

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

Cx
Company No: 2284

FINANCIAL STATEMENTS

for the year ended

31 MARCH 1996

[Signature]



COHEN, ARNOLD & CO
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
LONDON W1X 2JP

CRAIGTON COMBINED SECURITIES LIMITED

DIRECTORS

B.S.E. Freshwater
L. Stempel

SECRETARY

C.C. Morse F.C.I.S

REGISTERED OFFICE

Savoy House,
4th Floor
140 Sauchiehall Street,
Glasgow G2 3DH
SCOTLAND

AUDITORS

Cohen, Arnold & Co
13-17 New Burlington Place
Regent Street
LONDON W1X 2JP

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

INDEX TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

Page

1 - 2 Directors' Report

3 Auditors' Report

4 Consolidated Profit and Loss Account

5 Consolidated Balance Sheet

6 Balance Sheet

7 - 13 Notes to the Financial Statements

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT

The Directors have pleasure in presenting their Annual Report together with the audited Financial Statements of the Company and of the Group for the year ended 31 March 1996.

BUSINESS REVIEW

The Company is a Parent Undertaking only. The principal activity carried on through wholly owned Subsidiary Undertakings is Property Trading.

Throughout the year the Company and its Subsidiary Undertakings have pursued their traditional activities and there has been no significant change in the nature of the business, nor is any envisaged in the immediate future.

RESULTS AND DIVIDEND

The financial results of the Group's activities for the year ended 31 March 1996 are fully reflected in the attached Financial Statements together with the Notes thereon.

The Directors do not recommend the payment of a dividend for the year under review. (1995: £nil).

PROPERTIES

The Directors have carefully reviewed the Group's property trading portfolio and they are satisfied that each property has a value at least equal to the figure at which it is included in the Consolidated Balance Sheet at 31 March 1996.

DIRECTORS AND THEIR INTEREST IN SHARE CAPITAL

The Directors who served during the year and their interest in the Share Capital of the Company are as follows:

Mr B.S.E. Freshwater
Mr L. Stempel

The Articles of Association do not require Directors to retire by rotation.

The Directors do not have service contracts nor do they receive any emoluments from the Company or any of its Subsidiary Undertakings.

The whole of the issued share capital of the Company is owned by Highdorn Co. Limited, a Company of which Mr B S E Freshwater is also a Director and in which he has a non-beneficial interest in fifty shares out of the total issued ordinary share capital of one hundred shares. Another member of the Freshwater Family is beneficially interested in the remaining fifty shares. Mr L. Stempel is also a Director of Highdorn Co. Limited but has no interest in its share capital. Day-to-day management of the Group is carried out by Highdorn Co. Limited.

At 31 March 1996, neither of the Directors had any interest in the share capital of the Company, the Company's Parent Undertaking or any Subsidiary of the Company's Parent Undertaking, save as disclosed above.

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT

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 Group and of the profit or loss of the Company and of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- i) select suitable accounting policies and apply them consistently
- ii) make judgements and estimates that are reasonable and prudent
- iii) follow applicable Accounting Standards, subject to any material departures disclosed and explained in the Financial Statements
- iv) prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DONATIONS

During the year the Group made no charitable donation nor political contribution (1995 : £Nil).


CLOSE COMPANY

The Company is a "close company" within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

AUDITORS

The Auditors, Cohen, Arnold & Co, are willing to continue in office and a resolution re-appointing them in accordance with Section 385 of the Companies Act 1985 and authorising the Board to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board


.....

C.C. Morse - Secretary

HEAD OFFICE
Freshwater House
158-162 Shaftesbury Avenue
LONDON WC2H 8HR

14 November 1996

REPORT OF THE AUDITORS, COHEN, ARNOLD & CO,

TO THE MEMBERS OF

CRAIGTON COMBINED SECURITIES LIMITED

We have audited the Financial Statements on pages 4 to 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As indicated in the Directors' Report, the Group's Directors are responsible for the preparation of Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on the Financial Statements and to report our opinion to you.

BASIS OF OPINION

We have 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 by the Directors in the preparation of the Financial Statements and of whether the accounting policies are appropriate to the Group'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 and to give reasonable assurance that the Financial Statements are free from material mis-statement, 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.

OPINION

In our opinion the Financial Statements give a true and fair view of the state of affairs of the Company and of the Group at 31 March 1996 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies' Act 1985.



