

**CPL PROPERTY LIMITED**

**REPORT AND ACCOUNTS**

**27 MARCH 1999**

**Registered Number: 3075502**



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# **CPL Property Limited**

## **Annual report for the year ended 27 March 1999**

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# **CPL Property Limited**

## **Directors and advisers**

### **Directors**

D E Foster (Chairman)  
S Howarth  
K Broom  
B A Williams  
W F Clarke

### **Secretary and Registered Office**

B J Bean  
Mill Lane  
Wingerworth  
Chesterfield  
Derbyshire  
S42 6NG

### **Registered Auditors**

PricewaterhouseCoopers  
1 East Parade  
Sheffield  
S1 2ET

### **Solicitors**

Dibb Lupton Alsop  
Fountain Precinct  
Balm Green  
Sheffield  
S1 1RZ

### **Bankers**

National Westminster Bank plc  
5 Market Place  
Chesterfield  
Derbyshire  
S40 1TJ

# **CPL Property Limited**

## **Directors' report for the year ended 27 March 1999**

The directors present their report and the audited financial statements for the year ended 27 March 1999.

### **Principal activities**

During the year the principal activity of the company was as an investment company owning properties let to other group companies.

### **Review of business and future developments**

The profit and loss account for the year is set out on page 9.

### **Dividends**

The directors do not recommend the payment of a dividend (1998:£Nil).

### **Directors**

The directors of the company at 27 March 1999, all of whom have been directors for the whole of the year ended on that date, are listed below:

D E Foster (Chairman)  
S Howarth  
K Broom  
B A Williams  
W F Clarke

There is no requirement for directors to retire by rotation.

### **Directors' interests in the shares of the company**

According to the register kept in accordance with the Companies Act 1985, the directors at 27 March 1999 had no interests in the shares of the company.

All the directors at 27 March 1999 are also directors of the ultimate holding company and their interests in the shares of group companies are disclosed in the directors report of that company.

### **Charitable donations**

During the year the company made charitable donations of £NIL (1998:£699).

# **CPL Property Limited**

## **Year 2000 Compliance**

The Year 2000 issue has been addressed for the Group as a whole. An extract from the Director's report in the Group financial statements is set out below. No other specific company issues arise.

"As is well known many computer and digital storage systems express dates using only the last two digits of the year and thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting in widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

Our IT systems fall into two main categories, main business systems and local personal computers which are stand alone or in small networks. The Group wide programme, designed to address the impact of the Year 2000 on our business, is on schedule and we expect all our main business systems to be Year 2000 compliant before the millennium. The local personal computer based systems and networks present a lower risk to our ability to operate. However, we expect that all work required to ensure Year 2000 compliance on these systems will be completed before December 1999.

Year 2000 compliance also applies to our non-IT equipment. We have established a committee to examine all possible effects of non Year 2000 compliance on our operations. We have surveyed our IT equipment and non-IT equipment with embedded chips which may be affected by the Year 2000 problem. Non-IT equipment has been assessed on the basis of risk to our operations and we are taking necessary remedial action to minimise that risk.

Our key suppliers have been surveyed as to their readiness for the Year 2000. Our approach has been to obtain written assurances from key suppliers as to Year 2000 compliance. A majority of our suppliers have confirmed that they will be compliant before the end of 1999. If we consider the ability of individual suppliers to supply products to be a material risk, we will source the products and services affected from alternative suppliers, or take appropriate remedial action to minimise the risk of disruption to our operations. We have surveyed our major customers using questionnaires and a majority have confirmed that they will be Year 2000 compliant before the end of 1999. Where individual customers do not expect to achieve Year 2000 compliance before the year end, we are attempting to persuade those customers to take the action necessary to become Year 2000 compliant. In the event that these individual customers do not achieve full compliance the Directors do not believe that any critical business risk arises.

