

ARTHUR
ANDERSEN

ARTHUR ANDERSEN & CO, SC

Fiscal Estates Investments Limited

Accounts 31 December 1995

together with directors' and auditors' reports

Registered number: 2879299



Directors' report

For the year ended 31 December 1995

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1994.

Principal activity

The principal activity of the company is the holding of property for investment.

Results and dividends

The results of the company show a profit after taxation for the period of £3,422,918 (1994: £2,435,323). The company paid no interim dividend (1994: £1,150,000), but a final dividend of £3,000,000 (1994: £60,000) is proposed for the year.

Directors and their interests

The directors who served during the year were as follows:

T.P. Goddard (resigned 10 January 1995)

G. Bloor

R.B. Blaxland

C.M. Masterson

The directors had no interests in the share capital of the company during the year.

Interests of the directors in the share capital of the ultimate parent company, Fiscal Properties plc, are disclosed in the accounts of that company.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 year. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

Directors' responsibilities (continued)

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 accounts 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.

Fixed assets

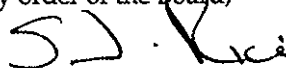
Information relating to significant changes in fixed assets is given in note 6 to the accounts.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

94 Mount Street
London
W1Y 5HG

By order of the Board,



S.J. Rice

23 May 1996

Auditors' report

London

To the Shareholders of Fiscal Estates Investments Limited:

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

23 May 1996

Profit and loss account

For the year ended 31 December 1995

	Notes	Year ended 31 December 1995 £	Period ended 31 December 1994 £
Turnover	1d)	3,578,519	2,664,798
Cost of sales		(66,421)	(39,399)
Gross profit		3,512,098	2,625,399
Operating expenses		(92,378)	(178,712)
Operating profit		3,419,720	2,446,687
Investment income	2	3,228	4,331
Interest payable and similar charges		(30)	(695)
Profit for the financial year	3	3,422,918	2,450,323
Taxation on profit on ordinary activities	4	-	(15,000)
Profit for the financial year		3,422,918	2,435,323
Dividends paid and proposed	5	(3,000,000)	(1,210,000)
Retained profit for the year		422,918	1,225,323

A statement of movement on reserves is given in note 10.

The accompanying notes are an integral part of this profit and loss account.

Statement of total recognised gains and losses

For the year ended 31 December 1995

	1995 £	1994 £
Profit for the financial year	3,422,918	2,435,323
Unrealised deficit on revaluation of properties	(902,908)	(388,836)
Total recognised gains and losses relating to the year	2,520,010	2,046,487

The accompanying notes are an integral part of this statement.

Balance sheet

31 December 1995

	Notes	1995 £	1994 £
Fixed assets			
Investment properties	6	46,180,000	38,835,000
Current assets			
Debtors	7	86,216	20,076
Cash at bank and in hand		1	1
		<u>86,217</u>	<u>20,077</u>
Creditors: Amounts falling due within one year	8	<u>(45,909,620)</u>	<u>(38,018,490)</u>
Net current liabilities		<u>(45,823,403)</u>	<u>(37,998,413)</u>
Total assets less current liabilities		<u>356,597</u>	<u>836,587</u>
Net assets		<u>356,597</u>	<u>836,587</u>
Capital and reserves			
Share capital	9	100	100
Revaluation reserve	10	(1,291,744)	(388,836)
Profit and loss account	10	<u>1,648,241</u>	<u>1,225,323</u>
Total equity shareholders' funds	11	<u>356,597</u>	<u>836,587</u>

Signed on behalf of the Board

Director



Approved by the Board on

23 May 1996

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 December 1995

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the previous period, is set out below.

a) Basis of accounting

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

b) Investment properties

Investment properties are subject to annual valuations and are stated at their open market values. Surpluses or deficits on individual properties are transferred to the revaluation reserve, unless a deficit or its reversal, is expected to be permanent in which case it is charged, or credited, to the profit and loss account. In accordance with SSAP 19, no depreciation is provided in respect of investment properties. Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the current values of investment properties, and changes in those current values, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown for depreciation cannot be separately identified or quantified.

c) Taxation

Corporation tax payable is provided on taxable profits at current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred tax, including that which will probably not reverse, is shown in the notes to the accounts.

d) Turnover

Turnover, which is stated net of VAT, comprises rental income derived from investment properties.

e) Revaluation reserve

Changes in the value of investment properties are recorded in a non-distributable revaluation reserve. On disposal of an investment property, the applicable revaluation surplus or deficit is transferred to the profit and loss account by way of transfer between reserves.

