

**PARDEV (MANCHESTER) LIMITED**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31st March 1995

Registered number: 2783384



# **PARDEV (MANCHESTER) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31ST MARCH 1995**

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# PARDEV (MANCHESTER) LIMITED

## DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31st March 1995.

### 1. PRINCIPAL ACTIVITY

The company has invested in commercial property and it is intended to continue this activity.

### 2. 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 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 if appropriate

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. The directors have a 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.

### 3. PROFIT AND LOSS ACCOUNT

During the year, the company made a profit after taxation of £188,822 (period ended 31st March 1994 loss of £2,379) which has been transferred to reserves.

The directors do not propose the payment of a dividend (1994 £nil).

### 4. DIRECTORS

The following served as directors during the year:

H J M Price  
H R Mould - appointed 21st November 1994  
R D Maxted - resigned 31st December 1994

None of the directors had any interest in the shares of the company during the year.

The interests of the directors who held office at the end of the year in the shares of the parent company, Pillar Property Investments PLC, are shown in the report and accounts of that company.

### 5. SHARE CAPITAL

Throughout the period the called up share capital of one £1 share was charged against the bank loan.

### 6. AUDITORS

On 6th February 1995 our auditors changed the name under which they practise to KPMG and accordingly have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985 a resolution for their reappointment as auditors is to be proposed at the forthcoming Annual General Meeting.

### 7. INSURANCE

The company has maintained liability insurance for its directors through a group wide scheme.

Lansdowne House  
Berkeley Square  
London  
W1X 6HQ



By Order of the Board  
P J Martin  
Secretary  
17th July 1995

## REPORT OF THE AUDITORS TO THE MEMBERS OF PARDEV (MANCHESTER) LIMITED

We have audited the financial statements on pages 3 to 7.

### *Respective responsibilities of directors and auditors*

As described on page 1 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. 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 affairs of the company as at 31st March 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**

KPMG  
Chartered Accountants  
Registered Auditors  
London

17th July 1995

# PARDEV (MANCHESTER) LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1995

|  |  | Year ended<br>31st March<br>1995 | 25th Jan 1993<br>to 31st March<br>1994 |
|--|--|----------------------------------|--|
|  | NOTE   | £                                | £                                      |
| TURNOVER   | Rental income  | 1,410,642                        | 381,222                                |
| ADMINISTRATIVE AND OTHER<br>EXPENSES                             |  | (143,944)                        | (154,522)                              |
| OPERATING PROFIT   |  | 1,266,698                        | 226,700                                |
| BANK INTEREST RECEIVABLE   |  | 10,871                           | 42,836                                 |
| OTHER INTEREST RECEIVABLE  |  | 4,950                            | -                                      |
| BANK INTEREST PAYABLE  | On bank loans and overdrafts wholly<br>repayable within five years | (916,452)                        | (251,351)                              |
| INTEREST PAYABLE TO PARENT<br>AND FELLOW SUBSIDIARY<br>COMPANIES |  | (177,245)                        | (20,564)                               |
| PROFIT/(LOSS) ON ORDINARY<br>ACTIVITIES BEFORE TAXATION          | 2  | 188,822                          | (2,379)                                |
| TAXATION   | 9  | -                                | -                                      |
| PROFIT/(LOSS) ON ORDINARY<br>ACTIVITIES AFTER TAXATION           |  | 188,822                          | (2,379)                                |
| RESERVES BROUGHT FORWARD   |  | (2,379)                          | -                                      |
| RESERVES CARRIED FORWARD   |  | 186,443                          | (2,379)                                |

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

|  |           |           |
|--|-----------|-----------|
| PROFIT/(LOSS) FOR THE<br>FINANCIAL PERIOD                      | 188,822   | (2,379)   |
| UNREALISED SURPLUS ON<br>REVALUATION OF PROPERTIES             | 2,077,631 | 5,359,244 |
| TOTAL RECOGNISED GAINS<br>AND LOSSES RELATING TO THE<br>PERIOD | 2,266,453 | 5,356,865 |

All items in the profit and loss account derive from continuing operations.  
There were no material differences in the historical cost profit and loss.

