

Registration Number England 1245594

County Properties (Northern) Limited
Directors' Report and Financial Statements
for the year ended 30 September 2001



County Properties (Northern) Limited

Company Information

| | |
|---------------------|---|
| Directors | J. Guthrie R. G. Urquhart |
| Secretary | J. M. Johnson |
| Company Number | England 1245594 |
| Registered Office | Third Floor Pavilion House Scarborough North Yorkshire |
| Registered Auditors | Moore Stephens Chartered Accountants 12 Alma Square Scarborough North Yorkshire YO11 1JU |
| Business Address | Third Floor Pavilion House Scarborough North Yorkshire |
| Bankers | Bank of Scotland Head Office The Mound Edinburgh EH1 1YZ |

County Properties (Northern) Limited

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County Properties (Northern) Limited

Directors' Report for the year ended 30 September 2001

The directors have pleasure in presenting their annual report to shareholders together with the financial statements for the year ended 30 September 2001.

Principal Activity

The company is a property development and investment company. The directors are pleased to report a satisfactory period of trading. The profit and loss account reflects a profit for the year of £328,848 (2000 - £1,634,863). A recommended dividend of £2,000,000 (2000 - £1,500,000) has been paid during the year.

Directors and their Interests

The directors named served throughout the period. The interests of Mr. J. Guthrie in the capital of group companies are disclosed in the directors' report of Broadland Properties Limited. Mr. R. G. Urquhart held no interests in the capital of any group companies during the period under review.

Elective resolutions

The shareholders have passed elective resolutions dispensing with the requirement to hold an annual general meeting and to lay the accounts before an annual general meeting. Nevertheless the directors would like to remind the shareholders that any shareholder has the right to call for the accounts to be laid before a meeting of the shareholders and this right may be exercised by notice in writing to the company's registered office within 28 days of receipt of the accounts.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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;
- 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. 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.

This report was approved by the Board on 20th March 2002 and signed on its behalf by



J. M. Johnson
Secretary

**Independent Auditors' Report to the Shareholders of County Properties (Northern) Limited
for the year ended 30 September 2001**

We have audited the financial statements of County Properties (Northern) Limited for the year ended 30 September 2001 set out on pages 3 to 11. These financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is 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 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 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 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moore Stephens

12 Alma Square
Scarborough
YO11 1JU

Moore Stephens

20th March 2002

Registered Auditors
Chartered Accountants

County Properties (Northern) Limited

**Profit and Loss Account
for the year ended 30 September 2001**

| | | Continuing operations | |
|--|--------------|------------------------------|-----------------------|
| | | 2001 | 2000 |
| | Notes | £ | £ |
| Turnover | 2 | 477,004 | 2,834,519 |
| Cost of sales | | (86,099) | (1,926,359) |
| Gross profit | | <u>390,905</u> | <u>908,160</u> |
| Administrative expenses | | (63,094) | (63,741) |
| Operating profit | 3 | <u>327,811</u> | <u>844,419</u> |
| Profit on sale of investments | 4 | - | 787,494 |
| Profit on ordinary activities before interest | | <u>327,811</u> | <u>1,631,913</u> |
| Interest receivable and similar income | 5 | 1,037 | 2,950 |
| Profit on ordinary activities | | <u>328,848</u> | <u>1,634,863</u> |
| Dividend paid | 9 | (2,000,000) | (1,500,000) |
| Retained (loss)/profit for the year | | <u><u>(1,671,152)</u></u> | <u><u>134,863</u></u> |

Statement of total recognised gains and losses

| | | |
|--|-------------------------|-------------------------|
| Profit on ordinary activities after taxation | 328,848 | 1,634,863 |
| Unrealised movement on revaluation of investments - properties | 742,650 | - |
| Total recognised gains relating to the year | <u><u>1,071,498</u></u> | <u><u>1,634,863</u></u> |

The notes on pages 5 to 11 form an integral part of these financial statements.

County Properties (Northern) Limited

**Balance Sheet
as at 30 September 2001**

| | Notes | 2001 | | 2000 | |
|---|-------|--------------------|--------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Investments - properties | 10 | | 10,232,483 | | 6,254,947 |
| Current Assets | | | | | |
| Debtors | 11 | 83,039 | | 683,597 | |
| Cash at bank and in hand | | 123,780 | | 17,625 | |
| | | <u>206,819</u> | | <u>701,222</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(5,282,863)</u> | | <u>(871,228)</u> | |
| Net Current Liabilities | | | <u>(5,076,044)</u> | | <u>(170,006)</u> |
| Total Assets Less Current Liabilities | | | <u>5,156,439</u> | | <u>6,084,941</u> |
| Capital and Reserves | | | | | |
| Called up share capital | 13 | | 12,000 | | 12,000 |
| Revaluation reserve | 14 | | 1,515,545 | | 772,895 |
| Profit and loss account | 14 | | 3,628,894 | | 5,300,046 |
| Shareholders' Funds | 15 | | <u>5,156,439</u> | | <u>6,084,941</u> |
| Equity interests | | | 5,150,439 | | 6,078,941 |
| Non-equity interests | | | <u>6,000</u> | | <u>6,000</u> |

The financial statements were approved by the Board on 20th March 2002 and signed on its behalf by


J. Guthrie
Director

The notes on pages 5 to 11 form an integral part of these financial statements.

