

---

# **SKIPKARL LIMITED**

**Annual Report and Accounts**

---

**Year ended 31 March 2002**

---



**Company number: 3946069**

---

## **SKIPKARL LIMITED**

### **REPORT OF THE DIRECTORS for the year ended 31 March 2002**

The directors present their Report and Accounts for the year ended 31 March 2002.

#### **Principal activity**

The principal activity of the company is that of property investment.

#### **Review of business and prospects**

The activities and prospects of this and other group companies are reviewed in the Chairman's Statement, Financial Review and Property Review of The British Land Company PLC, the ultimate holding company.

Details of significant events since the balance sheet date are contained in note 20 of the accounts.

#### **Results and dividends**

The results for the year are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend (2001 - £Nil).

#### **Directors**

The directors who served during the year were:

J H Ritblat  
C Metliss  
J H Weston Smith  
N S J Ritblat  
R E Bowden  
G C Roberts (appointed 26 February 2002)

The directors' interests in the share and loan capital of the company are set out in note 12 to the accounts.

#### **Statement of directors' responsibilities**

Company law requires the directors to prepare accounts 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- 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 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.

**SKIPKARL LIMITED**

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2002**

**Annual General Meeting**

At the Annual General Meeting of the company held on 20 September 2000 Elective Resolutions were passed to dispense with the following requirements:

- to lay accounts and reports before a general meeting of the company
- to appoint auditors annually
- to hold annual general meetings in the future.

**Auditors**

During the year, Arthur Andersen resigned as the Company's auditors following the agreement it reached with Deloitte & Touche under which partners and staff from Arthur Andersen joined Deloitte & Touche. The directors used their powers under the Companies Act 1985 to appoint Deloitte & Touche as the Company's auditors to fill the vacancy created by Arthur Andersen's resignation.

This report was approved by the Board on 18/12/02

A handwritten signature in dark ink, appearing to read 'R. J. Scudamore', written in a cursive style.

**R J Scudamore**  
Secretary

10 Cornwall Terrace  
Regent's Park  
London  
NW1 4QP

**SKIPKARL LIMITED**

**INDEPENDENT AUDITORS REPORT  
for the year ended 31 March 2002**

**To the Shareholders of Skipkarl Limited**

We have audited the accounts of Skipkarl Limited for the year ended 31 March 2002 which comprise the Profit and loss account, Balance sheet, Statement of total recognised gains and losses and the related notes numbered 1 to 21. These accounts have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 affairs of the company at 31 March 2002 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**Deloitte & Touche  
Chartered Accountants and Registered Auditors**

London

*18 December 2002*

SKIPKARL LIMITED

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 March 2002**

	Note	2002 £	2001 (as restated)+ £
<b>Turnover</b>			
Rental income		1,304,782	982,948
Fees and commissions		-	-
<b>Total turnover</b>		<hr/> 1,304,782	<hr/> 982,948
Cost of turnover		(718,869)	(1,059)
<b>Gross profit</b>	2	<hr/> 585,913	<hr/> 981,889
Administrative expenses			
<b>Operating profit</b>		<hr/> 585,913	<hr/> 981,889
Interest receivable			
External – unlisted		-	488
Interest payable			
Group		(1,322,402)	(1,427,751)
<b>Loss on ordinary activities before taxation</b>	3	<hr/> (736,489)	<hr/> (445,374)
Taxation	5	<hr/> 88,999	<hr/> 56,208
<b>Loss after taxation</b>		<hr/> (647,490)	<hr/> (389,166)
<b>Retained loss for the year</b>	13	<hr/> (647,490)	<hr/> (389,166)

+ Restated as set out in note 1.

Turnover and results are derived from continuing operations in the United Kingdom.

The accompanying notes form part of these accounts.

