS' REPORT for the year ended 31 March 2003

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#### DIRECTORS' INTEREST IN SHARES

The directors who held office at 31 March 2003 had the following beneficial interest in the share capital of the company at the beginning and end of the financial year.

	50p Ordinary shares fully paid	
	2003	2002
HJ Grossman	-	-
K Irving	1	1

No directors held a beneficial interest in the share capital of Northern Counties Housing Association, the immediate parent company, at the beginning and end of the financial year.

#### PAYMENT POLICY

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms. As at 31 March, there were no trade creditors.

#### AUDITORS

Beever and Struthers are willing to be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the Board on 07 SEP 2003 .

HJ Grossman

HJ Grossman

## **Conor Properties II Plc**

### **Financial Statements**

**For the Year Ended 31 March 2003**

### **Independent Auditor's Report to the Members**

We have audited the financial statements of Conor Properties II Plc for the year ended 31 March 2003 on pages 4 to 11 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of Audit Opinion**

We conducted our audit in accordance with United Kingdom 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 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Beever and Struthers*

**BEEVER AND STRUTHERS**  
**Chartered Accountants and Registered Auditors**

**St George's House**  
**215-219 Chester Road**  
**Manchester**  
**M15 4JE**

**Date:** 17.9.03

**CONOR PROPERTIES II PLC**  
**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 March 2003**

	Notes	Continuing operations 2003	2002 Restated
		£	£
Rental income		135,917	135,918
Property expenses		(53,371)	(98,433)
<b>Gross profit</b>		<b>82,546</b>	<b>37,485</b>
Administrative expenses	2	(4,009)	(5,062)
<b>Operating profit</b>		<b>78,537</b>	<b>32,423</b>
Profit on sale of tangible fixed assets		92,644	20,343
Bank interest		24,647	23,937
<b>Profit on ordinary activities before taxation</b>		<b>195,828</b>	<b>76,703</b>
Tax charge on profit on ordinary activities	3	(18,718)	(25,000)
<b>Retained profit for the year</b>	9	<b>177,110</b>	<b>51,703</b>

The notes on pages 8 to 11 form an integral part of these financial statements.

**CONOR PROPERTIES II PLC**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 31 March 2003

	Notes	2003	2002 Restated
		£	£
Profit for the financial year after taxation	9	177,110	51,703
Prior year adjustment	13	(182,519)	-
<b>Total recognised gains and losses since last annual report</b>		<b>(5,409)</b>	<b>51,703</b>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
for the year ended 31 March 2003

	Notes	2003	2002 Restated
		£	£
Profit on ordinary activities before taxation		195,828	76,703
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount		4,998	-
<b>Historical cost profit on ordinary activities before taxation</b>		<b>190,830</b>	<b>76,703</b>
<b>Historical cost profit for the year retained after taxation</b>		<b>172,112</b>	<b>51,703</b>

The notes on pages 8 to 11 form an integral part of these financial statements.

**CONOR PROPERTIES II PLC**

**BALANCE SHEET**  
as at 31 March 2003

	Notes	2003	2002
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	4	944,028	1,082,816
<b>CURRENT ASSETS</b>			
Debtors	5	46,351	24,633
Cash at bank and in hand		906,065	600,601
		952,416	625,234
<b>CREDITORS:</b> amounts falling due within one year	6	(74,183)	(62,899)
<b>Net current assets</b>		<b>878,233</b>	<b>562,335</b>
<b>Net assets</b>		<b>1,822,261</b>	<b>1,645,151</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	1,000,002	1,000,002
Share premium account		860,000	860,000
Profit and loss account	9	(37,741)	(214,851)
<b>Total equity shareholders' funds</b>		<b>1,822,261</b>	<b>1,645,151</b>

The notes on pages 8 to 11 form an integral part of these financial statements.

