

# Quondam Estates Investments Limited

Directors' report and financial statements

Year ended 31 March 2002

Registered number: 2879299



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## Directors' report

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The directors present their annual report and audited financial statements for the year ended 31 March 2002.

### Principal activity and business review:

The principal activity of the Company is property investment.

The results for the year ended 31 March 2002 are set out in the profit and loss account on page 4. The directors recommend that no dividend be paid for the year ended 31 March 2002 (2001: £nil).

### Directors and their interests:

The directors of the Company who held office during the year were as follows: -

N G Ellis

A R Wyatt

M E Riley (appointed 13 August 2001 and resigned 31 July 2002)

E S Dugdale (resigned 7 October 2002)

N S K Shattock

R J Worthington (appointed 22 August 2001)

J R Hamilton Stubber (appointed 14 October 2002)

No director or any of their immediate family held a beneficial interest in the share capital of the Company. The directors listed above except J R Hamilton Stubber, at 31 March 2002, are also directors of the ultimate parent company and, as such, their interests in the share and loan capital of that company are shown in its directors' report.

### Payments policy:

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment.

### Auditors:

In accordance with section 384 of the Companies Act 1985 a resolution concerning the re-appointment of KPMG Audit Plc as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD,



C I Eastwood

Secretary

12 December 2002

58 Davies Street  
London W1K 5JF

#### Statement of directors' responsibilities

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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 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; 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Independent auditors' report to the members of Quondam Estates Investments Limited**

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We have audited the financial statements on pages 4 to 14.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Directors' Report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 group is not disclosed.

**Basis of audit 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 as at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

*KPMG Audit Plc*

Chartered Accountants and Registered Auditor

8 Salisbury Square

London EC4Y 8BB

12 December 2002

**Profit and loss account**  
**For the year ended 31 March 2002**

	Notes	2002 £	2001 £
<b>Turnover</b>	2	105,947	98,432
Cost of sales		<u>(96,402)</u>	<u>(46,888)</u>
<b>Gross profit</b>		9,545	51,544
Administrative expenses		<u>(1,292)</u>	<u>(840)</u>
<b>Operating profit</b>		8,253	50,704
Loss on sale of investment properties		(4,547)	-
Net interest receivable (payable)	3	<u>647</u>	<u>(91)</u>
<b>Profit on ordinary activities before taxation</b>	4	4,353	50,613
Tax on profit on ordinary activities	5	<u>(37,784)</u>	<u>(17,446)</u>
<b>Retained (loss) profit for the financial year</b>		<u>(33,431)</u>	<u>33,167</u>

The accompanying notes are an integral part of this profit and loss account.  
 The results in the profit and loss account relate to continuing operations.

**Statement of total recognised gains and losses**  
**For the year ended 31 March 2002**

	Notes	2002 £	2001 £
(Loss) profit for the financial year		(33,431)	33,167
Unrealised surplus on revaluation of investment properties	12	25,000	111,465
Total gains and losses recognised during the year		(8,431)	144,632

**Note of historical cost profits and losses**  
**For the year ended 31 March 2002**

	Notes	2002 £	2001 £
Profit on ordinary activities before taxation		4,353	50,613
Realisation of property revaluation gains of previous years	12	226,000	-
Historical cost profit on ordinary activities before taxation		230,353	50,613
Historical cost profit for the year retained after taxation and dividends		192,569	33,167

**Reconciliation of movements in equity shareholders' funds**  
**For the year ended 31 March 2002**

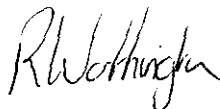
	Notes	2002 £	2001 £
(Loss) profit for the financial year		(33,431)	33,167
Other recognised gains and losses relating to the year		<u>25,000</u>	<u>111,465</u>
Net (reduction) addition to equity shareholders' funds		(8,431)	144,632
Opening shareholders' funds		<u>1,400,667</u>	<u>1,256,035</u>
Closing shareholders' funds		<u>1,392,236</u>	<u>1,400,667</u>