**SKIPKARL LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31 March 2002**

	Note	2002 £	2001 (as restated)+ £
Retained profit (loss) for the year		(647,490)	(389,166)
Revaluation of properties		711,850	1,031,156
<b>Total recognised gains and losses relating to the financial year</b>		<b>64,360</b>	<b>641,990</b>
Prior year adjustment	1	(258,014)	
<b>Total recognised gains and losses recognised since last annual accounts</b>		<b>(193,654)</b>	

**HISTORICAL COST PROFITS AND LOSSES**  
**for the year ended 31 March 2002**

	2002 £	2001 (as restated)+ £
Profit (loss) before taxation	(736,489)	(445,374)
Realisation of prior year revaluations	-	-
<b>Historical cost profit (loss) before tax</b>	<b>(736,489)</b>	<b>(445,374)</b>
<b>Retained historical cost profit (loss)</b>	<b>(647,490)</b>	<b>(389,166)</b>

+ Restated as set out in note 1.

The accompanying notes form part of these accounts.

**SKIPKARL LIMITED**

**BALANCE SHEET**  
**as at 31 March 2002**

	Note	2002		2001 (as restated)+	
		£	£	£	£
<b>Fixed assets</b>					
Investment properties	6	19,697,841		19,258,014	
Plant	6	-		-	
Investments	7	-		-	
Loans to group companies	7	-		-	
		<u>19,697,841</u>		<u>19,258,014</u>	
<b>Current assets</b>					
Debtors	8	1,774,671		1,814,882	
Cash at bank		-		-	
		<u>1,774,671</u>		<u>1,814,882</u>	
<b>Creditors due within one year</b>	9	(18,766,162)		(20,430,904)	
		<u>(18,766,162)</u>		<u>(20,430,904)</u>	
<b>Net current assets (liabilities)</b>		<u>(16,991,491)</u>		<u>(18,616,022)</u>	
<b>Total assets less current liabilities</b>		2,706,350		641,992	
<b>Creditors due after one year</b>		-		-	
<b>Provision for liabilities and charges</b>	10	-		-	
		<u>-</u>		<u>-</u>	
<b>Net assets (liabilities)</b>		<u>2,706,350</u>		<u>641,992</u>	
<b>Capital and reserves</b>					
Called up share capital	11	2,000,000		2	
Share premium	13	-		-	
Capital reserves					
- Realised	13	-		-	
- Revaluation	13	1,743,006		1,031,156	
- Other – unrealised	13	-		-	
Profit and loss account	13	<u>(1,036,656)</u>		<u>(389,166)</u>	
<b>Equity shareholders' funds</b>	13	<u>2,706,350</u>		<u>641,992</u>	

Non-equity interests are stated in note 19.

R E Bowden

G C Roberts  
Directors

Approved by the Board on 18/12/02

+ Restated as set out in note 1.

The accompanying notes form part of this Balance Sheet.

## **SKIPKARL LIMITED**

### **NOTES TO THE ACCOUNTS for the year ended 31 March 2002**

#### **1. Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the current and the preceding year save for the adoption of Financial Reporting Standard 19 'Deferred Tax' (FRS 19) and Urgent Issues Task Force Abstract 28 'Operating Lease Incentives' (UITF 28), which now have effect.

These accounts are designed to cover a wide variety of companies and circumstances. As a result some notes may not be relevant for this company and so may be intentionally left blank.

#### **Accounting basis**

The accounts are prepared in accordance with applicable Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and as a going concern on the basis that the ultimate holding company will not demand repayment of amounts owed to it within twelve months of the date of signing these accounts.

#### **Cash flow statement**

In accordance with FRS 1, the company is exempt from preparing a cash flow statement. The company's cash flow is included in the group cash flow statement prepared by The British Land Company PLC.

#### **Turnover**

Turnover represents rental income receivable, net of VAT.

#### **Properties**

*Investment properties* are independently valued each year on an open market basis. Any surplus or deficit arising is transferred to revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account. The profit on disposal is based on book value.