London

Date: 14 November 1996

COHEN, ARNOLD & CO
Chartered Accountants and
Registered Auditor

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1996

	Note	<u>1996</u> £	<u>1995</u> £
Surplus on Sale of Properties	3	115,856	107,780
Net Rental Income	3	377,616	349,902
Administrative and Other Expenses	4	(125,088)	(119,585)
OPERATING PROFIT		368,384	338,097
Interest Receivable		4,056	9,343
Interest Payable	5	(47,161)	(59,343)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		325,279	288,097
Taxation	6	(91,672)	(101,900)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		233,607	186,197
Retained Profit Brought Forward		1,538,524	1,352,327
RETAINED PROFIT CARRIED FORWARD	12	£1,772,131	£1,538,524

None of the Group's activities was acquired or discontinued during the financial year nor in the previous year.

The Group has no recognised gains or losses other than those reflected in the above Profit and Loss Account for the financial year nor for the previous year.

The notes on pages 7 to 13 form part of these Financial Statements.

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
<u>CURRENT ASSETS</u>			
Stocks - Properties Held for Trading	1	1,324,532	1,385,626
Debtors	8	1,861,531	1,767,067
Cash at Bank		23,605	27,488
		<hr/>	<hr/>
		3,209,668	3,180,181
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	9	(625,250)	(829,370)
		<hr/>	<hr/>
<u>NET ASSETS</u>		£2,584,418	£2,350,811
		<hr/> <hr/>	<hr/> <hr/>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	11	544,415	544,415
Share Premium Account	12	267,872	267,872
Profit and Loss Account	12	1,772,131	1,538,524
		<hr/>	<hr/>
		£2,584,418	£2,350,811
		<hr/> <hr/>	<hr/> <hr/>

The Financial Statements were approved by the Board on ~~14~~ 14 November 1996 and signed on its behalf by

.....
B S E FRESHWATER

DIRECTORS

.....
L STEMPEL

PTO →

The notes on pages 7 to 13 form part of these Financial Statements

CRAIGTON COMBINED SECURITIES LIMITED

BALANCE SHEET AS AT 31 MARCH 1996

	Note	£	<u>1996</u> £	£	<u>1995</u> £
FIXED ASSETS					
Investment in Subsidiary Undertakings	10		200		200
CURRENT ASSETS					
Debtors	8	1,955,927		1,905,447	
Cash at Bank		14,417		16,601	
			1,970,344		1,922,048
CREDITORS: Amounts falling due within one year	9	(1,195,917)		(1,143,306)	
NET CURRENT ASSETS			774,427		778,742
NET ASSETS			£774,627		£778,942
CAPITAL AND RESERVES					
Called up Share Capital	11		544,415		544,415
Share Premium Account	12		267,872		267,872
Profit and Loss Account	12		(37,660)		(33,345)
			£774,627		£778,942

The Financial Statements were approved by the Board on ~~14~~ November 1996 and signed on its behalf by

.....
B S E FRESHWATER

DIRECTORS

.....
L STEMPEL

The notes on pages 7 to 13 form part of these Financial Statements

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

1. ACCOUNTING POLICIES

The following Accounting Policies have been used consistently in the preparation of the Group's Financial Statements.

1.1 BASIS OF ACCOUNTING

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

1.2 BASIS OF CONSOLIDATION

The Consolidated Group Financial Statements deal with the results of Craigton Combined Securities Limited and all of its Subsidiary Undertakings for the year ended 31 March 1996. In accordance with Section 230(4) of the Companies Act 1985 the Financial Statements do not include a separate Profit and Loss Account for the Company.

1.3 STOCKS

Properties Held for Trading are stated at the lower of cost and estimated net realisable value.

1.4 ACQUISITIONS AND DISPOSALS OF PROPERTIES

Acquisitions and Disposals are considered to have taken place at the date of legal completion and are included in the Financial Statements accordingly.

1.5 CASH FLOW STATEMENT

The Company and its Subsidiary Undertakings are exempted from the requirement to prepare a Cash Flow Statement (in accordance with Financial Reporting Standard No 1) on the basis their being regarded as a "small group" as defined by Section 247 Companies Act 1985.

2. FORMAT OF FINANCIAL STATEMENTS

The Financial Statements are presented in accordance with the format prescribed by Schedule 4 Companies Act 1985 with suitable adaptation thereof which the Directors consider to be appropriate having regard to the nature of the Group's activities.

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

3. GROUP TURNOVER

The Turnover of the Group is represented by sale proceeds on disposal of Properties Held for Trading purposes coupled with Rents and Charges Receivable in respect of those properties.

