

2014305

CHESTERTON PLC  
(FORMERLY CHESTERTON GROUP LIMITED)  
REPORT AND ACCOUNTS  
30 JUNE 1995



CHESTERTON PLC

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DIRECTORS

W H W Wells	- BA, FRICS (Chairman)
G H W Ballantine	- FRICS
D A Palmer	- FCA

SECRETARY

W A Heaney	- LLB
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BANKERS

National Westminster Bank plc  
32 Corn Street  
Bristol  
BS99 7UG

SOLICITORS

Osborne Clarke  
6-7 Middle Street  
London  
EC1A 7UA

AUDITORS

Price Waterhouse  
31 Great George Street  
Bristol  
BS1 5QD

REGISTERED OFFICE

54 Brook Street  
London  
W1A 2BU

REGISTERED NUMBER

2014305  
England and Wales

## DIRECTORS' REPORT

The Directors submit their report and the audited accounts of the Company for the year ended 30 June 1995.

## REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

During the last quarter of the year ended 30 June 1995, Chesterton International plc the ultimate parent company, transferred some of its trade and the associated costs of the trade to the Company, which yielded £451,000 profit before tax for the year. (1994: £Nil - The company was dormant).

On 30 June 1995, the Company was re-registered as a public limited company and changed its name from Chesterton Group Limited to Chesterton plc. On that date, as part of a Group re-organisation, Chesterton International plc transferred its trade and certain assets and liabilities to the Company.

Chesterton plc is now the principal trading subsidiary for international property consultancy business of the Chesterton International group in the UK, and the major employer of the group's UK staff.

## RESULT AND DIVIDEND

The retained profit for the year of £302,000 has been transferred to reserves (1994: £Nil). The Directors do not recommend the payment of a dividend for the year ended 30 June 1995 (1994:£Nil).

## FIXED ASSETS

Details of investments held by the Company are shown in note 7 to the financial statements and movements in tangible fixed assets in note 6 to the financial statements.

## TAXATION STATUS

During the year the Company was not a close company within the meaning of the Income and Corporation Taxes Act 1988 and this has not changed since the year end.

## EMPLOYMENT POLICIES

The Company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retaining

## DIRECTORS' REPORT (continued)

employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

## DIRECTORS

The Directors in office during the year were as follows:

W H W Wells  
G H W Ballantine  
D A Palmer

W H W Wells, G H W Ballantine and D A Palmer are Directors of Chesterton International plc, the company's ultimate parent company. Their interests in the share capital of Chesterton International plc are disclosed in the accounts of that company.

## STATEMENT OF 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 profit or loss of the Company for that period. In preparing those financial statements, 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 financial statements;
- prepare the financial statements on a 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.

## AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General meeting.

BY ORDER OF THE BOARD

W A HEANEY  
Secretary



26 January 1996

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 at 30 June 1995 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors  
Bristol

26 January 1996

**PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 30 JUNE 1995**

	<u>Notes</u>	<u>Year ended 30 June 1995</u> £'000	<u>Year ended 30 June 1994</u> £'000
<b>TURNOVER</b>	2	4,000	-
Administration expenses	3	3,549	-
		-----	-----
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		451	-
Tax on profit on ordinary activities	5	(149)	-
		-----	-----
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND AMOUNT TRANSFERRED TO RESERVES</b>	13	302	-
		=====	=====

There are no recognised gains or losses other than the profit for the year which relates entirely to continuing operations.

The results above all relate to the trade transferred from the ultimate parent company.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS'  
FUNDS FOR THE YEAR ENDED 30 JUNE 1995**

	<u>1995</u> £'000	<u>1994</u> £'000
Profit for the year and net additions to shareholders' funds	302	-
Shareholders' funds brought forward	589	589
	-----	-----
Shareholders' funds carried forward	891	589
	=====	=====

The notes on pages 7 to 16 form an integral part of these accounts.

