

**REVERSIONARY GAINS II LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**30 APRIL 2001**

**Company Registration Number 132641**



# **REVERSIONARY GAINS II LIMITED**

## **FINANCIAL STATEMENTS**

**PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001**

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# REVERSIONARY GAINS II LIMITED

## THE DIRECTORS' REPORT

### PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001

The directors have pleasure in presenting their report and the financial statements of the company for the period from 12 February 2001 to 30 April 2001.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is investment in home reversion property. The company was acquired by Sovereign Reversions Plc during the period and thereafter the assets of the company were transferred to Sovereign and the distributable reserves paid by way of dividend. As a result the company has ceased to trade by the end of the period.

#### RESULTS AND DIVIDENDS

The trading results for the period, and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have recommended the following dividends:

	<b>Period from 12 February 2001 to 30 April 2001</b>	<b>Period from 1 July 2000 to 11 February 2001</b>
	<b>£</b>	<b>£</b>
Dividends paid on ordinary shares	<u>521,881</u>	<u>-</u>

#### THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the period were as follows:

G C W Marshall	(Appointed 13 February 2001)
R A Pearce Gould	(Appointed 13 February 2001)
D R MacDonald	(Retired 13 February 2001)
H B Shulman	(Retired 13 February 2001)
D H S Toplas	(Retired 13 February 2001)
A D B Taylor	(Retired 13 February 2001)

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

#### 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 at the end of the period and of the profit or loss for the period then ended.

## REVERSIONARY GAINS II LIMITED

### THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001

#### DIRECTORS' RESPONSIBILITIES *(continued)*

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 6, 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 financial statements; and

prepare the financial statements 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 financial statements comply with the Companies Act 1985. The directors 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.

#### AUDITORS

Thompson Taraz were appointed auditors during the period. A resolution to re-appoint them for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
James Sellars House  
144 West George Street  
Glasgow  
G2 2HG

Signed on behalf of the directors



G C W Marshall  
Director

Approved by the directors on 15 June 2001

**REVERSIONARY GAINS II LIMITED****AUDITORS' REPORT TO THE SHAREHOLDERS****PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001**

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 6.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

As described on pages 1 to 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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 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 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.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2001 and of the profit of the company for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

3 New Burlington Mews  
Mayfair London  
W1B 4QB

15 June 2001



THOMPSON TARAZ  
Chartered Accountants  
& Registered Auditors

# REVERSIONARY GAINS II LIMITED

## PROFIT AND LOSS ACCOUNT

PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001

	Note	Period from 12 Feb 01 to 30 Apr 01 £	Period from 1 Jul 00 to 11 Feb 01 £
<b>TURNOVER</b>			
Discontinued operations		372	2,286
Cost of sales	2	-	(2,243)
<b>GROSS PROFIT</b>		372	43
Net operating expenses	2	23	21,063
<b>OPERATING PROFIT/(LOSS):</b>	3		
Discontinued operations		349	(21,020)
Profit on disposal of fixed assets	6	-	20,895
		349	(125)
Interest receivable		7,752	11,737
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		8,101	11,612
Tax on profit on ordinary activities	7	(1,620)	11,496
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		6,481	23,108
Dividends	8	521,881	-
<b>(LOSS)/RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>		(515,400)	23,108

The company has no recognised gains or losses other than the results for the period as set out above.

# REVERSIONARY GAINS II LIMITED

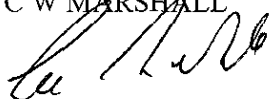
## BALANCE SHEET

30 APRIL 2001

	Note	30 Apr 01 £	11 Feb 01 £
<b>FIXED ASSETS</b>			
Tangible assets	9	-	1,218,705
<b>CURRENT ASSETS</b>			
Debtors	10	1,296,252	83,746
Cash at bank		-	552,013
		<u>1,296,252</u>	<u>635,759</u>
<b>CREDITORS: Amounts falling due within one year</b>	11	(68)	(42,880)
<b>NET CURRENT ASSETS</b>		<u>1,296,184</u>	<u>592,879</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,296,184</u>	<u>1,811,584</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	12	-	(42,862)
		<u>1,296,184</u>	<u>1,768,722</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	14	737,750	737,750
Share premium account		558,434	558,434
Revaluation reserve	15	-	369,047
Profit and Loss Account	16	-	103,491
<b>SHAREHOLDERS' FUNDS</b>	17	<u>1,296,184</u>	<u>1,768,722</u>

These financial statements were approved by the directors on the 15 June 2001 and are signed on their behalf by:

G C W MARSHALL



## REVERSIONARY GAINS II LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001**

## 1. ACCOUNTING POLICIES

### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The true and fair view override provisions of the Companies Act 1985 have been invoked as explained below.

## Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

## Turnover

Turnover represents the net amount derived from the continuing activity of the letting of residential property. Letting income is accounted for on an accruals basis and arise solely in the United Kingdom.

## Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Furnishings - 8 years straight line method

## Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

## Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.



# REVERSIONARY GAINS II LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001

### 2. ANALYSIS OF NET OPERATING EXPENSES

	Discontinued Operations £	Total £
<b>PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001</b>		
Administrative expenses	23	23
Net operating expenses	<u>23</u>	<u>23</u>
<b>PERIOD FROM 1 JULY 2000 TO 11 FEBRUARY 2001</b>		
Cost of sales	<u>2,243</u>	<u>2,243</u>
Administrative expenses	<u>21,063</u>	<u>21,063</u>
Net operating expenses	<u>21,063</u>	<u>21,063</u>

### 3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	Period from 12 Feb 01 to 30 Apr 01 £	Period from 1 Jul 00 to 11 Feb 01 £
Auditors' remuneration		
- as auditors	-	940
- accountancy	-	<u>3,290</u>

### 4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the period.

### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	Period from 12 Feb 01 to 30 Apr 01 £	Period from 1 Jul 00 to 11 Feb 01 £
Emoluments receivable	-	<u>4,004</u>

# REVERSIONARY GAINS II LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001

#### 5. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments received by Directors were paid to third parties in relation to services as a Director.