The financial statements on pages 4 to 11 were approved by the Board on **17 SEP 2003**

*HJ Grossman*

**HJ Grossman**  
Director



**CONOR PROPERTIES II PLC**

**CASH FLOW STATEMENT**  
for the year ended 31 March 2003

	Notes	2003	2002
		£	£
<b>Net cash inflow from operating activities</b>	10	<b>83,921</b>	<b>82,045</b>
<b>Returns on investments and servicing of finance</b>			
Bank Interest		24,647	23,937
<b>Acquisitions and disposals</b>			
Proceeds from sale of tangible fixed assets		221,896	52,343
<b>Taxation</b>			
UK corporation tax paid		(25,000)	(45,508)
<b>Increase in cash in the year</b>	11	<b>305,464</b>	<b>112,817</b>

# CONOR PROPERTIES II PLC

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2003

### 1 ACCOUNTING POLICIES

#### Accounting convention

The financial statements are prepared under the historical cost convention, as modified to include the revaluation of properties, and in accordance with applicable accounting standards.

#### Fixed Assets and Depreciation

Tangible fixed assets are stated at the lower of cost or valuation and accumulated depreciation. This is a change in accounting policy which is considered to reflect the purpose of the properties. Depreciation is charged over the expected economic useful life of the assets using the following annual rates and basis: -

Housing Properties 1% on depreciable amount.

#### Rental income

Rental income comprises gross rents receivable.

<b>2</b>	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED AFTER CHARGING:</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Auditor's remuneration:		
	- audit services	1,818	2,056
	- other services including taxation	-	-

### 3 TAXATION

		<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
<b>(a)</b>	<b>Analysis of the charge in the period</b>		
	The tax charge on the surplus on ordinary activities for the year was as follows:		
	<b>UK current year taxation</b>		
	UK corporation tax at 19% (2002: 20%)	21,500	25,000
	(Over) provision in prior year	(2,782)	-
	<b>Tax charge on profit on ordinary activities</b>	<b>18,718</b>	<b>25,000</b>
<b>(b)</b>	<b>Factors affecting tax charge for the period</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	<b>Surplus on ordinary activities before tax</b>	<b>196,315</b>	<b>76,703</b>
	Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2002: 20%)	37,300	15,341
	Effects of:		
	Expenses not deductible for tax purposes	1,793	11,265
	Indexation/movement on revaluation of properties	(17,593)	(1,606)
	(Over) provision in previous years	(2,782)	-
		<b>18,718</b>	<b>25,000</b>

**CONOR PROPERTIES II PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2003**

**4 TANGIBLE FIXED ASSETS**

**(1) Summary**

	2003 £
<b>Net Book Value</b>	
As at 1 April 2002 as previously stated	1,265,335
Prior Year Adjustment	<u>(182,519)</u>
As at 1 April 2002 Restated	1,082,816
Disposals	<u>(129,252)</u>
Depreciation	(9,536)

<b>Net book value 31 March 2003</b>	<b>944,028</b>
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**(2) Analysis of properties**

	2003 £	2002 £
Long leasehold	953,564	1,082,816

The historical cost of the properties was £1,453,385 (2001: £1,650,386).

**(3) Asset revaluations**

Properties have been included in the financial statements on the same basis as the 31 March 2002 valuation. This was open market value on the basis of existing use and was performed by Drivers Jonas.

**5 DEBTORS**

	2003 £	2002 £
Rent Debtors	22,551	12,399
Other Debtors	3,560	2,554
Amounts owed by parent and fellow subsidiary undertakings	20,240	9,680
	<b>46,351</b>	<b>24,633</b>

**6 CREDITORS: amounts falling due within one year**

	2003 £	2002 £
Amounts owed to parent and fellow subsidiary undertakings	40,000	55,279
Accruals and deferred income	34,183	7,620
	<b>74,183</b>	<b>62,899</b>