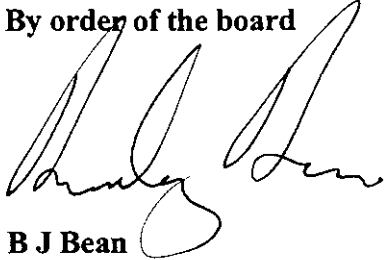
We will continue to develop and refine our plans as the millennium approaches. However, given the magnitude of the problem and our reliance on external suppliers and customers, we recognise that we cannot totally eliminate the risk of disruption to our businesses presented by the Year 2000 problem. However, the Board believes that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures of issues that might arise."

# CPL Property Limited

## Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers, will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'B J Bean', written over the printed name.

**B J Bean**  
**Company Secretary**

22 July 1999

# **CPL Property Limited**

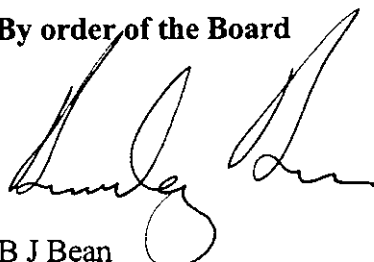
## **Statement of directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that 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 year.

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 year ended 27 March 1999. The directors also confirm 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'B J Bean', written over a horizontal line.

B J Bean  
Company Secretary

22 July 1999

# **CPL Property Limited**

## **Auditors report to the members of CPL Property Limited**

We have audited the financial statements on pages 9 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 12 to 13.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 6 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit 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.



# CPL Property Limited

## Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors

Sheffield

22 July 1999

# CPL Property Limited

## Profit and loss account for the year ended 27 March 1999

	Notes	1999 £'000	1998 £'000
<b>Turnover</b>	2	-	114,897
Net operating expenses	3	48	(114,594)
Exceptional operating expenses	3	-	(326)
<b>Total operating profit/(loss)</b>		<b>48</b>	<b>(23)</b>
Goodwill written back on transfer of business	3	-	(6,163)
Non operating income			19
Net interest payable	6	(28)	(2,250)
<b>Profit on ordinary activities before taxation</b>	7	<b>20</b>	<b>(8,417)</b>
Tax on loss on ordinary activities	8	(6)	-
<b>Profit/(Loss) sustained for the financial period</b>	15	<b>14</b>	<b>(8,417)</b>

The company has no recognised gains and losses other than the profit/(losses) above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

## CPL Property Limited

### Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Opening shareholders funds	(10,184)	(7,591)
Profit/(Loss) for the financial year	14	(8,417)
Goodwill acquired during the year (see note 15)	-	(339)
Goodwill written off to profit and loss account	-	6,163
<b>Closing shareholders' funds</b>	<b><u>(10170)</u></b>	<b><u>(10,184)</u></b>

# CPL Property Limited

## Balance sheet at 27 March 1999

	Notes	1999 £'000	1998 £'000
<b>Fixed assets</b>			
Tangible assets	9	<u>2,001</u>	<u>2,133</u>
<b>Current assets</b>			
Debtors	10	5,984	11,339
Cash at bank and in hand		<u>-</u>	<u>-</u>
			11,339
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,331)</u>	<u>(16,822)</u>
<b>Net current assets/(liabilities)</b>		<u>2,653</u>	<u>(5,483)</u>
<b>Total assets less current liabilities</b>		4,654	(3,350)
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(14,824)</u>	<u>(6,834)</u>
<b>Net liabilities</b>		<u>(10,170)</u>	<u>(10,184)</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	<u>(10,170)</u>	<u>(10,184)</u>
<b>Equity shareholders' funds</b>		<u>(10,170)</u>	<u>(10,184)</u>

The financial statements on pages 9 to 18 were approved by the board of directors on 2 July 1999 and were signed on its behalf by:



Keith Broom  
Finance Director

# **CPL Property Limited**

## **Notes to the financial statements for the year ended 27 March 1999**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Fundamental accounting concept**

The accounts have been prepared under the going concern concept which assumes the continued financial support of CPL Industries Limited. CPL Industries Limited has confirmed that support will be forthcoming for the foreseeable future.