The Surplus on Disposal of Properties and Net Rental Income are comprised as follows:

	<u>1996</u>	<u>1995</u>
	£	£
Gross Sale Proceeds	185,000	117,000
Cost of Properties Sold	(69,144)	(9,220)
	<hr/>	<hr/>
SURPLUS ON DISPOSAL OF PROPERTIES	£115,856	£107,780
	<hr/>	<hr/>
Rents and Charges Receivable	662,249	663,428
Property Outgoings	(284,633)	(313,526)
	<hr/>	<hr/>
NET RENTAL INCOME	£377,616	£349,902
	<hr/>	<hr/>

4. ADMINISTRATIVE EXPENSES

	<u>1996</u>	<u>1995</u>
	£	£
Auditors' Remuneration	11,163	11,163
Legal and Professional Fees	5,825	322
Management and Administration		
Charges Payable to Parent Undertaking	108,100	108,100
	<hr/>	<hr/>
	£125,088	£119,585
	<hr/>	<hr/>

The Directors received no emoluments during the year nor in the previous year.

Apart from the Directors, there were no other employees during the year or in the previous year.

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

5. INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
	£	£
On loans repayable within 5 years:		
Bank Loans and Overdrafts	47,128	50,583
Loan Interest	-	8,760
Interest on Overdue Taxation	33	-
	<hr/>	<hr/>
	£47,161	£59,343
	<hr/>	<hr/>

6. TAXATION

	<u>1996</u>	<u>1995</u>
	£	£
Consideration Payable for Group Relief		
Current Year	87,100	81,900
Prior Year Adjustment	1,100	-
Corporation Tax		
Current Year	14,000	20,000
Prior Year Adjustment	(10,528)	-
	<hr/>	<hr/>
	£91,672	£101,900
	<hr/>	<hr/>

7. GROUP PROFIT

Of the Group Profit after Taxation for the Financial Year a loss of £4,315 (1995 : profit of £83,684) has been dealt with in the Financial Statements of the Company.

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

8. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Rents and Charges Due and Accrued	205,613	117,236	-	-
Amount Due from Parent Undertaking	1,498,480	1,311,837	1,498,480	1,311,837
Amount Due from Subsidiary Undertakings	-	-	455,347	441,376
Loan Debtors	-	150,134	-	150,134
Other Debtors and Prepayments	157,438	187,860	-	-
Consideration Receivable for Group Relief	-	-	2,100	2,100
	<hr/>	<hr/>	<hr/>	<hr/>
	£1,861,531	£1,767,067	£1,955,927	£1,905,447
	<hr/>	<hr/>	<hr/>	<hr/>

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>The Group</u>		<u>The Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank Loans and Overdrafts (see below)	396,416	535,059	-	-
Rents and Service Charges Charged and Paid in Advance	70,295	74,985	-	-
Amounts Due to Subsidiary Undertakings	-	-	1,172,339	1,119,615
Corporation Tax	14,000	20,000	-	-
Consideration Payable for Group Relief (Note 6)	87,100	81,900	-	-
Other Creditors and Accruals	57,439	116,835	23,578	23,691
Taxation - Schedule 16	-	591	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£625,250	£829,370	£1,195,917	£1,143,306
	<hr/>	<hr/>	<hr/>	<hr/>

The Bank Loan is secured by a first legal charge over a Subsidiary Undertaking's Property Held for Trading, with a book value at 31 March 1996 of £646,762 (1995 : £704,452), in support of a Floating Debenture over the assets and undertaking of the Subsidiary Undertaking.

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Shares at Cost	200	200
	<u> </u>	<u> </u>

The Company, which is incorporated in Scotland, controls the whole of the issued share capital in the undermentioned Companies, which are incorporated in England unless otherwise stated:

Cliftvyll Properties Limited
Craigton (Properties) Limited (incorporated in Scotland)
Cliftvyll (Hyde Park) Limited *

* Indirectly owned

11. CALLED UP SHARE CAPITAL

	<u>Number</u>	<u>£</u>
Ordinary Shares of 12.5p:		
Authorised at 1 April 1995 and 31 March 1996	10,000,000	1,250,000
	<u> </u>	<u> </u>
Issued and Fully Paid at 1 April 1995 and 31 March 1996	4,355,322	544,415
	<u> </u>	<u> </u>

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

12. RESERVES

	<u>The Group</u>		<u>The Company</u>	
	£	£	£	£
<u>Share Premium Account:</u>				
At 1 April 1995 and 31 March 1996		267,872		267,872
<u>Profit and Loss Account:</u>				
At 1 April 1995	1,538,524		(33,345)	
Profit/(Loss) for the year	233,607		(4,315)	
At 31 March 1996		1,772,131		(37,660)
		£2,040,003		£230,212

13. CONTINGENT LIABILITIES

The Company has given guarantees in respect of bank loan and overdraft facilities granted to subsidiary undertakings which at 31 March 1996 aggregated to £396,000 (1995 : £535,000).

14. ULTIMATE PARENT UNDERTAKING

The Company's Ultimate Parent Undertaking is Highdorn Co. Limited, a Company incorporated in England.