In addition to the above the Company entered into the following arrangements in which the Directors had an interest in respect of the period to 11 February 2001.

Park Circus (Management) Ltd, of which D R MacDonald is a Director and in which he has an interest by virtue of his shareholding in its parent company, received fees of £3,733 including VAT for professional services.

Park Circus Registrars Limited of which D R MacDonald is a Director and was a shareholder during the period received fees of £738 including VAT for professional services.

Graham Harvey & Co., of which H B Shulman is a consultant, received fees of £9,103 in respect of property management, and £5,181 including VAT in respect of legal advice and property sales matters.

#### 6. PROFIT ON DISPOSAL OF FIXED ASSETS

	Period from 12 Feb 01 to 30 Apr 01 £	Period from 1 Jul 00 to 11 Feb 01 £
Profit on disposal of fixed assets	-	20,895

#### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period from 12 Feb 01 to 30 Apr 01 £	Period from 1 Jul 00 to 11 Feb 01 £
In respect of the period:		
Corporation Tax based on the results for the period at 20% (To 11 Feb 01 - 20%)	1,620	1,420
Decrease in deferred tax provision	-	(10,714)
	1,620	(9,294)
Adjustment in respect of previous years:		
Corporation Tax	-	(2,202)
	1,620	(11,496)

# REVERSIONARY GAINS II LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001

#### 8. DIVIDENDS

The following dividends have been paid in respect of the period:

	Period from 12 Feb 01 to 30 Apr 01 £	Period from 1 Jul 00 to 11 Feb 01 £
Dividend paid on ordinary shares	<u>521,881</u>	<u>-</u>

#### 9. TANGIBLE FIXED ASSETS

	Furnishings £	Investment Properties £	Total £
<b>COST OR VALUATION</b>			
At 12 February 2001	3,457	1,218,705	1,222,162
Disposals	-	(1,218,705)	(1,218,705)
<b>At 30 April 2001</b>	<u>3,457</u>	<u>-</u>	<u>3,457</u>
<b>DEPRECIATION</b>			
At 12 February 2001	3,457	-	3,457
<b>At 30 April 2001</b>	<u>3,457</u>	<u>-</u>	<u>3,457</u>
<b>NET BOOK VALUE</b>			
<b>At 30 April 2001</b>	<u>-</u>	<u>-</u>	<u>-</u>
At 11 February 2001	-	1,218,705	1,218,705

#### 10. DEBTORS

	30 Apr 01 £	11 Feb 01 £
Amounts owed by group undertakings	1,296,252	-
Other debtors	-	83,746
	<u>1,296,252</u>	<u>83,746</u>

#### 11. CREDITORS: Amounts falling due within one year

	30 Apr 01 £	11 Feb 01 £
Bank loans and overdrafts	68	-
Other creditors	-	39,566
Accruals and deferred income	-	3,314
	<u>68</u>	<u>42,880</u>

# REVERSIONARY GAINS II LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001

### 12. DEFERRED TAXATION

	Period from 12 Feb 01 to 30 Apr 01 £	Period from 1 Jul 00 to 11 Feb 01 £
The movement in the deferred taxation provision during the period was:		
Provision brought forward	42,862	53,576
Increase in provision	(42,862)	(10,714)
Provision carried forward	<u>-</u>	<u>42,862</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	Period from 12 Feb 01 to 30 Apr 01 £	Period from 1 Jul 00 to 11 Feb 01 £
Other timing differences	<u>-</u>	<u>42,862</u>

### 13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related Party Transactions,' not to disclose any transactions with entities that are included in the consolidated financial statements of Sovereign Reversions Plc.

### 14. SHARE CAPITAL

#### Authorised share capital:

	30 Apr 01 £	11 Feb 01 £
12,000,000 Ordinary shares of £0.50 each	<u>6,000,000.00</u>	<u>6,000,000.00</u>

#### Allotted, called up and fully paid:

	30 Apr 01 £	11 Feb 01 £
Ordinary share capital	<u>737,750.00</u>	<u>737,750.00</u>

### 15. REVALUATION RESERVE

	Period from 12 Feb 01 to 30 Apr 01 £	Period from 1 Jul 00 to 11 Feb 01 £
Balance brought forward	369,047	374,375
Transfer to the Profit and Loss Account on realisation	(411,909)	(5,328)
Deferred taxation provided	42,862	-
Balance carried forward	<u>-</u>	<u>369,047</u>

# REVERSIONARY GAINS II LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 FEBRUARY 2001 TO 30 APRIL 2001

### 16. PROFIT AND LOSS ACCOUNT

	Period from 12 Feb 01 to 30 Apr 01 £	Period from 1 Jul 00 to 11 Feb 01 £
Balance brought forward	103,491	75,055
Retained (loss)/profit for the financial period	(515,400)	23,108
Transfer from revaluation reserve	411,909	5,328
Balance carried forward	-	103,491

### 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 Apr 01 £	11 Feb 01 £
Profit for the financial period	6,481	23,108
Dividends	(521,881)	-
	(515,400)	23,108
Other net recognised gains and losses	42,862	-
Net (reduction)/addition to funds	(472,538)	23,108
Opening shareholders' equity funds	1,768,722	1,745,614
Closing shareholders' equity funds	1,296,184	1,768,722

### 18. ULTIMATE PARENT COMPANY

The ultimate parent company is Sovereign Reversions Plc which is incorporated in England and Wales.