

34868246

Report and Accounts

Lionsgate (H) Investment Limited

30 June 1999



Lionsgate (H) Investment Limited

Registered No. 3468246

DIRECTORS

J Nash	
C Patrick	(resigned 7 June 1999)
S E Ives	(resigned 8 July 1999)
G H Aaronson	(appointed 7 June 1999)
T J Binnington	(appointed 9 July 1999)
R R W Falls	(appointed 9 July 1999)
G P Newman	(appointed 9 July 1999)

SECRETARY

S E Ives	(resigned 7 June 1999)
T & H Secretarial Services Ltd	(appointed 7 June 1999)

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
SE1 7EU

LONG TERM LENDERS

Credit Suisse First Boston
Five Cabot Square
London E14 4QR

REGISTERED OFFICE

9 Grosvenor Street
London W1X 9FB

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 June 1999

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company is engaged in property investment. It will continue in this market and expand wherever opportunities arise.

RESULTS AND DIVIDENDS

The accounts show a profit after tax for the year of £5,693,669 (period to June 30 1998 - £1,296,352) which is dealt with as shown in the profit and loss on page 5. The directors do not recommend the payment of a dividend.

DIRECTORS

The directors during the period were as detailed on page 1.

DIRECTORS' INTERESTS

No contract or arrangement entered into by the Company in which any director is interested has subsisted during the period.

Year 2000 compliance

As is well known, many computers and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting 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.

A significant risk analysis has been performed to determine the impact of the issue on all our activities. From this, prioritised action plans have been developed which are designed to address the key risks in advance of critical dates and without disruption to the underlying business activities. Priority has been given to those systems which could cause a significant financial or legal impact on the company's business if they were to fail. The plan also includes a requirement for the testing of system changes, involving the participation of users.

The risk analysis also considers the impact of our business of Year 2000 related failures by our significant suppliers and customers. In appropriate cases we have initiated formal communication with these other parties.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. 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 or issues that might arise.

AUDITORS

In accordance with section 379A of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually under the provisions of Section 386 of the Act was passed, on 11 November 1993. Accordingly, Ernst & Young will remain in office as auditors.

On behalf of the board

Director



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. 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;
- prepare the accounts 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 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.

REPORT OF THE AUDITORS
to the members of Lionsgate (H) Investment Limited

We have audited the accounts on pages 5 to 10, which have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

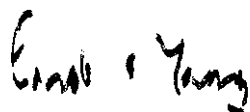
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

21 December 1999

Lionsgate (H) Investment Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 June 1999

		<i>year ended</i> <i>30 June</i> <i>1999</i> <i>£</i>	<i>Period ended</i> <i>30 June</i> <i>1998</i> <i>£</i>
	<i>Notes</i>		
TURNOVER			
Rental Income	2	5,964,094	1,296,352
OPERATING PROFIT		5,964,094	1,296,352
Diminution to the value of investment properties		(270,425)	—
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,693,669	1,296,352
Tax on loss on ordinary activities		—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,693,669	1,296,352
PROFIT FOR THE FINANCIAL YEAR/PERIOD		5,693,669	1,296,352

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

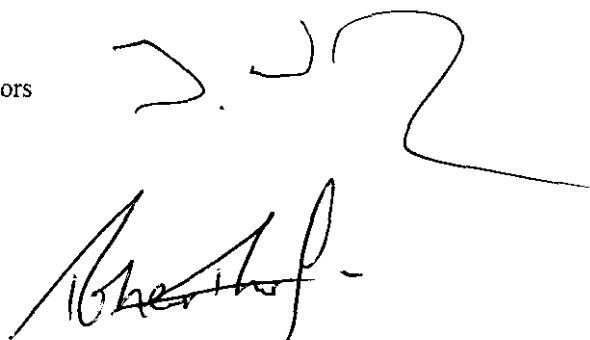
	<i>year ended</i> <i>30 June</i> <i>1999</i> <i>£</i>	<i>Period ended</i> <i>30 June</i> <i>1998</i> <i>£</i>
Profit for the financial year/period	5,693,669	1,296,352
Unrealised (deficit)/surplus on revaluation of properties	(2,129,575)	2,129,575
Total recognised gains and losses related to the year/period	3,564,094	3,425,927

Lionsgate (H) Investment Limited

BALANCE SHEET at 30 June 1999

	Notes	30 June 1999 £	30 June 1998 £
FIXED ASSETS			
Investment properties	5	103,705,000	56,650,000
CURRENT ASSETS			
Debtors	6	660,854	1,288,068
CREDITORS: amounts falling due within one year	7	(97,375,831)	(54,512,139)
NET CURRENT LIABILITIES		(96,714,977)	(53,224,071)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,990,023	3,425,929
		<u>6,990,023</u>	<u>3,425,929</u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Revaluation reserve	9	–	2,129,575
Profit and loss account	9	6,990,021	1,296,352
		<u>6,990,023</u>	<u>3,425,929</u>

Directors



NOTES TO THE ACCOUNTS
at 30 June 1999

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention modified by the revaluation of all freehold and long leasehold properties held as fixed asset investments. The accounts are prepared in accordance with applicable accounting standards.

