

**SUNLEY FAMILY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31ST DECEMBER 1995**

**Registered Number: 2168750**



**HAYS ALLAN**  
CHARTERED ACCOUNTANTS

**SUNLEY FAMILY LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 1995**

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# SUNLEY FAMILY LIMITED

## DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1995

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The directors submit their report and the financial statements of the company and the group for the year ended 31st December 1995.

### 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 group and of the profit or loss of the group 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 the going concern basis unless it is inappropriate to presume that the company and the group 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 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.

### REVIEW OF THE BUSINESS

The principal activities of the companies in the Sunley Family Group involve commercial and industrial property investment and trading as well as housebuilding.

The loss for the year reflects the Directors' re-evaluation of the Group exposure to the office and retail property sectors; 1995 was another poor year for these particular investment sectors. However, the Group's underlying core trading subsidiaries in other sectors continue to operate successfully, in very challenging markets.

### RESULTS

The results for the year are set out on page 4.

The company has paid two interim dividends of 4 pence each on 1st July 1995 and 31st December 1995 in respect of the 8% cumulative preference shares. The directors recommend that no dividend be paid in respect of the ordinary shares.

### DIRECTORS

The directors who served during the year were:-

Neil W. Benson	Chairman
John B. Sunley	
James B. Sunley	
Richard J.S. Tice	

# SUNLEY FAMILY LIMITED

## DIRECTORS' REPORT (continued)

YEAR ENDED 31ST DECEMBER 1995

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### DIRECTORS' INTERESTS

The interests of the directors at 31st December 1994 and 1995 in the share capital of the company, were:

	Ordinary Shares of 10p each	8% Cumulative Preference Shares of £1 each
John B. Sunley	24,480	240,000
James B. Sunley	12,240	-
Richard J.S. Tice	12,240	-

### EMPLOYMENT OF DISABLED PERSONS

Full and fair consideration is given by the group to applications for employment made by disabled persons, subject to their particular attitudes and abilities.

### FIXED ASSETS

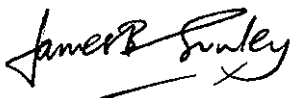
Details of additions and disposals of fixed assets are given in the notes to the financial statements.

### AUDITORS

Hays Allan have indicated their willingness to continue in office as auditors and offer themselves for re-appointment.

### BY ORDER OF THE BOARD

JAMES B. SUNLEY  
Secretary



Registered Office:  
Southampton House  
317 High Holborn  
London WC1V 7NL

28th March 1996

# AUDITORS' REPORT TO THE MEMBERS OF

## SUNLEY FAMILY LIMITED

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We have audited the financial statements on pages 4 to 22 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 pages 9 to 11.

### Respective responsibilities of directors and auditors

As described on page 1 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 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 affairs of the company and of the group as at 31st December 1995 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Hays Allan*

Hays Allan  
Chartered Accountants  
Registered Auditors

Southampton House  
317 High Holborn  
London  
WC1V 7NL

28th March 1996

**SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31ST DECEMBER 1995**

	<b>Note</b>	<b>1995 £'000</b>	<b>1994 £'000</b>
<b>TURNOVER</b>	2	20,828	23,353
<b>COST OF SALES</b>		(15,238)	(16,798)
<b>WRITE DOWN OF DEVELOPMENT AND TRADING PROPERTIES</b>		(566)	(739)
<b>GROSS PROFIT</b>		<u>5,024</u>	<u>5,816</u>
<b>ADMINISTRATIVE EXPENSES</b>		(3,235)	(3,358)
		<u>1,789</u>	<u>2,458</u>
<b>SHARE OF PROFIT OF ASSOCIATED COMPANIES</b>	10(b)	449	1,320
<b>OPERATING PROFIT</b>	2	<u>2,238</u>	<u>3,778</u>
<b>INTEREST PAYABLE ON CONVERTIBLE UNSECURED LOAN NOTE</b>		(297)	(1,094)
<b>NET BANK INTEREST PAYABLE</b>	3	(1,938)	(1,898)
<b>PROFIT AFTER INTEREST</b>		<u>3</u>	<u>786</u>
<b>PROFIT ON DISPOSAL OF SUBSIDIARIES</b>	20	254	-
<b>LOSS ON SALE AND WRITE DOWN OF FIXED ASSETS</b>	4	(2,120)	(1,486)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(1,863)</u>	<u>(700)</u>
<b>TAX CREDIT/(CHARGE) ON LOSS ON ORDINARY ACTIVITIES 7</b>		129	(482)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>(1,734)</u>	<u>(1,182)</u>
<b>EQUITY MINORITY INTERESTS</b>		(52)	(185)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(1,786)</u>	<u>(1,367)</u>
<b>DIVIDENDS PAID ON NON EQUITY SHARES</b>	8	(26)	(26)
<b>RETAINED LOSS FOR THE YEAR</b>	18	<u>(1,812)</u>	<u>(1,393)</u>

**SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES (THE GROUP)**

**CONSOLIDATED BALANCE SHEET**

**31ST DECEMBER 1995**

	Note	1995 £'000	1994 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	23,087	28,144
Investments	10	4,984	4,032
		<u>28,071</u>	<u>32,176</u>
<b>CURRENT ASSETS</b>			
Stocks and work in progress	11	14,821	20,891
Debtors	12	2,815	2,989
Cash at bank and in hand		1,715	2,847
		<u>19,351</u>	<u>26,727</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Loans and bank overdrafts	13	5,439	16,283
Creditors	14(a)	4,362	6,087
		<u>9,801</u>	<u>22,370</u>
<b>NET CURRENT ASSETS</b>		<u>9,550</u>	<u>4,357</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>37,621</u>	<u>36,533</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Bank loans and convertible loan	15	16,520	10,574
Creditors	14(b)	1,402	4,011
		<u>17,922</u>	<u>14,585</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	16	139	239
		<u>19,560</u>	<u>21,709</u>
<b>CAPITAL AND RESERVES</b>			
<b>CALLED UP SHARE CAPITAL</b>	17	343	343
<b>SHARE PREMIUM ACCOUNT</b>	18	11,289	11,289
<b>REVALUATION RESERVE</b>	18	527	449
<b>OTHER RESERVES</b>	18	16,661	16,661
<b>PROFIT AND LOSS ACCOUNT</b>	18	(9,364)	(7,569)
<b>SHAREHOLDERS' FUNDS</b>		<u>19,456</u>	<u>21,173</u>
<b>EQUITY MINORITY INTERESTS</b>		104	536
		<u>19,560</u>	<u>21,709</u>
<b>SHAREHOLDERS' FUNDS</b>			
Equity		19,136	20,853
Non-equity		320	320

Approved by the Board on 28th March 1996 and signed on their behalf by

Neil W. Benson Director

James B. Sunley Director

**SUNLEY FAMILY LIMITED (THE COMPANY)**

**BALANCE SHEET**

**31ST DECEMBER 1995**

	<b>Note</b>	<b>1995 £'000</b>	<b>1994 £'000</b>
<b>FIXED ASSETS</b>			
Investments	10	18,868	21,880
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Debtors	12	3,309	2,264
Cash at bank and in hand		292	487
		<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14(a)	3,601	2,751
		<hr/>	<hr/>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		2,599	3,204
		<hr/>	<hr/>
		1,002	(453)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		19,870	21,427
		<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Convertible loans	15	-	983
Creditors	14(b)	-	3,088
		<hr/>	<hr/>
		-	4,071
		<hr/>	<hr/>
		19,870	17,356
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
<b>CALLLED UP SHARE CAPITAL</b>	17	343	343
<b>SHARE PREMIUM</b>	18	11,289	11,289
<b>PROFIT AND LOSS ACCOUNT</b>	18	8,238	5,724
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>		19,870	17,356
		<hr/>	<hr/>
<b>EQUITY</b>		19,550	17,036
<b>NON-EQUITY</b>		320	320
		<hr/>	<hr/>