**BALANCE SHEET**  
**AT 30 JUNE 1995**

	<u>Notes</u>	30 June 1995 £'000	30 June 1994 £'000
<b>FIXED ASSETS</b>			
Tangible Assets	6	4,218	-
Investments	7	250	250
		-----	-----
		4,468	250
		-----	-----
<b>CURRENT ASSETS</b>			
Work in progress		3,266	-
Debtors	8	31,360	1,041
Cash at bank and in hand		17	-
		-----	-----
		34,643	1,041
		-----	-----
CREDITORS: Amounts falling due within one year - including convertible loan stock	9	(25,820)	-
		-----	-----
<b>NET CURRENT ASSETS</b>		<b>8,823</b>	<b>1,041</b>
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>13,291</b>	<b>1,291</b>
		-----	-----
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - including convertible loan stock	10	(11,747)	(702)
		-----	-----
PROVISIONS FOR LIABILITIES AND CHARGES	11	(653)	-
		-----	-----
		891	589
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	700	700
Profit and loss account	13	191	(111)
		-----	-----
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>891</b>	<b>589</b>
		=====	=====

Approved by the Board on 26 January 1996

  
D A Palmer  
DIRECTOR

The notes on pages 7 to 16 form an integral part of these accounts.

NOTES TO THE ACCOUNTS  
30 JUNE 1995

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## 1. ACCOUNTING POLICIES

### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write down their cost to their estimated residual values by equal annual instalments over the period of their expected useful lives which are considered to be:

Short Leasehold property	Lease term
Motor vehicles	4 years
Office equipment	Between 3 and 20 years

### Leased assets

Assets held under finance leases and hire purchase contracts are capitalised and depreciated in accordance with the Company's normal accounting policies. The interest element of the rental obligations is charged to the profit and loss account in equal annual instalments over the period of the contract.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

### Work in progress and revenue recognition

Income from professional and consulting business is recognised either on completion or on an ongoing basis over the duration of a contract, depending on the nature of work undertaken. Related work in progress is stated at the lower of cost (including attributable overheads) and net realisable value.

Agency income is recognised on unconditional exchange of contract. No value is attributed to work in progress prior to exchange of contracts.

### Deferred taxation

Deferred tax is provided only in respect of timing differences between profits as computed for taxation purposes and profits as stated in the accounts to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.



NOTES TO THE ACCOUNTS  
30 JUNE 1995

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(continued)

### **Pensions**

The Group pays pensions direct to several former employees. Full provision, based on actuarial advice, is made for the estimated liability.

The Group operates five pension schemes covering the majority of its employees. Contributions to the defined contribution schemes are charged to the profit and loss account as incurred. The expected cost of pensions in respect of the Group's defined benefit pension scheme is charged to the profit and loss account, so as to spread the cost of pensions over the service lives of employees. Variations from the regular cost are spread over the expected service lives of current employees in the scheme.

### **Investments**

Investments are stated at cost less provisions for any permanent diminution in value.

### **Cash flow statement**

In accordance with Financial Reporting Standard 1 - Cash Flow Statements, no statement of cashflows is required because the Company is a wholly owned subsidiary whose ultimate parent, Chesterton International plc, publishes a group cash flow statement.

## **2 TURNOVER**

Turnover comprises commissions and fees receivable, exclusive of VAT adjusted to take account of movements in work in progress and costs incurred as principal on behalf of clients which are recharged.

## **3. ADMINISTRATION EXPENSES**

Administration expenses represent costs and charges associated with the trade transferred from Chesterton International plc.

## **4. DIRECTORS' EMOLUMENTS, AUDITORS' REMUNERATION AND STAFF NUMBERS**

None of the Directors received any emoluments in respect of their services to the Company during the year (1994 - £Nil). The auditors' remuneration has been borne by Chesterton International plc. The average number of employees of the Company during the year was nil (1994 - Nil).

On 30 June 1995 the employees of Chesterton international plc were transferred to the Company.

