

Co. No 2792313

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

1996 REPORT AND ACCOUNTS



BEAVIS WALKER

Chartered Accountants

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

DIRECTORS E.J. Crowley  
D.R.A. Webb A.C.A.

SECRETARY E.J. Crowley

REGISTERED OFFICE 14 Bridge Road  
Weybridge  
Surrey  
KT13 8XT

REGISTERED NUMBER 2792313

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1996 REPORT AND ACCOUNTS

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# HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

## DIRECTORS' REPORT

The Directors present their Report and Accounts for the year ended 31st March, 1996.

### PRINCIPAL ACTIVITY

The principal activity of the Company is that of property investment and management.

### BUSINESS REVIEW

A summary of the year's results is set out on page 5.

The Company has let one of its three investment properties for the whole of the year. During the year one property was in the process of being developed as a health centre and rental terms have been agreed. The letting commenced in September, 1996 with a rent of £92,000 per annum. A property has been transferred from the parent undertaking and refurbished, part of which will be let when a suitable tenant can be found, the remainder being the Company's head office.

### DIVIDENDS

The Directors cannot recommend the payment of a dividend.

### DIRECTORS

The Directors during the year were:

E.J. Crowley  
D.R.A. Webb A.C.A.

The Directors did not hold any interests in the share capital of the Company at any time during the year.

At 1st April, 1995 and 31st March, 1996 E.J.Crowley and D.R.A.Webb A.C.A. held 100 and 200 ordinary shares of £1 each respectively in the parent undertaking, House Owners Investments Limited.

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year or period which give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit or loss of the Company for the year. In preparing those accounts 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 accounts;
- \* prepare the accounts on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also 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 accounts 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.

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

DIRECTORS' REPORT (Continued)

**FIXED ASSETS**

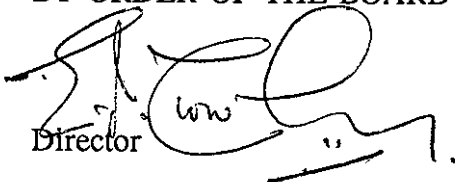
Details of acquisitions and disposals are given in the notes on the accounts.

The Directors consider that the market value of the investment property is significantly greater than the value shown in the accounts. The Directors, however, do not consider that they are properly qualified to assess the open market value accurately, nor do they consider it to be in the Company's best interest to incur the expense of a professional valuation.

**AUDITORS**

A resolution for the reappointment of the Auditors, Beavis Walker, will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

  
Director

AUDITORS' REPORT TO THE MEMBERS OF  
HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

We have audited the accounts on pages 5 to 9 which have been prepared on the historical cost basis and in accordance with the accounting policies set out on pages 7 and 8.

**Respective responsibilities of directors and auditors**

As described on page 1 the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 an examination on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

**Qualified opinion arising from disagreement about accounting treatment**

As explained in Note 1(b), the freehold investment property has not been included in the Accounts at its open market value as required by Statement of Standard Accounting Practice Number 19. Instead, the properties have been recorded in the balance sheet at cost. We are unable to quantify the effects of this because, as also explained in Note 1(b) and 1(f), the Directors do not consider that they are properly qualified to assess the open market value of the property accurately, nor do they consider it to be in the Company's best interest to incur the expense of a professional valuation.

AUDITORS' REPORT TO THE MEMBERS OF  
HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

**Qualified opinion arising from disagreement about accounting treatment (continued)**

Except for the valuation of the freehold investment property and freehold property, in our opinion the accounts give a true and fair view of the state of the Company's affairs at 31st March, 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BEAVIS WALKER

30/1/97

Chartered Accountants,  
Registered Auditor

Audrey House,  
16/20 Ely Place,  
London EC1N 6SN.

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
GROSS RENTALS - continuing operations	2	7,766	8,585
Property expenses		58,209	6,895
GROSS (LOSS)/PROFIT on continuing activities		(50,443)	1,690
Administrative expenses		5,912	10,118
OPERATING LOSS before and after tax	3	(56,355)	(8,428)
DEFICIT at 1st April, 1995		(24,293)	(15,865)
DEFICIT at 31st March, 1996		£(80,648)	£(24,293)

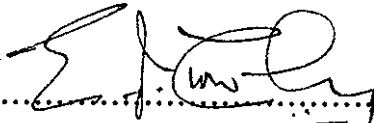
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

The loss on ordinary activities after taxation as stated above, recognises all gains and losses for the year as defined by Financial Reporting Standard No. 3.

# HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

## BALANCE SHEET AT 31ST MARCH, 1996

	<u>Notes</u>	£	<u>1996</u>	£	£	<u>1995</u>	£
<b>FIXED ASSETS</b>							
Tangible fixed assets	5		962,882			341,352	
<b>CURRENT ASSETS</b>							
Debtors - other taxes		98,824			11,028		
CREDITORS due within one year	6	104,572			1,250		
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>			(5,748)			9,778	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			957,134			351,130	
CREDITORS due after more than one year	7		1,037,780			375,421	
			£(80,646)			£(24,291)	
<b>CAPITAL AND RESERVES</b>							
Called up share capital	8		2			2	
Profit and loss account - deficit			(80,648)			(24,293)	
<b>SHAREHOLDERS' FUNDS - Equity interests</b>			£(80,646)			£(24,291)	

 Director

Approved by the Board on 28 January 1997



# HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

## NOTES ON THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### (a) Bases of accounting

The accounts have been prepared on the historical cost basis and in accordance with applicable accounting standards with the exception of Statement of Standard Accounting Practice Number 19 explained in Note 1(b). The accounts have also been prepared on the going concern basis.