Approved by the Board on 28th March 1996 and signed on their behalf by

Neil W. Benson Director

James B. Sunley Director



**SUNLEY FAMILY LIMITED**

**GROUP CASH FLOW STATEMENT**

**AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 31ST DECEMBER 1995**

**GROUP CASH FLOW STATEMENT**

	Note	1995 £'000	1994 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	1	2,436	5,625
<b>Returns on investments and servicing of finance</b>			
Interest received		118	170
Interest paid		(5,455)	(1,993)
Dividend paid		(26)	(26)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(5,363)	(1,849)
<b>Taxation</b>			
Corporation tax paid		(86)	(180)
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(1,136)	(4,722)
Payments to acquire investments		(104)	(266)
Purchase of subsidiary undertakings		-	(126)
Receipts from sale of subsidiary companies	20	5,235	-
Receipts from sales of tangible fixed assets		328	69
Receipts from sales of investment properties		2,151	2,171
Receipts from sales of investments		1	110
Loan to associated company		(163)	(449)
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		6,312	(3,213)
<b>NET CASH INFLOW BEFORE FINANCING</b>		3,299	383
<b>Financing</b>			
Issue of ordinary share capital	4	-	11,300
Net loan repayments	4	(4,791)	(12,492)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	2 & 3	(1,492)	(809)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

Group loss for the year	(1,786)	(1,367)
Unrealised surplus on revaluation of investment properties	-	449
Unrealised surplus on revaluation of investments	78	-
Currency translation differences on group company balances	17	(160)
<b>Total gains and losses recognised since last annual report</b>	<b>(1,691)</b>	<b>(1,078)</b>

**SUNLEY FAMILY LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31ST DECEMBER 1995**

	1995 £'000	1994 £'000		
1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
Operating profit	2,238	3,778		
Share of profit of associated companies	(449)	(1,320)		
Depreciation	209	236		
Exchange loss	(12)	(141)		
Decrease in stocks	5,960	6,673		
Decrease in debtors	396	317		
(Decrease)/increase in creditors	(1,648)	875		
Transfer of properties from stock to tangible fixed assets	(3,865)	(4,793)		
Non-cash proceeds of sale of trading properties	(393)	-		
Net cash inflow from operating activities	<u>2,436</u>	<u>5,625</u>		
2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR				
Balance at 1st January 1995	1,998	2,807		
Net cash outflow	(1,492)	(809)		
Net bank overdraft of subsidiaries disposed of during the year	467	-		
Balance at 31st December 1995	<u>973</u>	<u>1,998</u>		
3. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET				
	1995 £'000	Disposal of subsidiaries £'000	1994 £'000	Change in year £'000
Cash at bank and in hand	1,715	27	2,847	(1,105)
Bank overdraft	(742)	(494)	(849)	(387)
	<u>973</u>	<u>(467)</u>	<u>1,998</u>	<u>(1,492)</u>
4. FINANCING		1995 £'000	1994 £'000	
Share capital (including share premium)		11,632	11,632	-
Loans due within one year		4,697	15,434	(10,737)
Loans due after more than one year		16,520	10,574	5,946
		<u>32,849</u>	<u>37,640</u>	<u>(4,791)</u>

# SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1995

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### 1. ACCOUNTING POLICIES

#### (a) BASIS OF PREPARATION

The financial statements are prepared on the historical cost basis modified for the revaluation of investment properties and except where noted below the financial statements are prepared in accordance with applicable accounting standards.

The consolidated financial statements comprise the financial statements of Sunley Family Limited and all of its subsidiary companies except as noted below made up to 31st December in each year. Subsidiary companies are accounted for from the effective dates of acquisition until the effective dates of disposal.

A subsidiary company Lake Nona Corporation is excluded from the consolidation. Further details regarding Lake Nona Corporation are set out in note 10(a)(i) to the financial statements.

No separate profit and loss account is presented for Sunley Family Limited as provided by Section 230(4) of the Companies Act 1985.

#### (b) TURNOVER

Turnover represents the value of sales of property, income from house building, income from investment properties and the value of goods and services supplied to third parties in the year.

#### (c) INVESTMENT PROPERTIES

Material investment properties are externally valued at least once every five years. In the intervening years investment properties are valued by the group's Chartered Surveyors on the basis of open market value.

#### (d) AMORTISATION AND DEPRECIATION

##### i) PROPERTIES

In accordance with Statement of Standard Accounting Practice No. 19 no amortisation is provided on freehold and leasehold investment properties with over 20 years of the lease unexpired. The directors consider that this policy results in the financial statements giving a true and fair view. Amortisation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

The company's short leasehold investment property and group occupied property are amortised over the period of the lease.

##### ii) OTHER TANGIBLE FIXED ASSETS

Depreciation is provided to write off the cost of other tangible fixed assets in equal instalments over their estimated useful lives, which vary between 2 and 5 years.

**SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31ST DECEMBER 1995**

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**(e) INVESTMENTS**

**i) GROUP**

The group's share of the results and net assets of associated companies is included in the consolidated financial statements under the equity method.

Other investments are included at cost or valuation.

**ii) COMPANY**

Investments in subsidiary companies, associated companies and other investments are stated at cost less provision for any permanent diminution in value.

Other investments are included at cost or valuation.

**(f) FINANCIAL CHARGES**

All financial charges including interest payable and arrangement fees are written off as incurred. No interest is capitalised.

**(g) STOCKS AND WORK IN PROGRESS**

Property held for development is stated at the lower of cost which includes costs directly associated with the acquisition and development of the project and net realisable value.

Properties for resale and other stocks and work in progress are stated at the lower of cost and net realisable value.

**(h) DEFERRED TAXATION**

Provision is made for deferred taxation, at expected rates of tax, for the effect of all material timing differences between profits for taxation purposes and profits as stated in the financial statements, to the extent that a liability is expected to arise in the foreseeable future.

**(i) FOREIGN CURRENCIES**

Profits and losses of the group's overseas operations are translated into sterling at the average rates of exchange for the year. Other assets and liabilities in foreign currencies are translated into sterling at the rates ruling on the balance sheet date.

Exchange differences arising from the retranslation of the opening net investment in companies preparing financial statements in foreign currencies are shown as a movement on reserves. Other exchange differences are included in arriving at profit on ordinary activities before taxation.

# SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES

## NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 1995

### (j) OPERATING LEASES

Rents payable under operating leases are charged to the profit and loss account in the year in which they become due.

### (k) PENSIONS

The group operates defined benefit and defined contribution schemes, the costs of which are provided in accordance with regular actuarial recommendations.

## 2. BUSINESS SEGMENT ANALYSIS

### (a) Turnover and Operating Profit

	1995		1994	
	Turnover	Operating Profit	Turnover	Operating Profit
	£'000	£'000	£'000	£'000
<b>Continuing activities</b>				
House building	14,319	1,294	12,786	1,163
Industrial property activities	1,249	901	1,293	1,665
General property investment and other activities	4,999	11	8,753	850
	<u>20,567</u>	<u>2,206</u>	<u>22,832</u>	<u>3,678</u>
<b>Discontinued activities</b>				
Farming and estate management	261	32	521	100
	<u>20,828</u>	<u>2,238</u>	<u>23,353</u>	<u>3,778</u>

### (b) Net Assets

	1995	1994
	£'000	£'000
House building	6,958	8,429
Industrial property activities	6,867	5,646
Farming and estate management	-	2,334
General property investment and other activities	26,608	31,262
Net trading assets	<u>40,433</u>	<u>47,671</u>
Deferred tax	(139)	(239)
	<u>40,294</u>	<u>47,432</u>
Net borrowings	(20,734)	(25,723)
Net assets	<u>19,560</u>	<u>21,709</u>

**SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31ST DECEMBER 1995**

**2. BUSINESS SEGMENT ANALYSIS (continued)**

**(c) Geographical Analysis**

A geographical analysis has not been provided as third party turnover, operating profit and net assets relating to the activities outside the United Kingdom are not significant.

<b>(d) The group operating profit is stated after charging:</b>	<b>1995 £'000</b>	<b>1994 £'000</b>
Depreciation	209	236
Hire of plant and machinery - operating leases	11	15
Hire of other assets - operating leases	114	120
Directors' remuneration (Note 6)	240	250
Auditors' remuneration - Audit	70	81
- Other	98	98
	<u>          </u>	<u>          </u>

**3. NET BANK INTEREST PAYABLE**

Interest payable on loans and overdrafts wholly repayable, other than by instalments, within five years	1,659	1,909
Interest payable on loans and overdrafts wholly repayable by instalments, within five years	397	156
	<u>2,056</u>	<u>2,065</u>
Interest receivable	(118)	(167)
	<u>1,938</u>	<u>1,898</u>
	<u>          </u>	<u>          </u>

**4. LOSS ON SALE AND WRITE DOWN OF FIXED ASSETS**

Write down of investment properties	1,650	1,400
Loss/(profit) on sale of fixed assets and investment properties	468	(14)
Write down of other investments	2	100
	<u>2,120</u>	<u>1,486</u>
	<u>          </u>	<u>          </u>

**SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31ST DECEMBER 1995**

5.	EMPLOYEES	1995	1994
		£'000	£'000
a)	Staff costs:		
	Wages and salaries	1,650	1,707
	Social security costs	166	163
	Other pension costs	94	120
		<u>1,910</u>	<u>1,990</u>
		<u>          </u>	<u>          </u>
		Number	Number
b)	Average number of employees	89	65
		<u>          </u>	<u>          </u>
6.	DIRECTORS' REMUNERATION	£'000	£'000
	Other emoluments	240	250
		<u>          </u>	<u>          </u>
In addition fees of £24,348 (1994: £24,180) were paid to a third party in respect of the services of the Chairman.			
	The highest paid director received	107	107
		<u>          </u>	<u>          </u>
	Other directors received:	Number	Number
	£60,001 - £65,000	2	-
	£70,001 - £75,000	-	2
		<u>          </u>	<u>          </u>
7.	TAXATION ON LOSS ON ORDINARY ACTIVITIES	£'000	£'000
	The credit/(charge) for taxation on the loss on ordinary activities represents:		
	UK Corporation tax at 33%	(108)	(200)
	Deferred taxation	100	50
	Share of tax of associated companies	(229)	(450)
	Overprovision in previous years	366	118
		<u>129</u>	<u>(482)</u>
		<u>          </u>	<u>          </u>
8.	DIVIDENDS PAID ON NON EQUITY SHARES		
	Non-equity dividends on preference shares		
	1st July 1995 paid	13	13
	31st December 1995 paid	13	13
		<u>26</u>	<u>26</u>
		<u>          </u>	<u>          </u>

**SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31ST DECEMBER 1995**

**9. TANGIBLE FIXED ASSETS**

(a)	GROUP	Investment	Group	Other	Total
		Properties	Occupied		
		£'000	Properties	£'000	£'000
			£'000		
	<b>COST</b>				
	At 1st January 1995	20,215	8,303	484	29,002
	Additions	902	7	227	1,136
	Transfers from stock	3,865	-	-	3,865
	Transfer from/(to) investment properties	2,301	(2,301)	-	-
	Disposals	(2,435)	(5,919)	(377)	(8,731)
	Exchange difference	26	3	-	29
	Write down	(1,650)	-	-	(1,650)
	Reclassification	-	264	-	264
	At 31st December 1995	23,224	357	334	23,915
	<b>DEPRECIATION</b>				
	At 1st January 1995	375	216	267	858
	Charge for the year	11	96	102	209
	Eliminated on disposal	-	(185)	(318)	(503)
	Transfer from/(to) investment properties	391	(391)	-	-
	Reclassification	-	264	-	264
	At 31st December 1995	777	-	51	828
	<b>BOOK VALUE</b>				
	At 31st December 1995				
	Unamortised cost or valuation	22,447	357	283	23,087
	At 31st December 1994				
	Unamortised cost or valuation	19,840	8,087	217	28,144
The net book value of investment properties and group occupied properties at 31st December 1995 comprised the following:					
	Freehold	22,220	357		
	Long leasehold	150	-		
	Short leasehold	77	-		
		22,447	357		



# SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES

## NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 1995

10. INVESTMENTS	1995		1994	
	Group £'000	Company £'000	Group £'000	Company £'000
Subsidiary companies (note 10(a))	-	18,536	-	21,630
Other investments (note 10(b))	4,984	332	4,032	250
	<u>4,984</u>	<u>18,868</u>	<u>4,032</u>	<u>21,880</u>

(a) SUBSIDIARY COMPANIES	Shares £'000	Loans £'000	Total £'000
At 1st January 1995	18,136	3,494	21,630
Additions (note 10(a)(ii))	2,400	-	2,400
Disposals (note 20)	(2,000)	(4,000)	(6,000)
Release of provision	-	506	506
At 31st December 1995	<u>18,536</u>	<u>-</u>	<u>18,536</u>

(i) Since 31st December 1995 the company's subsidiary, Lake Nona Corporation (LNC), has disposed of its assets and business. LNC is excluded from the consolidated accounts as, in the opinion of the directors, this treatment is appropriate in order for the accounts to give a true and fair view. Its assets were held exclusively with a view to realisation to settle finance from a US Government funding body. The company's investment in the share capital of LNC is fully provided against. Amounts advanced to LNC have in prior years been partially provided against and an amount of £682,000 is included within debtors which the directors believe to be a prudent estimate of the net realisable value of the investment. If amounts in excess of this amount are received they will be reflected in the accounts at that time. Audited accounts of LNC are not available.