**Balance sheet**  
**As at 31 March 2002**

	Notes	2002 £	2001 £
<b>Fixed assets</b>			
Investment properties	6	795,000	1,124,000
Investment in subsidiaries	7	8,960,000	8,960,000
		<u>9,755,000</u>	<u>10,084,000</u>
<b>Current assets</b>			
Stocks	8	2,500	77,500
Debtors	9	336,048	464,490
		<u>338,548</u>	<u>541,990</u>
<b>Creditors : amounts falling due within one year</b>	10	<u>(8,701,312)</u>	<u>(9,225,323)</u>
<b>Net current liabilities</b>		<u>(8,362,764)</u>	<u>(8,683,333)</u>
<b>Net assets</b>		<u>1,392,236</u>	<u>1,400,667</u>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Revaluation reserve	12	150,527	351,527
Profit and loss account	12	<u>1,241,609</u>	<u>1,049,040</u>
<b>Equity shareholders' funds</b>		<u>1,392,236</u>	<u>1,400,667</u>

Signed on behalf of the Board



R J Worthington

Director

12 December 2002

**Notes to the accounts**  
**For the year ended 31 March 2002**

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**1. ACCOUNTING POLICIES**

The principal accounting policies, which have been applied consistently throughout the year and the preceding year except as noted below, are as follows:

**a) Basis of accounting**

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with all applicable accounting standards and the requirements of the Companies Act 1985, except as explained below.

**b) Consolidated financial statements**

Under section 228 of the Companies Act 1985, the Company is exempt from the requirement to prepare consolidated accounts on the grounds that its results are included in the accounts of its parent undertaking Quintain Estates and Development PLC. Consequently the financial statements present information about the Company as an individual undertaking and not about its group.

**c) Cashflow statement**

Under the provisions of FRS 1 (Revised), the Company has not prepared a cashflow statement because its ultimate parent Company, Quintain Estates and Development PLC, which is incorporated in Great Britain, has prepared consolidated financial statements which include the financial statements of the Company for the year and which contain a cashflow statement.

**d) Turnover**

Turnover is stated net of VAT and comprises rental income, sales of trading stocks, commissions and fees receivable. Rent increases arising from rent reviews due during the year are taken into account only to the extent that such reviews are agreed with tenants at the accounting date.

**e) Disposal of properties**

Sales of properties are recognised in the accounts if an unconditional contract is exchanged by the balance sheet date and the sale is completed before the accounts are approved by the Board. Profits or losses arising from the sale of investment properties are calculated by reference to book value and treated as exceptional items while those arising from the sale of trading properties are included in the profit and loss account as part of the operating profit of the Company.

**Notes to the accounts**  
**For the year ended 31 March 2002**

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**f) Depreciation**

In accordance with SSAP 19 Accounting for Investment Properties, no depreciation is provided in respect of the Company's freehold investment properties and leasehold investment properties with over 20 years to run. This represents a departure from the provisions of the Companies Act 1985 which requires all properties to be depreciated. Such properties are held not for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified.

**g) Valuation of properties**

Investment properties are independently valued annually by external professional valuers on an open market basis. Investment properties under development are stated at estimated market value on completion, supported by independent valuation, less estimated costs to complete. Any surplus or deficit on revaluation is transferred to the revaluation reserve except that deficits below original cost which are expected to be permanent are charged to the profit and loss account. Finance charges incurred on investment properties under development are capitalised within the historical cost until practical completion.

Trading properties are stated at the lower of cost and net realisable value.

**h) Other investments**

Fixed asset investments are stated at cost less any provision for impairment in value.

**i) Stocks**

Stocks of properties are stated at the lower of cost or net realisable value.

**j) Deferred taxation**

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date, except that as permitted by FRS 19, Deferred Tax, no provision is made for the tax on unrealised property revaluation surpluses. Deferred tax assets are recognised to the extent that they are considered recoverable. The first time application of FRS 19 has no material impact on the current year or preceding year.

Notes to the accounts  
 For the year ended 31 March 2002

2. TURNOVER

This comprised:

	2002	2001
	£	£
Rents receivable	15,947	35,841
Sales of trading properties	90,000	62,000
Other income	-	591
	<u>105,947</u>	<u>98,432</u>

3. NET INTEREST RECEIVABLE (PAYABLE)

	2002	2001
	£	£
Interest payable on bank loans and overdrafts	-	(91)
Interest receivable	<u>647</u>	<u>-</u>
	<u>647</u>	<u>(91)</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration has been wholly borne by the ultimate parent company, Quintain Estates and Development PLC.