In accordance with Statement of Standard Accounting Practice 19 no amortisation or depreciation is provided in respect of freehold or long leasehold properties. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view. The financial effect of the departure from these rules cannot reasonably be quantified as depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. Where properties held for investment are appropriated to trading stock, they are transferred at market value.

#### **Investments**

Fixed asset investments are stated at market value when listed and at directors' valuation when unlisted. Any surplus or deficit arising on revaluation is taken to the revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account.

Current asset investments are stated at the lower of cost and net realisable value.

Investments in subsidiaries are stated at cost or directors' valuation.



# SKIPKARL LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 March 2002

### 1. Accounting policies (continued)

#### Taxation

Corporation tax payable is provided on taxable profits at the current rate.

On disposal of an investment property the element of tax relating to profit in the year is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the Statement of Total Recognised Gains and Losses.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation. Previously, the Group's accounting policy was only to provide for deferred tax to the extent that liabilities or assets were expected to be payable or receivable in the foreseeable future.

In accordance with FRS19, deferred tax is now provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the accounts. Deferred tax is measured on a non-discounted basis.

#### Operating lease incentives

Operating lease incentives include rent free periods and other incentives (such as contributions towards fitting out costs) given to lessees on entering into lease agreements. Previously, the Group's accounting policy was to recognise income as the rent fell due and to capitalise appropriate incentives.

In accordance with UITF28 rent receivable in the period from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date, is now spread evenly over the period. The cost of other incentives is spread on a straight-line basis over a similar period.

This has been applied to all lease incentives for leases commencing on or after 1 April 2000.

#### Restatement for FRS 19 and UITF 28

	Operating profit before taxation £	Taxation £	Profit after taxation £	Investment properties £	Debtors £
<b>Year ended 31 March 2002</b>					
Ignoring FRS 19 and UITF 28	(296,661)	88,999	(207,662)	21,000,000	472,512
Effects of FRS 19	-	-	-	-	-
Effects of UITF 28	(439,828)	-	(439,828)	(1,302,159)	1,302,159
As stated	(736,489)	88,999	(647,490)	19,697,841	1,774,671
<b>Year ended 31 March 2001</b>					
As previously stated	(187,360)	56,208	(131,152)	21,000,000	72,896
Effects of FRS 19	-	-	-	-	-
Effects of UITF 28	(258,014)	-	(258,014)	(1,741,986)	1,741,986
As restated	(445,374)	56,208	(389,166)	19,258,014	1,814,882

SKIPKARL LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 31 March 2002

	2002 £	2001 £
<b>2. Gross profit (loss)</b>		
Net rental income	585,913	981,889
Fees and commissions	-	-
Other trading income	-	-
	<u>585,913</u>	<u>981,889</u>

**3. Profit (loss) on ordinary activities before taxation**

	2002 £	2001 £
Profit (loss) on ordinary activities before taxation is stated after charging (crediting):		
Amortisation and depreciation	-	-
Auditors' remuneration	-	-
Auditors' remuneration for other services	-	-
	<u>-</u>	<u>-</u>

Amounts payable to Deloitte & Touche or Arthur Andersen in respect of audit and non-audit services are paid at group level by The British Land Company PLC.

SKIPKARL LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 31 March 2002

4. Staff costs

	2002 £	2001 £
Wages and salaries	-	-
Social security costs	-	-
Pension costs	-	-
	<u>-</u>	<u>-</u>

No director received any remuneration for services to the company in either period.

Average number of employees, including directors, of the company during the year was Nil (2001 - Nil).