# PARDEV (MANCHESTER) LIMITED

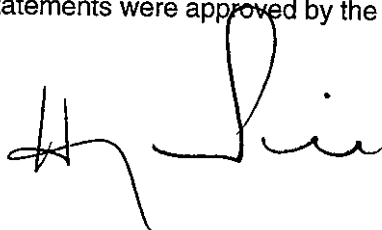
## BALANCE SHEET

AS AT 31ST MARCH 1995

|   |                          | NOTE | 1995<br>£         | 1994<br>£          |
|---|--------------------------|------|-------------------|--------------------|
| FIXED ASSETS                                      | Investment property      | 4    | 21,000,000        | 18,570,000         |
| CURRENT ASSETS                                    | Debtors                  | 6    | 144,497           | 303,102            |
|   | Cash at bank and in hand | 8    | 464,975           | 209,477            |
|   |                          |      | <u>609,472</u>    | <u>512,579</u>     |
| CREDITORS (AMOUNTS DUE<br>WITHIN ONE YEAR)        |                          | 7    | <u>1,386,153</u>  | <u>4,125,713</u>   |
| NET CURRENT LIABILITIES                           |                          |      | <u>(776,681)</u>  | <u>(3,613,134)</u> |
| TOTAL ASSETS LESS CURRENT<br>LIABILITIES          |                          |      | 20,223,319        | 14,956,866         |
| CREDITORS (AMOUNTS FALLING<br>DUE AFTER ONE YEAR) | Borrowings               | 5    | <u>12,600,000</u> | <u>9,600,000</u>   |
| NET ASSETS  |                          |      | <u>7,623,319</u>  | <u>5,356,866</u>   |
| CAPITAL AND RESERVES                              | Called up share capital  | 3    | 1                 | 1                  |
|   | Profit and loss account  |      | 186,443           | (2,379)            |
|   | Revaluation reserve      | 12   | <u>7,436,875</u>  | <u>5,359,244</u>   |
| SHAREHOLDERS' FUNDS                               |                          |      | <u>7,623,319</u>  | <u>5,356,866</u>   |

The financial statements were approved by the Board of Directors on 17th July 1995 and signed on its behalf by:

H.J.M.Price  
Director



# PARDEV (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

|                                 |   |
|---------------------------------|---|
| Accounting Convention           | These financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention, as modified by the revaluation of investment properties.   |
| Investment Properties           | Investment properties are revalued annually on the basis of open market value. Surpluses and deficits on revaluation are taken to the revaluation reserve except those deficits expected to be permanent, which are included in the profit and loss account and then transferred to reserves. The Companies Act 1985 requires all fixed assets to be depreciated. However, in order to present a true and fair view, investment properties have not been depreciated as they are held for investment rather than consumption, and the directors consider that systematic annual depreciation would be inappropriate. This accords with Statement of Standard Accounting Practice 19 as amended. Depreciation is only one of many factors reflected in the property valuations and the amount which might otherwise have been shown cannot be separately identified or quantified. In accordance with FRS 3, surpluses and deficits realised on sales of properties, calculated by comparing net sales proceeds with book values, are recognised in the profit and loss account. |
| Turnover                        | Turnover, which is stated net of VAT, is derived from rental income from operations in Great Britain.   |
| Costs of Obtaining Bank Finance | The costs of obtaining bank finance are amortised over the duration of the bank finance and the unamortised element is included within prepayments.   |
| Deferred Taxation               | Provision is made at the appropriate rates, using the liability method, for deferred taxation arising from timing differences, to the extent that it is probable that a liability will crystallise in the future.   |
| Cash flow statement             | Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and the parent company, which is incorporated in Great Britain, prepares a cash flow statement.   |

### 2. PROFIT AND LOSS ACCOUNT

Directors' emoluments and audit fees are both nil (1994 nil). The company has no employees. Operating profit is stated after charging amortisation of financing costs of £107,246 (1994 £119,976).