(ii) During the year, the company subscribed for a further 2,400,000 ordinary shares of £1 each at par in Sunley Holdings PLC.

A list of principal subsidiaries at 31st December 1995 is given on page 23.

b) OTHER INVESTMENTS	Shares in Associated Companies £'000	Loans to Associated Companies £'000	Other Investments £'000	Total £'000
i) GROUP				
COST OR BOOK VALUE				
At 1st January 1995	3,550	349	133	4,032
Additions	58	-	439	497
Share of profit/(loss) of associated companies	509	(60)	-	449
Share of tax of associated companies	(229)	-	-	(229)
Loan to associated company	-	163	-	163
Disposals	-	-	(7)	(7)
Revaluation	-	-	79	79
At 31st December 1995	<u>3,888</u>	<u>452</u>	<u>644</u>	<u>4,984</u>

A subsidiary owns 50% of the issued ordinary share capital of CINIO Limited, comprising all the 'A' Ordinary shares of £1 each. CINIO Limited is registered in England and Wales and is engaged in property trading.

Another subsidiary owns 25% of the issued ordinary share capital of Landmark Projects Limited, which is registered in England and Wales and is engaged in retail property development.

The company owns 28.3% of the issued ordinary share capital of World Telecom PLC, which is registered in England and Wales, and is engaged in the provision of telecommunication services.

All three of these companies are regarded as associated companies and have been accounted for under the equity method in the consolidated financial statements.

**SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31ST DECEMBER 1995**

**10. INVESTMENTS (continued)**  
**(b)(i) OTHER INVESTMENTS**  
**GROUP (continued)**

An abbreviated profit and loss account of CINIO Limited is shown below.

	1995 £'000	1994 £'000
Turnover	5,998	10,967
Profit on ordinary activities before taxation	1,291	3,080
Taxation	428	900
Retained profit for the year	863	2,180
Share of profit after tax included in these financial statements	432	1,090
Share of loss after tax of other associated companies	(212)	(220)
	220	870

**(ii) COMPANY**

	Shares in Associated Companies £'000	Other Investments £'000	Total £'000
<b>COST OR BOOK VALUE</b>			
At 1st January 1995	150	100	250
Additions	58	24	82
At 31st December 1995	208	124	332

**11. STOCKS AND WORK IN PROGRESS**

	Group 1995 £'000	1994 £'000
Property held for house building development	9,167	10,087
Properties for resale	5,539	10,496
Other stocks and work in progress	115	308
	14,821	20,891

**12. DEBTORS**

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Due within one year:				
Trade debtors	631	870	-	-
Amounts owed by subsidiary companies	682	508	3,250	2,256
Other debtors	252	450	59	8
Prepayments and accrued income	750	761	-	-
Advance corporation tax recoverable	500	250	-	-
	2,815	2,839	3,309	2,264
Due after one year:				
Other debtors	-	150	-	-
	2,815	2,989	3,309	2,264

SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 1995

13. LOANS AND BANK OVERDRAFTS

	Group	
	1995 £'000	1994 £'000
Bank overdrafts:		
Secured	742	823
Unsecured	-	26
	<u>742</u>	<u>849</u>
Loans repayable within one year (Note 15)	4,697	15,434
	<u>5,439</u>	<u>16,283</u>

The secured bank overdrafts are secured on certain parts of group occupied properties and stocks and work in progress.

14. CREDITORS

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
(a) Amounts falling due within one year:				
Trade creditors	2,478	3,717	-	-
Amounts owed to group companies	-	-	2,542	2,667
U.K. Corporation tax	468	580	-	-
Other creditors	366	307	-	15
Accruals and deferred income	1,050	1,483	57	522
	<u>4,362</u>	<u>6,087</u>	<u>2,599</u>	<u>3,204</u>
(b) Amounts falling due after more than one year:				
Payments received in advance	921	921	-	-
Hire purchase creditors	-	2	-	-
Accruals	-	3,088	-	3,088
Dividends	481	-	-	-
	<u>1,402</u>	<u>4,011</u>	<u>-</u>	<u>3,088</u>