5. Taxation

	2002 £	2001 £
UK corporation tax	(88,999)	(56,208)
Adjustments in respect of prior years	-	-
Total current tax	<u>(88,999)</u>	<u>(56,208)</u>
Deferred tax	-	-
<b>Total taxation (effective tax rate – (12.1%); 2001 – (12.6%))</b>	<u><b>(88,999)</b></u>	<u><b>(56,208)</b></u>

Tax reconciliation

Loss on ordinary activities	(736,489)	(445,374)
Tax on loss on ordinary activities at UK corporation tax rate (30%)	(220,947)	(133,612)
Effects of:		
Capital allowances	-	-
Tax losses and other timing differences	-	-
Expenses not deductible for tax purposes	131,948	77,404
Adjustments in respect of prior years	-	-
<b>Current tax charge</b>	<u><b>(88,999)</b></u>	<u><b>(56,208)</b></u>

**SKIPKARL LIMITED**

**NOTES TO THE ACCOUNTS  
for the year ended 31 March 2002**

**6. Investment and development properties**

	<b>Freehold £</b>	<b>Long Leasehold £</b>	<b>Short leasehold £</b>	<b>Total £</b>
<b>Cost and valuation</b>				
1 April 2001	21,000,000	-	-	21,000,000
Adjustment for UITF28	(1,741,986)	-	-	(1,741,986)
Restated at 1 April 2001	19,258,014	-	-	19,258,014
Additions	-	-	-	-
Reclassification	(272,023)	-	-	(272,023)
Disposals	-	-	-	-
Revaluation surplus (deficit)	711,850	-	-	711,850
<b>31 March 2002</b>	<b>19,697,841</b>	<b>-</b>	<b>-</b>	<b>19,697,841</b>
<b>Amortisation and depreciation</b>				
1 April 2001	-	-	-	-
External disposals	-	-	-	-
Group transfers	-	-	-	-
Charge to revenue	-	-	-	-
<b>31 March 2002</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>				
<b>31 March 2002</b>	<b>19,697,841</b>	<b>-</b>	<b>-</b>	<b>19,697,841</b>
<b>1 April 2001</b>	<b>19,258,014</b>	<b>-</b>	<b>-</b>	<b>19,258,014</b>
<b>Analysis of cost and valuation</b>				
<b>31 March 2002</b>				
Cost	17,954,835	-	-	17,954,835
Revaluation	1,743,006	-	-	1,743,006
<b>Net book value</b>	<b>19,697,841</b>	<b>-</b>	<b>-</b>	<b>19,697,841</b>
<b>1 April 2001</b>				
Cost	18,226,858	-	-	18,226,858
Revaluation	1,031,156	-	-	1,031,156
<b>Net book value (as restated)</b>	<b>19,258,014</b>	<b>-</b>	<b>-</b>	<b>19,258,014</b>

Freehold and leasehold properties were externally valued at 31 March 2002 by ATIS Real Weatheralls, Chartered Surveyors, on the basis of open market value in accordance with the Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors.

Properties charged to secure borrowings of the ultimate holding company are stated in note 14.

Capitalised interest is stated in note 15.

Following a review of additions capitalised in the year to 31 March 2001, additions of £272,023 were reclassified from capital to revenue. Management do not believe that the reclassification relates to a prior year adjustment.

**SKIPKARL LIMITED**

**NOTES TO THE ACCOUNTS  
for the year ended 31 March 2002**

**7. Investments and loans to group companies**

	Shares in subsidiaries £	Other investments £	Total £	Loans to Group companies £
At cost or directors' valuation				
1 April 2001	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation	-	-	-	-
<b>31 March 2002</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At cost				
<b>31 March 2002</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1 April 2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**8. Debtors**

	2002 £	2001 (restated) £
Trade debtors	-	-
Other debtors	327,305	16,688
Corporation tax	145,207	56,208
Prepayments and accrued income	<u>1,302,159</u>	<u>1,741,986</u>
	<u>1,774,671</u>	<u>1,814,882</u>

**9. Creditors due within one year**

	2002 £	2001 (restated) £
Trade creditors	-	-
Other creditors	24,481	-
Amounts owed to group companies		
- current accounts	18,381,037	20,074,442
Other taxation and social security	57,040	55,358
Accruals and deferred income	<u>303,604</u>	<u>301,104</u>
	<u>18,766,162</u>	<u>20,430,904</u>