**CONOR PROPERTIES II PLC**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2003

<b>7</b>	<b>CALLED UP SHARE CAPITAL</b>		
	(1) Authorised	Number	2003 £
	50p Ordinary shares	3,000,000	1,500,000
	(2) Allotted and fully paid	2003 £	2002 £
	2,000,004 50p Ordinary shares	1,000,002	1,000,002
<b>8</b>	<b>INVESTMENT REVALUATION RESERVE</b>	£	
	1 April 2001 as previously stated	(385,051)	
	Prior Year Adjustment	385,051	
	1 April 2002 Restated	-	
<b>9</b>	<b>PROFIT AND LOSS ACCOUNT</b>	£	
	1 April 2002 (as previously stated)	352,719	
	Prior year adjustment	(567,570)	
	1 April 2002 (as restated)	(214,851)	
	Retained profit for the year	177,110	
	31 March 2003	(37,741)	
<b>10</b>	<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	2003 £	2002 £
	Operating profit	78,537	32,423
	Depreciation	9,536	-
	(Decrease)/Increase in debtors	(21,717)	58,163
	Increase/(Decrease) in creditors	17,565	(8,541)
	Net cash inflow from operating activities	83,921	82,045

# CONOR PROPERTIES II PLC

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2003

11	<b>NET FUNDS</b>	2003	2002
	Analysis of net funds	£	£
	Cash at bank and in hand	906,065	600,601
	<b>Reconciliation of net cash flows to movement in net funds</b>	£	£
	1 April	600,601	487,784
	Increase in cash in the year	305,464	112,817
	<b>31 March</b>	906,065	600,601
12	<b>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	2003	Restated 2002
		£	£
	Profit for the year	177,110	51,703
	Net additions to shareholder's funds	17,110	51,703
	Opening shareholder's funds	1,645,151	1,593,448
	Closing shareholder's funds	1,822,261	1,645,151
13	<b>PRIOR YEAR ADJUSTMENT</b>		
	Properties have been accounted for at the lower of cost or valuation and are now depreciated. This is a change to previous years when properties were accounted for as investment properties and were included within fixed assets on the basis of open market value for existing use with no depreciation charge being made. The change has been made by the Conor Properties directors as they consider that this classification reflects the purpose of the properties.		
	This prior year adjustment has resulted in the following changes being made to the 2002 comparatives: -		
	a) An increase in the investment revaluation reserve, and a corresponding decrease in the profit and loss account of £385,051 representing previous diminutions in value of properties taken to the investment revaluation reserve. b) A decrease in the valuation of properties and a corresponding decrease in the profit and loss account of £182,519 representing the decrease in the valuation of properties arising from the change in accounting policy.		
14	<b>RELATED PARTY TRANSACTIONS</b>		
	As a wholly owned subsidiary of Northern Counties Housing Association Limited, Conor Properties II PLC has taken advantage of the exemption from the requirement to disclose related party transactions with Northern Counties Housing Association Limited and companies within the group.		
15	<b>INFORMATION REGARDING DIRECTORS AND EMPLOYEES</b>		
	The company has no employees and no directors' remuneration was paid during the year.		
16	<b>ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY</b>		
	The directors regard Northern Counties Housing Association Limited as the company's parent undertaking and controlling party. Northern Counties Housing Association is registered in England and Wales as an Industrial and Provident Society and also with the Housing Corporation. Copies of the Northern Counties Housing Association Limited's financial statements can be obtained from Princes Buildings, 15 Oxford Court, Oxford Street, Manchester, M2 3WQ.		

**CONOR PROPERTIES II PLC**

**ANALYSIS OF PROPERTY AND ADMINISTRATIVE EXPENSES**  
for the year ended 31 March 2003

	2003	2002
	£	£
Manager's fees payable to Northern Counties Housing Association Limited under the terms of the Letting and Management Agreement	15,207	14,983
Service charges	14,438	13,977
Repairs, renewals and maintenance	11,200	18,985
Bad debts	(2,913)	(4,922)
Sundry trade expenses	3,951	1,331
Insurance	1,952	893
Write-off intercompany balance	-	53,186
Depreciation	9,536	-
<b>Property expenses</b>	<b>53,371</b>	<b>98,433</b>
	£	£
Legal and professional	3,994	5,047
Filing fees	15	15
<b>Administrative expenses</b>	<b>4,009</b>	<b>5,062</b>

**This page does not form part of the statutory financial statements of the company.**