Deloitte & Touche

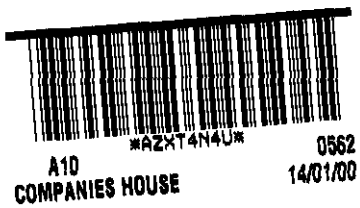
Deloitte Touche Tohmatsu

Company Registration No. 2780943

L M TENANCIES 1 PLC

Report and Financial Statements

30 June 1999



Deloitte & Touche
Leda House
Station Road
Cambridge CB1 2RN

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Directors' report

The directors present their report and audited financial statements for the year ended 30 June 1999.

Principal activities and business review

The company's activities consist of the ownership and letting of investment properties on qualifying assured tenancies.

The company has been operating in accordance with the directors' expectations, and on 1 November 1999 sold all its properties to St John's College at their book value. The company will lend its cash balances to St John's College at a commercial interest rate.

Year 2000

The directors consider that, due to the sale of its investment properties, referred to in notes 1 and 15 to the financial statements, the Year 2000 issue is not expected to affect the company.

Dividends

The directors do not propose the payment of a dividend.

Directors and directors' interests

The directors of the company who served during the year were as follows:

Sir JG Quinton	(Chairman, resigned 2 September 1998)
RH Robinson	
AJ Bruckland	(resigned 2 September 1998)
GA Reid	(appointed 2 September 1998)

The interests of the directors, who held office at the end of the year, including family interests, in the shares of the company were as follows:

	Ordinary shares of 50p each		"A" Ordinary shares of 50p each	
	30 June 1999	1 July 1998	30 June 1999	1 July 1998
RH Robinson	1	1	1	1
GA Reid	1	0	0	0

RH Robinson & GA Reid hold shares as nominees for St John's College.

Payment of suppliers

It is the company's policy to abide by the terms of settlement agreed with suppliers provided they have complied with their obligations thereunder.
There were no trade creditors at the year end.

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 as at the end of the financial year, 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 judgments 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 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 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.

Auditors

A resolution for the re-appointment of Deloitte & Touche, as auditors of the company, is to be proposed at the forthcoming annual general meeting.

By order of the board

Keith Stephenson

Keith Stephenson
Secretary

St John's College
Cambridge
CB2 1TP

Deloitte & Touche

Deloitte Touche Tohmatsu

L M TENANCIES 1 PLC

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 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 as at 30 June 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

Profit & loss account

for the year ended 30 June 1999

	Note	1999 £	1998 £
Rental income	*2*	25,750	114,231
Administrative expenses	*3*	(29,927)	(111,367)
Operating (loss)/profit		(4,177)	2,864
Interest receivable	*4*	200	217
(Loss)/profit on ordinary activities before taxation	*5*	(3,977)	3,081
Tax on (loss)/profit on ordinary activities	*6*	0	(613)
(Loss)/profit on ordinary activities after taxation being retained (loss)/profit for the financial year		(3,977)	2,468

All activities derive from continuing operations.

Statement of movements on reserves

		Investment Revaluation Reserve £	Profit & loss account £
At 1 July 1998 as previously stated		0	17,697
Prior year adjustment	*7*	572,713	0
At 1 July 1998 as restated		572,713	17,697
Loss retained for the year		0	(3,977)
Revaluation of tangible fixed assets		143,178	0
Balance at 30 June 1999		715,891	13,720

Balance sheet

at 30 June 1999

	Note	1999 £	1999 £	1998 as restated £	1998 as restated £
Fixed assets					
Tangible assets	8		5,488,499		5,345,321
Current assets					
Debtors	9	25,750		25,360	
Cash at bank		2,691		975	
		28,441		26,335	
Creditors: amounts falling due within one year	10	(38,337)		(32,254)	
Net current liabilities			(9,896)		(5,919)
Total assets less current liabilities			5,478,603		5,339,402
Net assets			5,478,603		5,339,402
Capital & reserves					
Called up share capital	11		2,500,002		2,500,002
Share premium account			2,248,990		2,248,990
Investment revaluation reserve			715,891		572,713
Profit & loss account			13,720		17,697
Equity shareholders' funds			5,478,603		5,339,402

These financial statements were approved by the board of directors on 7 January 2000 and were signed on its behalf by:

G.A. Reid

GA Reid
Director

Cash flow statement

for the year ended 30 June 1999

	Note	1999 £	1998 £
Net cash inflow from operating activities	*13*	2,164	2,629
Returns on investments and servicing of finance			
Interest received		200	217
Taxation			
Corporation tax paid		(648)	(675)
Cash inflow before financing		1,716	2,171
Financing			
Loan repayment		-	(2,000)
Increase in cash	*14*	1,716	171
Reconciliation of net cash flow to movements in net debt (note 14)			
Increase in cash		1,716	171
Cash to repay loan		-	2,000
Change in net debt		1,716	2,171
Net debt at beginning of year		(11,025)	(13,196)
Net debt at 30 June		(9,309)	(11,025)

Statement of total recognised gains & losses

for the year ended 30 June 1999

		1999 £	1998 as restated £
(Loss) profit for the financial period		(3,977)	2,468
Unrealised surplus on revaluation of investment properties	*8*	143,178	143,178
Total recognised gains & losses relating to the period		139,201	145,646
Prior year adjustment (as explained in note 7)		572,713	
Total gains and losses recognised since last annual report		711,914	

Notes

(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been adopted in dealing with items which are considered material in relation to the company's financial statements:

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards.