**10. Provision for liabilities and charges**

	2002 £	2001 £
1 April 2001		-
Charged to profit and loss account		<u>-</u>
<b>31 March 2002</b>		<u>-</u>
Deferred tax is provided as follows		
Capital allowances	-	-
Other timing differences	<u>-</u>	<u>-</u>

The deferred tax provision relates primarily to capital allowances claimed on plant and machinery within investment properties. When a property is sold and the agreed disposal value for this plant and machinery is less than original cost there is a release of the surplus part of the provision.

# SKIPKARL LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 March 2002

### 12. Share capital

	2002 £	2001 £
<b>Authorised - ordinary shares of £1 each</b>		
At 1 April 2001	100	100
Additions at 13 September 2001	1,999,900	-
<b>At 31 March 2002</b>	<b>2,000,000</b>	<b>100</b>
<b>Allotted and fully paid - ordinary shares of £1 each</b>		
At 1 April 2001	2	2
Additions at 13 September 2001	1,999,998	-
<b>At 31 March 2002</b>	<b>2,000,000</b>	<b>2</b>

During the year the company allotted 1,999,998 ordinary shares at a nominal value of £1 for cash consideration of £1,999,998.

### 12. Directors' interests in share and loan capital

No director held a beneficial interest in the share capital of the company. The directors set out on page 1 are also directors of The British Land Company PLC and, as such, their interests in the share and loan capital, including share options, of that company are shown in the accounts of the ultimate holding company.

### 13. Reconciliation of movements in shareholders' funds

	Share capital £	Share premium £	Capital reserve -realised £	Capital reserve -revaluation £	Capital reserve -other unrealised £	Profit and loss account £	Total £
<b>Opening shareholders' funds</b>	2	-	-	773,142	-	(131,152)	641,992
<b>Prior year adjustment (note 1)</b>	-	-	-	258,014	-	(258,014)	-
<b>Opening position as restated</b>	2	-	-	1,031,156	-	(389,166)	641,992
<b>Issues</b>	1,999,998	-	-	-	-	-	1,999,998
<b>Retained profit (loss)</b>	-	-	-	-	-	(647,490)	(647,490)
<b>Revaluation of properties</b>	-	-	-	711,850	-	-	711,850
<b>Closing shareholders' funds</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>1,743,006</b>	<b>-</b>	<b>(1,036,656)</b>	<b>2,706,350</b>

### 14. Secured properties

Properties valued at £Nil (2001 - £Nil) were charged to secure borrowings of the ultimate holding company.

### 15. Capitalised interest

The cumulative interest capitalised on the development of properties is £Nil (2001 - £Nil).

### 16. Capital commitments

The company had capital commitments contracted at 31 March 2002 of £Nil (2001 - £0.2m).

**SKIPKARL LIMITED**

**NOTES TO THE ACCOUNTS  
for the year ended 31 March 2002**

**17. Contingent liabilities**

In the event of the realisation of properties at book value the liability for tax, after available reliefs at 31 March 2002 is estimated at £0.1m (2001 - £0.1m).

The company is jointly and severally liable with the ultimate holding company and fellow subsidiaries for all monies falling due under the group VAT registration.

**18. Related parties**

The company has taken advantage of the exemption granted to 90% subsidiaries not to disclose transactions with group companies under the provisions of Financial Reporting Standard 8.

**19. Non-equity interests**

Shareholders' funds includes non-equity interests of £Nil (2001 – £Nil).

**20. Subsequent events**

There have been no significant events since the year end.

**21. Ultimate holding company**

The immediate parent company is Finsbury Avenue Estates Limited.

The ultimate holding company is The British Land Company PLC, which is registered in England and Wales. Group accounts for this company are available on request from 10 Cornwall Terrace, Regent's Park, London NW1 4QP.