During 1994 the Group launched Sunley Secure II PLC, a Business Expansion Scheme company to provide assured tenancy housing. A total of £940,000 net of expenses, was subscribed and a major portion of this amount was used to purchase properties at market value from Sunley Estates Limited, a group company. The company has given a guarantee that there will be sufficient cash resources available for distribution from the BES Company in 1999 to provide the BES investors with a guaranteed return per share. As the guarantee is in place the sale of the properties to the BES Company has not been recognised in these financial statements. The properties are included in investment properties at their open market valuation of £921,000. The sale proceeds of £921,000 are held in creditors due after more than one year and the profit attributable to the properties of £250,000 has not been recognised in these financial statements.

**SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31ST DECEMBER 1995**

<b>15. LOANS</b>	<b>1995</b>	<b>1994</b>
	<b>£'000</b>	<b>£'000</b>
<b>GROUP</b>		
(a) Secured on part of stocks and work in progress and certain tangible fixed assets:		
Loans wholly repayable within five years	18,517	25,025
Loans not wholly repayable within five years	2,700	-
	<u>21,217</u>	<u>25,025</u>
(b) Unsecured Loan repayable other than by instalments after more than 5 years:		
Convertible Unsecured Loan Note	-	983
	<u>21,217</u>	<u>26,008</u>
Aggregate amount repayable within one year (Note 13)	(4,697)	(15,434)
	<u>16,520</u>	<u>10,574</u>
Amounts falling due:		
After five years	2,100	983
Between two and five years	10,389	9,341
Between one and two years	4,031	250
	<u>16,520</u>	<u>10,574</u>
Within one year	4,697	15,434
	<u>21,217</u>	<u>26,008</u>

The Group has entered into a loan facility of £2.7 million. The loan is repayable in instalments of £120,000 per annum and £1,500,000 on maturity in 2005. The rate of interest is 1.65% above LIBOR.

Fixed and floating charges over the assets of certain subsidiaries have been granted in respect of borrowings.

**COMPANY**

Convertible Unsecured Loan Note	-	983
	<u>-</u>	<u>983</u>

In November 1995 the Convertible Unsecured Loan Note of £983,000 and accrued interest of £3,385,000 were repaid to the note holder (see note 20).

**SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31ST DECEMBER 1995**

16. DEFERRED TAXATION AMOUNTS PROVIDED	Group £'000
At 1st January 1995	239
Released to profit and loss account	(100)
	<u>139</u>
At 31st December 1995	<u>139</u>

The amount provided relates to short term timing differences.

There is no potential liability for deferred tax on the revaluation of tangible fixed assets due to the availability of capital losses in a group company.

**17. CALLED UP SHARE CAPITAL**

	1995		1994	
(a) AUTHORISED	Number	£'000	Number	£'000
Ordinary shares of 10p each	12,500,000	1,250	12,500,000	1,250
8% Cumulative preference shares of £1 each	<u>320,000</u>	<u>320</u>	<u>320,000</u>	<u>320</u>
		<u>1,570</u>		<u>1,570</u>
		<u>1,570</u>		<u>1,570</u>
(b) ALLOTTED, ISSUED AND FULLY PAID				
Ordinary shares of 10p each	234,786	23	234,786	23
8% Cumulative preference shares of £1 each	<u>320,000</u>	<u>320</u>	<u>320,000</u>	<u>320</u>
		<u>343</u>		<u>343</u>
		<u>343</u>		<u>343</u>

**(c) RIGHTS TO NON EQUITY SHARES**

The 8% Cumulative preference shares of £1 each carry the right to a fixed cumulative preferential dividend of 8 pence (exclusive of any tax credit) on each share and are irredeemable. On a winding up the holders are entitled to the nominal amount paid up on each share together with a sum equal to any arrears and accruals of the fixed dividend. The holders are entitled to vote only on matters affecting the rights attaching to the shares.

**SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31ST DECEMBER 1995**

**18. RESERVES**

<b>a) GROUP</b>	<b>Share premium account £'000</b>	<b>Revaluation reserve £'000</b>	<b>Net reserve on consolidation £'000</b>	<b>Profit and loss account £'000</b>
At 1st January 1995	11,289	449	16,661	(7,569)
Revaluation surplus	-	78	-	-
Loss for year	-	-	-	(1,812)
Exchange adjustments	-	-	-	17
At 31st December 1995	<u>11,289</u>	<u>527</u>	<u>16,661</u>	<u>(9,364)</u>

The group profit and loss account at 31st December 1995 includes £1,464,000 (1994: £1,244,000) retained by associated companies.

