

**Oxford, Swindon & Gloucester
Co-operative Estates Limited**

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 JANUARY 2001

REGISTERED NO. 3051198



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Oxford, Swindon & Gloucester Co-operative Estates Limited

Annual report for the year ended 31 January 2001

	Pages
Directors' report	1-2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6-11

Directors' report for the year ended 31 January 2001

The directors present their report and the audited financial statements for the year ended 31 January 2001.

Principal activity

The profit and loss account for the year is set out on page 4.

The principal activity of the company is property investment and management.

Review of the business

The directors consider the results for the year and the year end financial position are satisfactory and expect that the present level of activity will be sustained for the foreseeable future.

Dividends

An interim dividend of £1,940,000 (2000: £1,730,000) was paid during the year. The directors do not recommend the payment of a further dividend.

Directors

The directors of the company at 31 January 2001, all of whom had held office for the whole of the year, unless otherwise stated, were:-

M A Alder	J A Gardiner	J Nunn-Price
S E Allen	P H Gray	C J Nyland
S R Allsopp	W Gray	R Owen
M Burton	*W Hawkins	**J A Postles
G J Day	D Morrison	V S Woodell

* resigned on 23 October 2000

** appointed on 23 October 2000

Directors' Interests

None of the directors had any interest in the shares of the Company or any other group companies at any time during the year, other than investments in the non-equity shares of the ultimate parent undertaking.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 January 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint KPMG will be proposed at the annual general meeting.

By order of the Board



C G Wallis
Secretary

9 April 2001

Oxford, Swindon & Gloucester Co-operative Estates Limited

**Auditors' report to the members of
Oxford, Swindon & Gloucester Co-operative Estates Limited**

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

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. 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 other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 the Company's affairs at 31 January 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG

Chartered Accountants and Registered Auditors

Birmingham

9 April 2001

Oxford, Swindon & Gloucester Co-operative Estates Limited

Profit & loss account for the year ended 31 January 2001

	Note	2001 £	2000 £
Turnover	2	<u>2,673,276</u>	<u>2,614,912</u>
Gross Profit		2,673,276	2,614,912
Administrative expenses		<u>708,511</u>	<u>653,150</u>
Operating profit and profit on ordinary activities before taxation	5	1,964,765	1,961,762
Taxation on profit on ordinary activities	6	<u>75,000</u>	<u>75,416</u>
Profit on ordinary activities after taxation		1,889,765	1,886,346
Dividend paid	7	<u>1,940,000</u>	<u>1,730,000</u>
Retained (loss)/profit for the year	12	<u><u>(50,235)</u></u>	<u><u>156,346</u></u>

The results relate wholly to continuing operations.

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

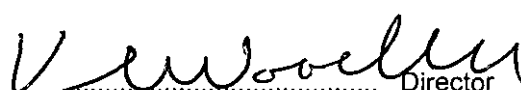
The company has no recognised gains other than the profit for the year included above and therefore no separate statement of recognised gains and losses has been presented.

Oxford, Swindon & Gloucester Co-operative Estates Limited

Balance sheet as at 31 January 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	8	<u>18,615,640</u>	<u>19,001,833</u>
Current assets			
Debtors	9	488,079	74,619
Current liabilities			
Creditors: amounts falling due within one year	10	<u>(17,854,857)</u>	<u>(17,777,355)</u>
Net current liabilities		<u>(17,366,778)</u>	<u>(17,702,736)</u>
Net assets		<u>1,248,862</u>	<u>1,299,097</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	662,164	712,399
Revaluation reserve	12	<u>586,696</u>	<u>586,696</u>
Equity shareholders' funds	13	<u>1,248,862</u>	<u>1,299,097</u>

The financial statements on pages 4 to 11 were approved by the board on 9 April 2001 and were signed on its behalf by:


Director

Notes to the financial statements for the year ended 31 January 2001

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. However, compliance with SSAP 19 'Accounting for investment properties', requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given in the note relating to depreciation below. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of Accounts

The financial statements have been prepared under the historical cost accounting convention modified to include the revaluation of investment properties, and on the going concern basis, based on assurances of continuing financial support received from the ultimate parent undertaking.

Turnover

Turnover represents property rentals receivable, exclusive of value added tax.

Depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated to write off the total cost of tangible fixed assets or, where appropriate, the original cost to the group over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold properties	2%
Leasehold properties	over the unexpired period of the lease
Fixtures and fittings	10% - 33.3%

In accordance with accepted accounting standards, depreciation is not charged on land and freehold investment properties. Depreciation is not provided on assets in the year of acquisition.

Investment properties

Investment properties are defined as those which are rented (or are available to rent) wholly to third parties. These properties are restated annually at their open market values and the revalued amounts included within fixed assets.

Oxford, Swindon & Gloucester Co-operative Estates Limited

Notes to the financial statements for the year ended 31 January 2001

Taxation

Provision is made for deferred taxation using the liability method, except in respect of timing differences which are unlikely to result in a tax liability in the foreseeable future.

Cash flow statement

The company is a wholly owned subsidiary of Oxford, Swindon & Gloucester Co-operative Society Limited. The cash flow of the company is included in the consolidated group cash flow statement of that Society. Consequently the company itself is exempt under Financial Reporting Standard 1 (revised 1996) from publishing a cash flow statement.