NOTES TO THE ACCOUNTS  
30 JUNE 1995

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge which is based on the profit for the year comprises the following:

	Year ended 30 June 1995 £' 000	Year ended 30 June 1994 £' 000
UK Corporation tax at 33% - current year	149 =====	- =====

6. TANGIBLE ASSETS

	Short leasehold Land and buildings £' 000	Office equipment £' 000	Motor vehicles £' 000	Total £' 000
<b>Cost</b>				
1 July 1994	-	-	-	-
Transfer from parent and fellow subsidiary undertakings	80	7,539	2,432	10,051
	-----	-----	-----	-----
30 June 1995	80	7,539	2,432	10,051
	-----	-----	-----	-----
<b>Depreciation</b>				
1 July 1994	-	-	-	-
Transfer from parent and fellow subsidiary undertakings	(5)	(5,284)	(544)	(5,833)
	-----	-----	-----	-----
30 June 1995	(5)	(5,284)	(544)	(5,833)
	-----	-----	-----	-----
<b>Net book amount</b>				
30 June 1995	75	2,255	1,888	4,218
	=====	=====	=====	=====
30 June 1994	-	-	-	-
	=====	=====	=====	=====

## NOTES TO THE ACCOUNTS - 30 JUNE 1995 (continued)

## 6. TANGIBLE ASSETS (continued)

Included in amounts for tangible assets at 30 June 1995 are the following amounts relating to finance leased assets and assets acquired under hire purchase contracts:

	Office equipment £' 000	Motor vehicles £' 000	Total £' 000
<b>Cost</b>			
30 June 1995	7,539	2,104	9,643
	=====	=====	=====
30 June 1994	-	-	-
	=====	=====	=====
<b>Depreciation</b>			
30 June 1995	5,284	407	5,691
	=====	=====	=====
30 June 1994	-	-	-
	=====	=====	=====
<b>Net book amount</b>			
30 June 1995	2,255	1,697	3,952
	=====	=====	=====
30 June 1994	-	-	-
	=====	=====	=====

## NOTES TO THE ACCOUNTS - 30 JUNE 1995 (continued)

## 7. INVESTMENTS

		Shares in subsidiary companies £'000	
As at 1 July 1994 and 30 June 1995		250	===
<u>Subsidiaries held by company</u>	<u>Principal activity</u>	<u>Country of incorporation and registration</u>	<u>Proportion of ordinary shares held</u>
Chesterton Limited	UK Holding Company	England	100%
Chesterton Overseas Ltd	International Holding Company	England	100%

In the opinion of the directors, the value of the investments at 30 June 1995 was not less than the amounts at which they are included in the balance sheet.

The company is exempt from the preparation of group accounts, but is included in the consolidated accounts of Chesterton International plc, the ultimate parent undertaking.

## 8. DEBTORS

	30 June <u>1995</u> £' 000	30 June <u>1994</u> £' 000
Trade debtors	14,847	-
Accrued income	3,730	-
Amounts owed by fellow subsidiary undertakings	10,574	1,041
Amounts owed by other participating interests	13	-
Other debtors	1,636	-
Prepayments	560	-
	-----	-----
	31,360	1,041
	=====	=====

At 30 June 1995, there were no significant debtors due after more than one year (1994: Nil).

## NOTES TO THE ACCOUNTS - 30 JUNE 1995 (continued)

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

	<u>Group</u>	
	30 June	30 June
	<u>1995</u>	<u>1994</u>
	£' 000	£' 000
Bank overdrafts	3,672	-
Bank loans	1,050	-
Convertible loan stock	350	-
loan notes	248	-
Obligations under finance leases	653	-
Obligations under hire purchase contracts	371	-
Trade creditors	1,526	-
Corporation tax	1,177	-
Other taxation and social security	2,525	-
Amounts owed to parent undertaking	8,411	-
Amounts owed to fellow subsidiary undertaking	2,716	-
Amounts due participating interests	31	-
Other creditors	2,525	-
Accruals	565	-
	-----	-----
	25,820	-
	=====	=====

The bank overdrafts and loans are all secured by a first mortgage debenture and supporting cross guarantees over the assets of the Group.

The bank loans include a UK and a US term loan.

The UK term loan is repayable over twenty equal quarterly instalments commencing in November 1995. The rate of interest payable is fixed at 9.4%.

The US loan of £898,000 is repayable in one lump sum in November 2002. The rate of interest is fixed at 7.8%.