#### **Basis of accounting**

These financial statements are prepared in accordance with the historical cost convention.

#### **Goodwill**

The excess of the fair value of the consideration given to acquire new businesses over the fair value of the net separable assets at the date of acquisition is written off to reserves in the year of acquisition.

#### **Tangible fixed assets**

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

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal useful lives used for this purpose are:

Freehold buildings and leasehold properties	50 years or over period of lease if less than 50 years
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Freehold land is not depreciated.

#### **Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

# CPL Property Limited

## 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. Full provision is made for deferred taxation on timing differences arising from the provision of employee pensions.

## Cash flow statement

The company is a wholly owned subsidiary of CPL Industries Limited and the cash flows of the company are included in the consolidated group cash flow statement of CPL Industries Limited. Consequently the company is exempt under the terms of FRS1 "Cash Flow Statements" from publishing a cash flow statement.

## Related party transactions

In accordance with the exemption allowed by FRS8 "Related Party Transactions" transactions with CPL Industries Limited and fellow subsidiary undertakings are not disclosed.

## 2 Segmental Information

The directors are of the opinion that there is only one business, that of an investment company owning properties let to other group companies, and as the turnover is wholly within the United Kingdom a geographical analysis would not be appropriate.

## 3 Net operating expenses

	1999 £'000	1998 £'000
<b>Continuing/discontinued operations</b>		
Raw materials and components	-	94,552
Other external charges	540	2,500
Employee costs (see note 5)	-	7,157
Depreciation	9	263
Other operating costs	-	6,449
	<u>549</u>	<u>110,921</u>
Decrease in stocks	-	3,746
Other operating income	(597)	(73)
	<u>(48)</u>	<u>114,594</u>
Exceptional operating costs	-	326
	<u>(48)</u>	<u>114,920</u>

### Exceptional costs

Exceptional operating costs of £326,000 incurred during 1998 related to redundancy and re-organisation costs of the retail division at St Ives.

# CPL Property Limited

## 4 Directors' emoluments

None of the directors received any emoluments from the company for their services.

## 5 Employee information

The average weekly number of persons (including executive directors) employed by the company during the period was:

	1999 Number	1998 Number
<b>By activity</b>		
Selling and distribution	-	257
Administration	-	241
	<u>-</u>	<u>498</u>
	1999 £'000	1998 £'000
<b>Staff costs (for the above persons)</b>		
Wages and salaries	-	6,281
Social security costs	-	457
Other pension costs	-	419
	<u>-</u>	<u>7,157</u>

## 6 Net interest payable and similar charges

	1999 £'000	1998 £'000
<b>Interest payable</b>		
Bank overdrafts	28	15
Group borrowings	-	2,235
	<u>28</u>	<u>2,250</u>

## 7 Profit/(loss) on ordinary activities before taxation

	1999 £'000	1998 £'000
<b>Profit/(loss) on ordinary activities before taxation is stated after charging:</b>		
(Profit)/loss on disposal of tangible fixed assets	(16)	44
Depreciation charge for the year:		
- Tangible owned fixed assets	9	202
- Tangible fixed assets held under finance leases	-	61
Auditors remuneration for:		
- Audit	2	38
Operating leases		
- land and buildings	536	717
- other	-	331

# CPL Property Limited

## 8 Tax on loss on ordinary activities

	1999 £'000	1998 £'000
United Kingdom corporation tax at 31% (1998:31%)	6	-
Group relief receivable	-	-
	<u>6</u>	<u>-</u>