**b) COMPANY**

	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>
At 1st January 1995	11,289	5,724
Retained profit for the year	-	2,514
At 31st December 1995	<u>11,289</u>	<u>8,238</u>

**19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>1995 £'000</b>	<b>1994 £'000</b>
Loss for the financial year	(1,786)	(1,367)
Dividends	(26)	(26)
Other recognised gains and losses relating to the year (net)	95	289
New share capital issued	-	11,300
Reserve arising on consolidation	-	161
Net (reduction)/addition in shareholders' funds	<u>(1,717)</u>	<u>10,357</u>
Opening shareholders' funds	21,173	10,816
Closing shareholders' funds	<u>19,456</u>	<u>21,173</u>

# SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES

## NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 1995

### 20. PROFIT ON DISPOSAL OF SUBSIDIARIES

The profit in the year ended 31st December 1995 arose from the disposal of the whole of the group's interest in Sunley Farms Limited and its subsidiary Sunley Stud Limited in November 1995 to the holder of the Convertible Unsecured Loan Note.

The disposal of these businesses means that the Group has discontinued its farming and estate management operations. However, the results and cash flows of these operations were not material to the results and cash flows of the Group (see note 2a) and therefore separate disclosure is not deemed necessary.

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Net assets disposed of:

Tangible fixed assets	5,281
Stocks	110
Debtors	267
Creditors	(672)
Net bank overdraft	(467)
Loans	(4,000)
	<hr/> 519

Net proceeds (see below)	773
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Profit on disposal	<hr/> 254
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There was no purchased goodwill on the original acquisition of these businesses by the Group.

Satisfied by:

Cash	867
Repayment of loan note	983
Repayment of accrued interest	3,385
	<hr/> 5,235
Settlement of intra-group balances	(4,462)

Net proceeds	<hr/> 773
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### 21. CONTINGENT LIABILITIES, GUARANTEES AND OTHER FINANCIAL COMMITMENTS

A subsidiary, Sunley Holdings PLC, has given guarantees to Sunley Secure PLC and Sunley Secure II PLC in connection with the values of those companies in 1998. The directors are confident that no significant liabilities will arise under those guarantees. Sunley Secure PLC and Sunley Secure II PLC are owned independently, are engaged in letting property under assured tenancies and were set up under the provisions of the Business Expansion Scheme.

**22. PENSIONS**

**a) Defined Benefit Scheme**

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was as at 31st March 1994. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in pensionable salaries. It was assumed that the investment returns would be 10% per annum and that salary increases would average 7% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £3,223,000 and that the actuarial value of those assets represented 189% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The pension charge for the period was £14,000 (1994: £Nil).

**(b) Defined Contribution Scheme**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.



# SUNLEY FAMILY LIMITED AND ITS SUBSIDIARY COMPANIES

## GROUP COMPANIES

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The following is a list of the principal subsidiary and associated companies of Sunley Family Limited at 31st December 1995 which were wholly owned at that date except where otherwise indicated.

Group companies not owned directly by Sunley Family Limited are indicated by an asterisk.

		Country of Registration and Operation
<b>HOUSE BUILDING</b>		
* Sunley Estates PLC		England
<b>PROPERTY INVESTMENT AND DEVELOPMENT</b>		
Sunley Holdings PLC		England
* Sunley Developments Limited		England
* Sunley Investments Limited		England
* Industrial Ownership PLC		England
Ordinary shares of £1 each	75%	
Preferred ordinary shares of £1 each	100%	
* CINIO Ltd. (50% owned by Industrial Ownership PLC)		England
Mistabell Limited		England
Midone Properties Limited		England
Bernard & Mary Sunley Limited		England
* Worth Avenue Limited		England
* Landmark Projects Limited		
Ordinary shares of £1 each	25%	England
Lake Nona Corporation		U.S.A.
* Sunley London Limited		
Ordinary shares of £1 each	75%	England
<b>OTHER ACTIVITIES</b>		
Sunley World of Golf Limited		
Ordinary shares of £1 each	75%	England
World Telecom PLC		
Ordinary shares of £1 each	28.3%	England