County Properties (Northern) Limited

Notes to the Financial Statements for the year ended 30 September 2001

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties and in accordance with applicable accounting standards.

1.2. Turnover

Turnover represents amounts receivable for rents, service charges and property development, net of value added tax where applicable.

1.3. Investment Properties

In accordance with SSAP 19 the directors have included the company's investment properties in the balance sheet at the directors' estimate of their open market value. The corresponding unrealised surpluses and deficiencies are included in an undistributable revaluation reserve, unless the total of the revaluation reserve is insufficient to cover a deficit, in which case the amount by which the deficit exceeds the amount in the revaluation reserve is charged in the profit and loss account. In common with many other investment companies and in accordance with SSAP 19, no depreciation has been provided by the company on freehold, feuhold and long leasehold investment properties. This departure from statutory accounting principles is enabled under s226(5) of the Companies Act 1985 for the overriding purpose of presenting a true and fair view.

1.4. Deferred taxation

The company has applied FRS 19 in accounting for deferred tax. The general principle is that deferred tax is recognised as a liability or asset if the transactions or events that give an obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date, although deferred tax is not provided on timing differences arising when a fixed asset is revalued without there being any commitment to sell the asset.

The adoption of FRS 19 supersedes the previous policy under SSAP 15 where deferred tax was provided only to the extent that a liability was anticipated to arise in the foreseeable future. This change in policy has had no effect on these financial statements.

1.5. Acquisition and disposal of properties

Acquisitions of properties are accounted for on the date of unconditional contract and disposals of properties on the date of legal completion.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

County Properties (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 September 2001**

| | | |
|---|-------------------|-------------------|
| 3. Operating profit | 2001 | 2000 |
| | £ | £ |
| Operating profit is stated after charging: | | |
| Auditors' remuneration | 3,004 | 3,580 |
| | <u> </u> | <u> </u> |
| 4. Profit on disposal of fixed asset investments | 2001 | 2000 |
| | £ | £ |
| Proceeds on sale of investment properties | - | 1,200,000 |
| Carrying value of assets sold | - | (412,506) |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u>787,494</u> |
| 5. Interest receivable and similar income | 2001 | 2000 |
| | £ | £ |
| Other interest | 1,037 | 2,950 |
| | <u> </u> | <u> </u> |
| 6. Directors' emoluments | | |

There were no employees during the year apart from the directors, who received no remuneration for their services.

County Properties (Northern) Limited

Notes to the Financial Statements for the year ended 30 September 2001

7. Taxation

| | 2001 | 2000 |
|---|----------|------------------|
| | £ | as restated £ |
| Analysis of tax charge in the year | | |
| Current tax | | |
| Group relief at 0% | - | - |
| Total current tax | - | - |
| Tax on profit on ordinary activities | - | - |
| Factors affecting the tax charge for the year | | |
| Profit/(loss) on ordinary activities before tax | 328,848 | 1,634,863 |
| Profit/(loss) on ordinary activities before tax multiplied by the standard rate of UK corporation tax of 30% | 98,654 | 490,459 |
| Effects of: | | |
| Group relief at 0% | (50,175) | (415,777) |
| Expenses not deductible for tax purposes | | 1,225 |
| Capital allowances on plant within buildings | (48,479) | (64,639) |
| Indexation allowance | | (11,268) |
| Current tax charge for year | - | - |

Factors that may affect future tax charge

No provision has been made for deferred tax on gains recognised on revaluing investment properties to their market values. Such tax would become payable only when the properties were sold. Provision for taxation on disposal is made where a binding agreement to sell has been entered into by the balance sheet date.