#### (b) Freehold investment property

Freehold investment property has been included at cost and, in this respect, the Accounts do not comply with Statement of Standard Accounting Practice Number 19. The Directors do not consider that they are properly qualified to assess the open market value of the property accurately, nor do they consider it to be in the Company's best interest to incur the expense of a professional valuation.

#### (c) Fundamental accounting concept

As stated in note 1(a) the accounts are prepared on the basis that the fundamental accounting concept of going concern is applied. Following a detailed review of the Company's cash requirements, it is considered that the Company will be able to continue in operational existence for the foreseeable future. A principal component in ensuring that the Company will continue in operational existence, is the continued provision of adequate loan facilities from the Company's creditors, principally its parent undertaking, House Owners Investments Limited. The Company is confident that such facilities will remain in place. On this basis, the Directors consider that the concept continues to be appropriate and has therefore been applied.

#### (d) Cash flow statement

As the Company is defined as a small company in accordance with Sections 246 and 247 of the Companies Act 1985, no cash flow statement has been prepared as permitted by Financial Reporting Standard No. 1.

#### (e) Rents receivable

Gross rents are accounted for on a receivable basis.

#### (f) Tangible fixed assets

No depreciation is provided on the freehold property which is in the process of being refurbished at 31st March, 1996 and is stated at cost. Depreciation is provided to write off the cost of other fixed assets over their estimated useful lives by the reducing balance method at the following rate:-

Office equipment      - 25%

#### (g) Repairs

Revenue expenditure is charged to the profit and loss account when incurred and repairs of a capital nature are capitalised and included in the Balance Sheet as additions to freehold investment property.

# HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

## NOTES ON THE ACCOUNTS (Continued)

### 1. ACCOUNTING POLICIES (CONTINUED)

#### (h) Interest charges

Interest is charged to the profit and loss account as incurred.

### 2. GROSS RENTALS

Rents receivable and the operating loss are attributable to the Company's sole activity and arose in the United Kingdom.

### 3. OPERATING LOSS

Stated after accounting for:

Depreciation of tangible fixed assets

Auditors' remuneration

Property repairs

	<u>1996</u>	<u>1995</u>
	£	£
	159	212
	2,000	1,250
	55,245	5,782
	<u>          </u>	<u>          </u>

### 4. TAX

Due to the losses in the year no corporation tax is due. The tax losses will be available to use against future profits.

### 5. TANGIBLE FIXED ASSETS

	<u>Freehold property</u>	<u>Freehold investment property</u>	<u>Office equipment</u>	<u>Total</u>
	£	£	£	£
Cost				
At 1st April, 1995	-	340,717	847	341,564
Additions	83,844	507,845	-	591,689
Transfer from parent undertaking	30,000	-	-	30,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31st March, 1996	113,844	848,562	847	963,253
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Depreciation				
At 1st April, 1995	-	-	212	212
Charge for year	-	-	159	159
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31st March, 1996	-	-	371	371
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Written down values				
31st March, 1996	£113,844	£848,562	£476	£962,882
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
31st March, 1995	£ -	£340,717	£635	£341,352
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Capital Commitment at 31st March, 1996 (1995 - Nil)

Additions represent costs incurred to date on the refurbishment of two properties. Costs to complete the freehold property and freehold investment property are estimated to amount to £70,000 and £305,000 respectively under contracts negotiated for the work during the year ended 31st March, 1996.

# HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

## NOTES ON THE ACCOUNTS (Continued)

6.	CREDITORS DUE WITHIN ONE YEAR	<u>1996</u>	<u>1995</u>
		£	£
	Trade creditors	95,606	-
	Accruals	5,390	1,250
	Bank overdraft	3,576	-
		<u>£104,572</u>	<u>£1,250</u>
		<u><u>          </u></u>	<u><u>          </u></u>
7.	CREDITORS DUE AFTER MORE THAN ONE YEAR		
	Amount due to parent undertaking	£1,037,780	£375,421
		<u><u>          </u></u>	<u><u>          </u></u>
8.	CALLED UP SHARE CAPITAL		
	Authorised:		
	1000 Ordinary shares of £1 each	£1,000	£1,000
		<u><u>          </u></u>	<u><u>          </u></u>
	Allotted, issued and fully paid		
	2 Ordinary shares of £1 each	£2	£2
		<u><u>          </u></u>	<u><u>          </u></u>
9.	MOVEMENTS ON SHAREHOLDERS' FUNDS		
		£	£
	Opening balance at 1st April, 1995	(24,291)	(15,863)
	Loss for the year	(56,355)	(8,428)
		<u><u>          </u></u>	<u><u>          </u></u>
	Closing balance at 31st March, 1996	£(80,646)	£(24,291)
		<u><u>          </u></u>	<u><u>          </u></u>
10.	PARENT UNDERTAKING		
	The Company's ultimate parent undertaking is House Owners Investments Limited, a company registered in England and Wales.		