The directors received no remuneration during the year (2001: £nil). Directors' remuneration in respect of the directors of the Company is wholly borne by and disclosed in the accounts of the ultimate parent company, Quintain Estates and Development PLC. There were no employees other than the directors during the year (2001: nil).

Notes to the accounts

For the year ended 31 March 2002

5. TAX ON (LOSS) PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£	£
UK Corporation tax on revenue profit for the year at 30% (2001: 30%)	37,784	17,446
Factors affecting the tax charge for the year:		
Tax on revenue profits for the year at 30% (2001: 30%)	1,306	15,184
Use of tax losses and ACT	(31,433)	-
Capital gains	62,878	-
Accounting loss on sale of investment property	1,364	-
Disallowable expenditure	486	314
Non-taxable income and other differences	3,183	1,948
	37,784	17,446

6. INVESTMENT PROPERTIES

	Freehold	Long Leasehold	Total
	£	£	£
Balance at 1 April 2001	474,000	650,000	1,124,000
Disposals	(354,000)	-	(354,000)
Revaluation surplus (note 12)	25,000	-	25,000
Balance at 31 March 2002	145,000	650,000	795,000

Investment properties have been valued independently by Jones Lang LaSalle, Chartered Surveyors, as external valuers, on the basis of open market value and in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

The historical cost of the Company's investment properties was £644,473 (2001: £772,473).

Notes to the accounts  
 For the year ended 31 March 2002

7. INVESTMENT IN SUBSIDIARIES

	£
Cost as at 1 April 2001 and 31 March 2002	8,960,000

The Company has an investment in the following principal subsidiary undertaking which is incorporated and operates in the United Kingdom. The Company holds 100% of the shares of the subsidiary undertaking.

Subsidiary undertaking	Principal activity
Quondam Properties Investments Limited	Property investment

8. STOCK

	£
Movements in stocks of properties:	
Balance at 1 April 2001	77,500
Sale of property	(75,000)
Balance at 31 March 2002	2,500

9. DEBTORS

	2002 £	2001 £
Rent receivable	-	10,004
Corporation tax	329,291	392,897
Other debtors	6,157	61,589
Prepayments and accrued income	600	-
	<u>336,048</u>	<u>464,490</u>

Notes to the accounts  
 For the year ended 31 March 2002

10. CREDITORS : AMOUNTS DUE WITHIN ONE YEAR

	2002	2001
	£	£
Trade creditors	-	969
Other creditors	1,763	-
Amounts due to group undertakings	8,698,322	9,217,945
VAT payable	100	326
Accruals and deferred income	1,127	6,083
	<u>8,701,312</u>	<u>9,225,323</u>

11. CALLED UP SHARE CAPITAL

	2002	2001
	£	£
Authorised :		
50,000,000 shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>
Allotted, called up and fully paid :		
100 shares of £1 each	<u>100</u>	<u>100</u>

12. RESERVES

	Revaluation reserve	Profit and loss account
	£	£
Balance 1 April 2001	351,527	1,049,040
Surplus on revaluation of investment properties (note 6)	25,000	-
Realisation of property revaluation gains of previous years	(226,000)	226,000
Retained loss for the financial year	-	(33,431)
<b>Balance 31 March 2002</b>	<u>150,527</u>	<u>1,241,609</u>

**Notes to the accounts**

**For the year ended 31 March 2002**

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**13. RELATED PARTY TRANSACTIONS**

The Company is a wholly owned subsidiary undertaking of Quintain Estates and Development PLC and therefore it has taken advantage of the exemption under FRS 8 not to provide information on related party transactions with other undertakings within the group.

**14. ULTIMATE PARENT COMPANY**

The Company's ultimate parent company and controlling party is Quintain Estates and Development PLC. The results of the Company are consolidated in the financial statements of Quintain Estates and Development PLC. Group financial statements are available on request from 58 Davies Street, London W1K 5JF.