Tangible fixed assets

The investment properties have been included in the accounts at open market value. They were previously stated at cost as the directors believed that any adjustment to the historical cost of the assets was unlikely to be meaningful until the company exercised the option to dispose of the investment properties.

As the properties were sold to St John's College on 1 November 1999, the directors have decided to revalue them to that value in the financial statements, as they consider that this reflects the market value at the year end. The comparative figures have also been adjusted to the directors' estimate of market value at 30 June 1998. This has been dealt with as a prior year adjustment as described in note 7.

Depreciation

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation or amortisation is provided in respect of investment properties.

This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that, since the realisable value will be not less than cost, annual depreciation should not be provided. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view.

Deferred taxation

Deferred taxation is only provided in respect of timing differences to the extent that it is probable, in the opinion of the directors, that a liability will crystallise in the foreseeable future.

2 Rental income

Rental income represents rent receivable from the letting of properties, situated in the United Kingdom, on qualifying assured tenancy agreements.

3 Administrative expenses

In addition to the items detailed in note 5 to the financial statements, administrative expenses include rent of £25,750 (1998: £62,210), payable to St John's College, Cambridge, in respect of the company's long leasehold investment properties.

4 ***Interest receivable***

	1999 £	1998 £
Interest receivable on cash on deposit	200	217

5 **(Loss)/profit on ordinary activities before taxation**

	1999 £	1998 £
(Loss)/profit on ordinary activities before taxation is stated after charging		
Gift to St John's College, Cambridge	0	2,850
Directors' emoluments	0	0
Management fees	3,582	19,606
Audit fees	587	0

The management fees are payable to CIM Management Limited.
The company had no employees during the year (1998: Nil), other than the directors.

6 **Tax on (loss)/profit on ordinary activities**

	1999 £	1998 £
Based on the profit for the year:		
Corporation tax (1998: 21%)	0	648
Prior years' adjustment	0	(35)
	0	613

7 **Prior year adjustment**

The directors have decided to adopt Statement of Standard Accounting Practice No 19 and include the company's investment properties at their market values. The reasons for this change are given in note 1 above.

This has had the effect of increasing tangible fixed assets and the revaluation reserve as at 30 June 1998 by £572,713.

8 Tangible fixed assets

	Long leasehold investment properties £
At cost or valuation	
At 1 July 1998 as previously stated	4,772,608
Revaluation relating to prior periods (see note 7)	572,713
At 1 July 1998 as restated	5,345,321
Revaluation	143,178
At 30 June 1999	5,488,499

The tangible fixed assets were revalued in the year by the directors to their open market value of £5,488,499. The original cost of the assets is £4,772,608.

9 Debtors

	1999 £	1998 £
Accrued income	25,750	25,360

10 Creditors: amounts falling due within one year

	1999 £	1998 £
Corporation tax	-	648
Other creditors	12,000	12,000
Accruals	26,337	19,606
	38,337	32,254

Other creditors represents an interest-free loan from St John's College.

11 Called up share capital

	1999 £	1998 £
Authorised:	-	-
5,000,003 ordinary shares and 1 "A" ordinary share of 50p each	2,500,002	2,500,002
50,000 redeemable preference shares of £1 each	50,000	50,000
	2,550,002	2,550,002
Allotted, called up & fully paid:		
5,000,003 ordinary shares and 1 "A" ordinary share of 50p each	2,500,002	2,500,002

The holder of the "A" ordinary share shall have the right to appoint and remove one director of the company, and the consent of the holder of the "A" ordinary share shall be required to any alteration to the Articles of Association.

12 Reconciliation of movements in shareholders' funds

	1999 £	1998 as restated £
(Loss)/profit for the financial year	(3,977)	2,468
Other recognised gains & losses relating to the year	143,178	-
Opening equity shareholders' funds (originally £4,766,689 before adding prior year adjustment of £572,713, as explained in note 7)	5,339,402	5,336,934
Closing equity shareholders' funds	5,478,603	5,339,402

13 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	1999 £	1998 £
Operating (loss)/profit	(4,177)	2,864
Increase in debtors	(390)	(735)
Increase in creditors	6,731	500
Net cash inflow from operating activities	2,164	2,629

14 Analysis of changes in net debt

	Cash at bank £	Debt due within one year £	Total £
Opening balance	975	(12,000)	(11,025)
Cash flows	1,716	0	1,716
Balance at 30 June 1999	2,691	(12,000)	(9,309)

15 Post balance sheet event

On 1 November 1999, the company sold its fixed assets to St John's College for the value shown in the balance sheet. The sale proceeds did not exceed the indexed costs of the assets, therefore no tax liability arises on the sale.

16 Ultimate parent undertaking

The company is a wholly owned subsidiary of St John's College, Cambridge. The parent does not publish consolidated accounts. The directors consider St John's College to be the controlling party of the company.

17 Related party transactions

The company paid £25,750 (1998, £88,871) to its parent for administration (including rent) of its properties. The company received £25,750 (1998, £114,231) rental income from its parent.