Investment properties

Investment properties comprise the Company's interest in freehold and long leasehold properties held for their investment potential. In accordance with Statement of Standard Accounting Practice No.19 such properties are included in the balance sheet at open market value. Investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Where a deficit on an individual investment property is expected to be permanent, it is recognised in the profit and loss account for the year.

Profits and losses realised on the disposal of investment properties are included in the results of the year before taxation. Such profits or losses represent sale proceeds less carrying value. Any surplus previously included in the revaluation reserve is transferred to distributable reserves.

Profit on the sale of properties is recognised on exchange of contracts provided that, if the exchange is conditional, all material conditions have been satisfied by the date the accounts are approved and there are no foreseeable circumstances which might prevent the completion of contracts and/or the physical handover of the properties concerned.

Depreciation

No depreciation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

Although the Companies Act 1985 would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation of investment properties is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

Cashflow statement

The company according to FRS1 (revised 1996) is exempt from the requirement to prepare a statement of cashflows as it is an wholly subsidiary undertaking of Property Holdings Windsor Ltd, the consolidated accounts of which will include a consolidated statement of cashflows, including those of the company.

Lionsgate (H) Investment Limited

NOTES TO THE ACCOUNTS at 30 June 1999

2. TURNOVER

Turnover, which is all attributable to continuing activities, represents the amounts derived from the principal area of activity, being that of the provision of office, retail and industrial premises, stated net of value added tax.

All of the Company's activities fall within the United Kingdom.

3. OPERATING PROFIT

No director received any remuneration from the company. The audit fees are paid by Property Holdings (Windsor) Limited.

4. TAXATION

The profits in the year will be offset by losses surrendered by the groups undertakings for no payment.

5. INVESTMENT PROPERTIES

	<i>Leasehold</i> £	<i>Freehold</i> £	<i>Total</i> £
At 1 July 1998	12,870,000	43,780,000	56,650,000
Acquisitions during period	23,700,000	26,125,000	49,825,000
Disposals during period	–	(370,000)	(370,000)
Deficit on revaluation	(500,000)	(1,629,575)	(2,129,575)
Permanent diminution in value		(270,425)	(270,425)
At 30 June 1999	36,070,000	67,635,000	103,705,000
Historical cost:			
As at 1 July 1998	11,948,200	42,572,225	54,520,425
Disposals during period	–	(370,000)	(370,000)
Acquisitions during period	23,700,000	26,125,000	49,825,000
At 30 June 1999	35,648,200	68,056,800	103,975,425

Investment properties have been valued on an open market basis at 30 June 1999 by Allsop & Co, Chartered Surveyors. If all properties were realised or deemed to be realised at the stated values there would be taxation of £3,121,634 payable(1998 £924,058).

Lionsgate (H) Investment Limited

NOTES TO THE ACCOUNTS

at 30 June 1999

6. DEBTORS

	<i>30 June 1999</i>	<i>30 June 1998</i>
	<i>£</i>	<i>£</i>
Called up share capital not paid	2	2
Other debtors	660,852	827,089
Amount due from fellow subsidiary undertakings	–	460,977
	<u>660,854</u>	<u>1,288,068</u>

7. CREDITORS: amounts falling due within one year

	<i>30 June 1999</i>	<i>30 June 1998</i>
	<i>£</i>	<i>£</i>
Amounts due to fellow subsidiary undertaking	94,451,815	53,187,757
Accruals and deferred income	2,924,016	1,324,382
	<u>97,375,831</u>	<u>54,512,139</u>

8. SHARE CAPITAL

	<i>30 June 1999</i>	<i>Authorised 30 June 1998</i>	<i>Allotted and called up 30 June 1999</i>	<i>30 June 1998</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	1,000	1,000	2	2

9. MOVEMENTS ON RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS

	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 July 1998	2	2,129,575	1,296,352	3,425,929
Profit for the year	–	–	5,693,669	5,693,669
Deficit arising on revaluation of investment properties	–	(2,129,575)	–	(2,129,575)
Transfer of deficit on revaluation reserve to				
At 30 June 1999	<u>2</u>	<u>–</u>	<u>6,990,021</u>	<u>6,990,023</u>

Lionsgate (H) Investment Limited

NOTES TO THE ACCOUNTS

at 30 June 1999

10. ULTIMATE PARENT UNDERTAKING

The ultimate parent is Credit Suisse First Boston (International) A.G., a company incorporated in Switzerland. The smallest group which has included the company in its group accounts is Lionsgate Group, and the larger company is Property Holdings (Windsor), copies which are available from the registered office :

9 Grosvenor Street
London
W1X 9FB