### 3. CALLED UP SHARE CAPITAL

|  | 1995<br>£ | 1994<br>£ |
|--|-----------|-----------|
| Authorised                                 |           |           |
| 100 ordinary shares of £1 each             | 100       | 100       |
|  | =====     | =====     |
| Issued, allotted, called up and fully paid |           |           |
| 1 ordinary share of £1 each                | 1         | 1         |
|  | ===       | ===       |

**PARDEV (MANCHESTER) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**4. INVESTMENT PROPERTY**

|  | Long<br>Leasehold<br>Land and<br>Buildings<br>£ |
|--|---|
| At 31st March 1994 at valuation  | 18,570,000                                      |
| Additions  | 352,369   |
| Revaluation  | 2,077,631                                       |
|  | <u>21,000,000</u>                               |
| At 31st March 1995 at valuation  | 21,000,000                                      |
| As at 31st March 1995, the company's investment portfolio was valued on the basis of open market value by Richard Ellis, Chartered Surveyors, at £21,000,000. The valuation was carried out in accordance with the Royal Institution of Chartered Surveyors Statements of Asset Valuation Practice and Guidance Notes. The cost of the investment property was £13,563,125 (1994 £13,210,756). |   |

**5. CREDITORS (AMOUNTS FALLING DUE IN MORE THAN ONE YEAR)**

Borrowings comprise a bank loan, wholly repayable after five years, secured over the investment property and the shares of the company together with a floating charge over the assets of the company. The rate of interest payable on that part of the loan repayable in more than five years is variable.

**6. DEBTORS**

|   | 1995<br>£      | 1994<br>£      |
|---|----------------|----------------|
| Amounts falling due within one year:          |                |                |
| Trade debtors                                 | 35,234         | 128,607        |
| Prepayments and accrued income                | 30,492         | 89,317         |
| Other debtors                                 | -              | 1,070          |
|   | <u>65,726</u>  | <u>218,994</u> |
| Amounts falling due after more than one year: |                |                |
| Prepayments and accrued income                | 78,771         | 84,108         |
|   | <u>144,497</u> | <u>303,102</u> |
|   | =====          | =====          |

**7. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)**

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Amount due to parent company | 888,575          | 3,719,808        |
| Accruals and deferred income | 485,007          | 376,053          |
| Taxation and social security | 12,571           | 29,852           |
|                              | <u>1,386,153</u> | <u>4,125,713</u> |
|                              | =====            | =====            |

**8. CASH AT BANK AND IN HAND**

The cash held at 31st March 1995 was retained primarily for the payment of interest and was not readily available for other purposes.

**9. TAXATION**

The corporation tax liability has been reduced to nil due to the receipt of group relief from the parent company for nil consideration.



# PARDEV (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 10.DEFERRED TAXATION

The full potential deferred taxation liability not provided in the financial statements is as follows:

|   | Amount not Provided |                  |
|---|---------------------|------------------|
|   | 1995                | 1994             |
|   | £                   | £                |
| Arising on revaluation of investment properties | 2,454,169           | 1,768,551        |
| Interest timing differences                     | (61,088)            | (38,335)         |
|   | <u>2,393,081</u>    | <u>1,730,216</u> |
|   | =====               | =====            |

### 11.RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

|  | 1995             | 1994             |
|--|------------------|------------------|
|  | £                | £                |
| Profit/(loss) for the period                             | 188,822          | (2,379)          |
| Unrealised surplus on revaluation of investment property | 2,077,631        | 5,359,244        |
| Issue of share capital                                   | -                | 1                |
|  | <u>2,266,453</u> | <u>5,356,866</u> |
| Opening shareholders' funds                              | 5,356,866        | -                |
|  | <u>7,623,319</u> | <u>5,356,866</u> |
|  | =====            | =====            |

### 12. REVALUATION RESERVE

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| At start of period            | 5,359,244        | -                |
| Revaluation during the period | 2,077,631        | 5,359,244        |
|                               | <u>7,436,875</u> | <u>5,359,244</u> |
| At end of period              | 7,436,875        | 5,359,244        |
|                               | =====            | =====            |

### 13.PARENT COMPANY

The parent company is Pillar Property Investments PLC, a company incorporated and registered in England and Wales. A copy of that company's financial statements can be obtained from its registered office, Lansdowne House, Berkeley Square, London W1X 6HQ.