2 Investment income

Investment income comprises interest receivable on cash balances.

Notes to accounts (continued)

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 1995 £	Period ended 31 December 1994 £
Auditors' remuneration		
i. audit fees	-	3,000
ii. other	2,200	3,000
	<u>2,200</u>	<u>3,000</u>

The company paid no remuneration to directors during the year, and had no employees.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year and their respective historical cost equivalents.

4 Taxation on profit on ordinary activities

The tax charge is based on the profit for the period and comprises:

	Year ended 31 December 1995 £	Period ended 31 December 1994 £
Corporation tax at 33%	-	15,000
	<u>-</u>	<u>15,000</u>

The Company has benefited from the surrender of group relief from other group undertakings at nil consideration during the year.

5 Dividends paid and proposed

	Year ended 31 December 1995 £	Period ended 31 December 1994 £
Ordinary dividend		
- paid (1994: £11,500 per share)	-	1,150,000
- proposed (£30,000 per share (1994: £600))	3,000,000	60,000
	<u>3,000,000</u>	<u>1,210,000</u>

Notes to accounts (continued)

6 Investment properties

The movement in the year was as follows:

	Year ended 31 December 1995 £	Period ended 31 December 1994 £
Cost or valuation		
Beginning of year	38,835,000	-
Additions	8,247,908	39,223,836
Revaluation	(902,908)	(388,836)
End of year	<u>46,180,000</u>	<u>38,835,000</u>
Historic cost	<u>47,471,744</u>	<u>39,223,836</u>

Investment properties were valued on an open market existing-use basis, by either Messrs. Jones Lang Wootton or DTZ Debenham Thorpe, as at 31 December 1995.

7 Debtors

	Year ended 31 December 1995 £	Period ended 31 December 1994 £
Amounts falling due within one year:		
Trade debtors	66,094	-
ACT recoverable	15,000	15,000
VAT	46	-
Other debtors	5,076	5,076
	<u>86,216</u>	<u>20,076</u>

Notes to accounts (continued)

8 Creditors: Amounts falling due within one year

	Year ended 31 December 1995 £	Period ended 31 December 1994 £
Trade creditors	-	4,788,880
Amounts owed to parent (including proposed dividends)	16,772,898	7,489,783
Amounts owed to fellow group undertakings	25,065,902	25,065,902
Other creditors		
- UK corporation tax payable	12,847	15,000
- ACT on proposed dividends	-	15,000
- VAT	141,053	79,729
Accruals and deferred income	3,916,920	564,196
	<u>45,909,620</u>	<u>38,018,490</u>

Amounts owed to parent and fellow group undertakings are repayable on demand and did not carry interest during the year.

9 Share capital

	Year ended 31 December 1995 £	Period ended 31 December 1994 £
<i>Authorised</i>		
50,000,000 ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>
<i>Allotted, called-up and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

10 Reserves

	Revaluation reserve £	Profit and loss account £
Beginning of year	(388,836)	1,225,323
Revaluation deficit	(902,908)	-
Retained profit for the year	-	422,918
End of year	<u>(1,291,744)</u>	<u>1,648,241</u>

Notes to accounts (continued)

11 Reconciliation of movements in shareholders' funds

	Year ended 31 December 1995 £	Period ended 31 December 1994 £
Retained profit for the year	422,918	1,225,323
Other recognised gains and losses relating to the revaluation of investment properties	(902,908)	(388,836)
New share capital subscribed	-	100
Net (reduction in) addition to shareholders' funds	(479,990)	836,587
Opening shareholders' funds	836,587	-
Closing shareholders' funds	356,597	836,587

12 Contingent liabilities

The full potential amount of deferred taxation not provided, were investment properties to be disposed of at their carrying values amounts to £nil after taking account of allowances, other timing differences and losses for taxation purposes.

The company is part of a group wide VAT group, and is therefore liable for the full amount of VAT outstanding if this should not be met from elsewhere within the group.

13 Ultimate parent company

The ultimate parent company is Fiscal Properties plc, a company incorporated in Great Britain and registered in England and Wales. The results of the company are consolidated in the accounts of Fiscal Properties plc, copies of which are available to the public and may be obtained from 94 Mount Street, London W1Y 5HG.

As the consolidated accounts of Fiscal Properties plc include a consolidated cash flow statement, no cash flow statement has been prepared for Fiscal Estates Investments Limited.