## 9 Tangible fixed assets

	Freehold land and buildings £'000	Short leasehold £'000	Long leasehold £'000	Total £'000
<b>Cost</b>				
At 28 March 1998	2,001	157	156	2,314
Additions	-	-	-	-
Disposals	(86)	(21)	(25)	(132)
Group transfers out			(46)	(46)
At 27 March 1999	<u>1,915</u>	<u>136</u>	<u>85</u>	<u>2,136</u>
<b>Depreciation</b>				
At 28 March 1998	5	111	65	181
Charge for period	6	-	3	9
Disposals	(1)	(21)	(11)	(33)
Group transfers out			(22)	(22)
At 27 March 1999	<u>10</u>	<u>90</u>	<u>35</u>	<u>135</u>
<b>Net book value</b>				
At 27 March 1999	<u>1,905</u>	<u>46</u>	<u>50</u>	<u>2,001</u>
Net book value				
At 28 March 1998	<u>1,996</u>	<u>46</u>	<u>91</u>	<u>2,133</u>

The net book value of tangible fixed assets includes an amount of £NIL (1998:£224,000) in respect of assets held under finance leases.

## 10 Debtors

	1999 £'000	1998 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	-	10,189
Amounts owed by group undertakings	5,662	1,100
Group relief receivable	48	-
Other debtors	161	50
Prepayments and accrued income	113	-
	<u>5,984</u>	<u>11,339</u>



# CPL Property Limited

## 11 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Bank overdrafts (see below)	2,035	5,422
Trade creditors	2	8,044
Amounts owed to group undertakings	1,248	2,347
Other taxation and social security	-	1,009
Corporation Tax	6	-
Accruals and deferred income	40	-
	<u>3,331</u>	<u>16,822</u>

The bank overdraft is secured by a fixed and floating charge over all assets of the company.  
Interest is payable at LIBOR plus 2.5%.

## 12 Creditors: amounts falling due after more than one year

	1999 £'000	1998 £'000
Amounts owed to parent company	<u>14,824</u>	<u>6,834</u>
	<u>14,824</u>	<u>6,834</u>

## 13 Deferred taxation

There is no potential liability for deferred taxation (1998:£Nil).

## 14 Called up share capital

	1999 £'000	1998 £'000
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

# CPL Property Limited

## 15 Movement on reserves

	1999 Profit and loss account £'000	Other reserves £'000	1998 Profit and loss account £'000
Opening balance	(10,184)	(5,824)	(1,767)
Profit/(Loss) for the year	14	-	(8,417)
Goodwill written off	-	6,163	-
Purchased goodwill acquired in year	-	(339)	-
Closing balance	<u>(10,170)</u>	<u>-</u>	<u>(10,184)</u>

## 16 Capital commitments

There were no capital commitments at 27 March 1999.

## 17 Contingent liabilities

	1999 £'000	1998 £'000
Amount of guarantee in respect of cross-guarantee on bank overdraft of companies within the group	<u>55,251</u>	<u>41,059</u>

## 18 Financial commitments

At 27 March 1999, the company had annual commitments under non-cancellable operating leases as follows:

	1999 Land and buildings £'000	1999 Motor vehicles £'000	1998 Land and buildings £'000	1998 Motor vehicles £'000
Expiring within one year	145	-	58	38
Expiring within two to five years	297	-	149	223
Expiring after five years	493	-	404	-
	<u>935</u>	<u>-</u>	<u>611</u>	<u>261</u>

## **CPL Property Limited**

### **18 Ultimate parent company**

The directors regard CPL Industries Limited as the ultimate parent company. The holding company is preparing accounts for the year ended 27 March 1999. According to the register kept by the company, CPL Industries Limited has a 100% interest in the equity capital of CPL Property Limited at 27 March 1999. Copies of the parents consolidated financial statements may be obtained from The Secretary, CPL Industries Limited, Mill Lane, Wingerworth, Chesterfield, Derbyshire, S42 6NG.

### **19 Ultimate controlling party**

The directors regard CPL Industries Limited to be the company's ultimate controlling party.