2 Turnover

Turnover consists entirely of income from property rentals arising in the United Kingdom.

3 Directors' remuneration

The directors receive remuneration from Oxford, Swindon & Gloucester Co-operative Society Limited in respect of their services to the Society and receive no emoluments from the company. Their remuneration is reflected in the group financial statements of Oxford, Swindon & Gloucester Co-operative Society Limited.

4 Employees

The company has no employees other than the directors listed on page 1.

5 Profit on ordinary activities before taxation

	2001	2000
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	458,136	453,086
Property rentals - operating leases	59,354	36,015

The audit fee is met by the ultimate parent undertaking.

Oxford, Swindon & Gloucester Co-operative Estates Limited

Notes to the financial statements for the year ended 31 January 2001

6 Taxation on profit on ordinary activities

	2001 £	2000 £
United Kingdom corporation tax at 30% (2000:30%)		
Current	<u>75,000</u>	<u>75,416</u>

No provision has been made for deferred taxation.

The full deferred tax liability or asset at the year end (excluding that relating to gains previously rolled over, or in respect of revalued properties which are dealt with below) is:

	Full potential liability/(asset) 2001 £	Full potential liability/(asset) 2000 £
Accelerated capital allowances	3,006	(1,086)
Short term timing differences	(663)	-
Full potential liability/(asset)	<u>2,343</u>	<u>(1,086)</u>

No deferred tax liability is provided in respect of those properties which have been revalued giving rise to the revaluation reserve. In the opinion of the directors no tax liability would arise on disposal of these revalued properties at their revalued amounts because of the availability of indexation to reduce the taxable capital gain.

7 Dividend

	2001 £	2000 £
Dividend on equity shares:		
Ordinary - Interim paid of £970,000 per share (2000: £865,000)	<u>1,940,000</u>	<u>1,730,000</u>

Notes to the financial statements for the year ended 31 January 2001

8 Tangible fixed assets

	Land and buildings £	Investment properties £	Fixtures & fittings £	Total £
Cost				
At 1 February 2000	24,641,122	800,000	33,158	25,474,280
Intra-group transfers	(27,239)	-	-	(27,239)
Additions	99,613	-	-	99,613
At 31 January 2001	24,713,496	800,000	33,158	25,546,654
Depreciation				
At 1 February 2000	6,455,702	-	16,745	6,472,447
Intra-group transfers	-	-	-	-
Provided in year	455,122	-	3,014	458,136
At 31 January 2001	6,910,824	-	19,759	6,930,583
Net book value				
At 31 January 2001	17,802,672	800,000	13,399	18,616,071
Net book value				
At 31 January 2000	18,185,420	800,000	16,413	19,001,833

The net book value of properties comprises:

	Land and buildings		Investment properties	
	2001	2000	2001	2000
At cost or valuation:	£	£	£	£
Freehold	16,753,432	17,080,445	800,000	800,000
Long leasehold	665,794	685,118	-	-
Short leasehold	383,105	419,857	-	-
Net book value	17,802,331	18,185,420	800,000	800,000

All investment properties have been revalued on an open market basis in accordance with the RICS Appraisal and Valuation Manual as at 31 January by Richard Holmes, FRICS, the Groups property and development manager. The historic cost of these properties was £213,304.

Bank borrowings of the ultimate parent undertaking are secured by a legal charge over the company's land and buildings and investment properties.

Oxford, Swindon & Gloucester Co-operative Estates Limited

Notes to the financial statements for the year ended 31 January 2001

9 Debtors

Amounts falling due within one year:	2001	2000
	£	£
Trade debtors	182	68,682
Amount owed by group undertaking	50,438	-
Prepayments	437,459	5,937
	<u>488,079</u>	<u>74,619</u>

10 Creditors: amounts falling due within one year

	2001	2000
	£	£
Amounts owed to group undertakings	17,400,066	17,209,716
Accruals and deferred income	385,661	514,802
Corporation tax	69,130	52,837
	<u>17,854,857</u>	<u>17,777,355</u>

11 Called up share capital

	2001	2000
	£	£
Authorised: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1 February 2000	586,696	712,399
Deficit for the year	-	(50,235)
At 31 January 2001	<u>586,696</u>	<u>662,164</u>

Oxford, Swindon & Gloucester Co-operative Estates Limited

Notes to the financial statements for the year ended 31 January 2001

13 Reconciliation of movements in shareholders' funds	2001	2000
	£	£
Profit for the year	1,889,765	1,886,346
Dividends	1,940,000	1,730,000
	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds	(50,235)	156,346
Opening shareholders' funds	1,299,097	1,142,751
Closing shareholders' funds	1,248,862	1,299,097
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14 Capital commitments

The company had no capital commitments at 31 January 2001 (2000: nil).

15 Operating lease commitments

At 31 January 2001 the company had annual property commitments under non-cancellable operating leases as follows:-

	2001	2000
	£	£
Expiring in over five years	46,001	35,700
	<hr/>	<hr/>

16 Ultimate parent undertaking

The directors regard Oxford, Swindon & Gloucester Co-operative Society Limited as the ultimate parent and ultimate controlling entity. Copies of the parent's consolidated financial statements may be obtained from the Secretary, New Barclay House, 234 Botley Road, Oxford, OX2 0HP.

The company is not required to disclose transactions with related parties within the group, under the exemption provided by Financial Reporting Standard 8.