The loan notes are repayable over twenty eight equal quarterly instalments which commenced in April 1995. The loan notes are interest free, and form a part of the consideration for the acquisition of Cyril Sweett.

As part consideration for the acquisition of Cyril Sweett Group £700,000 of non interest bearing convertible loan stock was issued to the vendors by Chesterton International plc, redeemable at par in two installments on 15th December 1995 and 15th December 1996, if not previously converted under the terms of the issue.

## NOTES TO THE ACCOUNTS - 30 JUNE 1995 (continued)

## 10. CREDITORS : Amounts falling due after more than one year

	30 June <u>1995</u> £' 000	30 June <u>1994</u> £' 000
Bank loans	6,846	-
Loan notes	1,429	-
Convertible loan stock	350	-
Due to parent undertaking	702	702
Obligations under finance leases	1,209	-
Obligations under hire purchase contracts	1,211	-
	-----	-----
	11,747	702
	=====	=====

The bank overdrafts and loans are all secured by a first mortgage debenture and supporting cross guarantees over the assets of the Group.

A further analysis of bank loans and loan notes is provided below:

	30 June <u>1995</u> £' 000	30 June <u>1994</u> £' 000
Amounts repayable other than by instalments due after five years	898	-
Amounts repayable by instalments which in part fall due after more than five years	7,377	-
	-----	-----
	8,275	-
	=====	=====

Bank loans and loan notes are repayable as follows:

Between one and two years	1,648	-
Between two and five years	4,945	-
In five years or more	1,682	-
	-----	-----
	8,275	-
	=====	=====
Instalments falling due after more than five years	784	-
	=====	=====

## NOTES TO THE ACCOUNTS - 30 JUNE 1995 (continued)

## 11. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Unfunded Pensions</u>	<u>Deferred Tax</u>	<u>Total</u>
1 July 1994	-	-	-
Transferred from parent undertaking	(937)	284	(653)
	-----	-----	-----
30 June 1995	(937)	284	(653)
	=====	=====	=====

The main components of the deferred tax asset are timing differences on annuitants payments, being an asset of £309,000, accelerated capital allowances being a liability of £111,000 and other timing differences being an asset of £86,000. There was no unprovided deferred tax liability at 30 June 1995.

## 12. CALLED UP SHARE CAPITAL

	<u>1995 £'000</u>	<u>1994 £'000</u>
Authorised:		
1,000,000 ordinary shares of £1 each	1,000	1,000
	=====	=====
Allotted, issued and fully paid		
700,000 ordinary shares of £1 each	700	700
	=====	=====

## 13. PROFIT &amp; LOSS RESERVE

	<u>£'000</u>
At 1 July 1994	(111)
Retained profit for the period	302
	-----
At 30 June 1995	191
	=====

## NOTES TO THE ACCOUNTS - 30 JUNE 1995 (continued)

## 14. FINANCIAL COMMITMENTS

Finance leases and hire purchase contracts

	30 June 1995 £' 000	30 June 1994 £' 000
Amount due:		
Within one year	1,265	-
In the second to fifth year	2,755	-
	-----	-----
	4,020	-
Finance charges allocated to future periods	(576)	-
	3,444	-
	=====	=====
Falling due within one year	1,024	-
Falling due after more than one year	2,420	-
	-----	-----
	3,444	-
	=====	=====

Operating leases

The estimated commitment for the Company in respect of non land and buildings operating leases payable in the next financial year is analysed as follows:

	30 June 1995 £' 000	30 June 1994 £' 000
Leases expiring within one year	181	-
Leases expiring within two to five years	387	-
	-----	-----
	568	-
	=====	=====



## NOTES TO THE ACCOUNTS - 30 JUNE 1995 (continued)

## 15. CAPITAL COMMITMENTS

	<u>1995</u>	<u>1994</u>
	£' 000	£' 000
Contracted but not provided for	111	-
	===	===
Authorised but not contracted for	709	-
	===	===

## 16. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent company is Chesterton International plc, a company incorporated in England and Wales. Chesterton International plc is the parent company of the only group for which consolidated accounts are prepared and of which the Company is a member. Copies of the group accounts may be obtained from 54 Brook Street, London W1A 2BU.