County Properties (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 September 2001**

8. Deferred taxation

| | 2001 | 2000 |
|------------------------------------|----------------|--------------------------|
| | £ | as restated £ |
| Full potential amounts | | |
| On disposal of revalued assets | 323,497 | 113,552 |
| | <u>323,497</u> | <u>113,552</u> |
| Of which provided in the accounts | | |
| On disposal of revalued assets | - | - |
| | <u>-</u> | <u>-</u> |
| Analysis of movement | | |
| Balance b/fwd | - | |
| Deferred tax charge for the period | - | |
| Balance c/fwd | <u>-</u> | |

9. Dividends

| | 2001 | 2000 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Dividends on equity shares: | | |
| 'A' Ordinary shares - Interim paid | <u>2,000,000</u> | <u>1,500,000</u> |

County Properties (Northern) Limited

Notes to the Financial Statements for the year ended 30 September 2001

10. Investments - properties

| | Freehold property | Total |
|------------------------|----------------------|------------|
| | £ | £ |
| Valuation | | |
| At 1 October 2000 | 6,254,946 | 6,254,946 |
| Additions | 3,234,887 | 3,234,887 |
| Revaluation | 742,650 | 742,650 |
| At 30 September 2001 | 10,232,483 | 10,232,483 |
| Net book values | | |
| At 30 September 2001 | 10,232,483 | 10,232,483 |
| At 30 September 2000 | 6,254,946 | 6,254,946 |
| Historical cost | | |
| At 30 September 2001 | 8,716,937 | 8,716,937 |
| At 30 September 2000 | 5,482,051 | 5,482,051 |

Investment properties have been revalued at their open market value by Mr. J Guthrie FRICS (director).

11. Debtors

| | 2001 £ | 2000 £ |
|---------------|---------------|----------------|
| Trade debtors | 81,175 | 665,413 |
| Other debtors | 1,864 | 18,184 |
| | <u>83,039</u> | <u>683,597</u> |

12. Creditors: amounts falling due within one year

| | 2001 £ | 2000 £ |
|-----------------------------------|------------------|----------------|
| Trade creditors | 205,775 | 151,952 |
| Amounts owed to group undertaking | 5,014,186 | 456,125 |
| Other creditors | 17,372 | 164,885 |
| Accruals and deferred income | 45,530 | 98,266 |
| | <u>5,282,863</u> | <u>871,228</u> |

Amounts owed to group companies are interest free and have no specific repayment terms and may therefore be due after more than one year.

County Properties (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 September 2001**

| 13. Share capital | 2001 £ | 2000 £ |
|---|---------------|---------------|
| Authorised | | |
| 'A' Ordinary shares of £1 each | 6,000 | 6,000 |
| Ordinary shares of £1 each | 44,000 | 44,000 |
| | <u>50,000</u> | <u>50,000</u> |
| Allotted, called up and fully paid | | |
| 'A' Ordinary shares of £1 each | 6,000 | 6,000 |
| Ordinary shares of £1 each | 6,000 | 6,000 |
| | <u>12,000</u> | <u>12,000</u> |

The 'A' Ordinary shares have no rights to dividends, no voting entitlement and no rights to any distribution on a winding up.

The Ordinary shares have no right to dividends other than those recommended by the directors. They also have an unlimited right to share in a surplus on winding up. Their voting entitlement is one vote for every £1 of paid up capital in Ordinary shares.

| 14. Equity Reserves | Revaluation reserve £ | Profit and loss account £ | Total £ |
|-------------------------------------|-----------------------------|------------------------------------|------------------|
| At 1 October 2000 | 772,895 | 5,300,046 | 6,072,941 |
| Revaluation of property | 742,650 | | 742,650 |
| Retained (loss)/profit for the year | | (1,671,152) | (1,671,152) |
| At 30 September 2001 | <u>1,515,545</u> | <u>3,628,894</u> | <u>5,144,439</u> |

County Properties (Northern) Limited

Notes to the Financial Statements for the year ended 30 September 2001

| 15. Reconciliation of movements in shareholders' funds | 2001 £ | 2000 £ |
|--|-------------|-------------|
| Profit for the year | 328,848 | 1,634,863 |
| Dividends | (2,000,000) | (1,500,000) |
| | (1,671,152) | 134,863 |
| Other recognised gains or losses | 742,650 | - |
| Net addition to/(deduction from) shareholders' funds | (928,502) | 134,863 |
| Opening shareholders' funds | 6,084,941 | 5,950,078 |
| Closing shareholders' funds | 5,156,439 | 6,084,941 |

| 16. Capital commitments | 2001 £ | 2000 £ |
|---|-----------|-----------|
| Details of capital commitments at the accounting date are as follows: | | |
| Contracted for but not provided in the financial statements | 221,374 | 3,430,741 |

17. Contingent liabilities

This company has given cross guarantees in respect of group borrowings from its bankers. Security given includes a debenture over the whole assets of this company, together with specific legal charges over certain investment properties. The company has also given a guarantee to the bankers of a fellow subsidiary in respect of that company's borrowings.

18. Related party transactions

Advantage is taken of the exemption given in Financial Reporting Standard number 8 "Related Party Disclosures" from the requirement to separately disclose transactions with group companies.

19. Ultimate parent undertaking

The accounts of this company are included in the consolidated accounts of Broadland Properties Limited, which is regarded as the company's ultimate parent company.