

# **L.G.S. Investments PLC**

**Directors' report and financial statements**

**For the year ended 30 June 2002**

Registered number 2879716



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COMPANIES HOUSE

\*LP52WHY6\*

0283  
27/01/03

# L.G.S. Investments PLC

## Directors' report and financial statements

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# E.G.S. Investments PLC

## Directors' report

The directors present their annual report and audited financial statements for the year ended 30 June 2002.

## Principal activities

The company is an investment company whose only activity is to hold local authority loan instruments, acquired on 22 May 1995 and to service bonds which were issued on the same day to finance the purchase. The local authority loan instruments have been pledged to Bankers Trustee Company Limited as security for the bonds.

## Results and dividends

The company made a profit before taxation of £1,927 (2001: Loss £2,872) during the period and the directors do not recommend the payment of a dividend.

## Directors and directors' interest

The following directors held office during the period:

SPV Management Limited  
Mr R Baker

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

## Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



SPV Management Limited  
Secretary

78 Cannon Street  
London

20th January, 2003

# E.G.S. Investments PLC

## 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 profit or loss for that year. 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 will continue in business.

The directors are responsible for maintaining 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.



KPMG Audit Plc

PO Box 695  
8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

## Report of the independent auditors to the members of L.G.S. Investments PLC

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

### *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 director's 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.

### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Boards. 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 2002 and of its profit 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*  
*Registered Auditor*

*23 January 2003*

# E.G.S. Investments PLC

## Profit and loss account

for the year ended 30 June 2002

	<i>Note</i>	<b>Year to 30.06.02 £</b>	<b>Seven mths to 30.06.01 £</b>
<b>Income from fixed asset investments</b>	4	6,434,264	3,762,909
Interest payable and similar charges on bonds in issue	5	(6,408,784)	(3,748,005)
		<hr/> 25,480	<hr/> 14,904
Administrative expenses		(24,347)	(18,467)
		<hr/> 1,133	<hr/> (3,563)
<b>Operating profit / (loss)</b>		<b>1,133</b>	<b>(3,563)</b>
Other interest receivable and similar income		794	691
		<hr/> 1,927	<hr/> (2,872)
<b>Profit / (Loss) on ordinary activities before taxation</b>	2	<b>1,927</b>	<b>(2,872)</b>
Tax on profit / (loss) on ordinary activities	6	258	-
		<hr/> 2,185	<hr/> (2,872)
<b>Retained profit / (loss) for the period</b>		<b>2,185</b>	<b>(2,872)</b>
Retained profit brought forward		25,614	28,486
		<hr/> 27,799	<hr/> 25,614
Retained profit carried forward		<hr/> <hr/> 27,799	<hr/> <hr/> 25,614

Reconciliation of movements in shareholders' funds  
for the year ended 30 June 2002.

	<b>Year to 30.06.02 £</b>	<b>Seven mths to 30.06.01 £</b>
<b>Profit / (Loss) for the financial period</b>	2,185	(2,872)
Opening shareholders' funds	38,114	40,986
	<hr/> 40,299	<hr/> 38,114
<b>Closing shareholders' funds</b>	<hr/> <hr/> 40,299	<hr/> <hr/> 38,114

There were no gains or losses during the current or preceding year other than those passing through the profit and loss account. All of the turnover and results for the year arise from continuing operations for both the current and preceding year. A note on historical cost gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified cost basis.

# E.G.S. Investments PLC

Balance sheet  
at 30 June 2002

	Note	30 June 2002		30 June 2001	
		£	£	£	£
<b>Fixed assets</b>					
Investments	7	72,063,237		72,042,023	
<b>Current assets</b>					
Debtors	8	1,986,419		1,350,549	
Cash at bank and in hand		41,729		32,838	
		<u>2,028,148</u>		<u>1,383,387</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,987,375)</u>		<u>(1,344,868)</u>	
Net current assets		40,773		38,519	
<b>Total assets less current liabilities</b>					
		<u>72,104,010</u>		<u>72,080,542</u>	
<b>Creditors: amounts falling due after more than one year</b>	10	<u>(72,063,711)</u>		<u>(72,042,428)</u>	
Net assets		<u>40,299</u>		<u>38,114</u>	
<b>Capital and reserves</b>					
Called up share capital	11	12,500		12,500	
Profit and loss account		27,799		25,614	
<b>Equity shareholders' funds</b>		<u>40,299</u>		<u>38,114</u>	

These financial statements were approved by the board of directors on 20<sup>th</sup> January, 2003 and were signed on its behalf by:



SPV Management Limited  
Director

# L.G.S. Investments PLC

## Notes

(forming part of the financial statements)

### 1 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard No 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Under Financial Reporting Standard No 8, Related Part Disclosures, the company has taken advantage of the partial exemption not to disclose transactions with group companies.

#### *Investments*

Investments are recorded at cost, plus or minus accrued premium or discount on acquisition which is amortised to generate a constant yield to maturity.

#### *Debt securities issued*

Debt securities are recorded at cost, plus or minus accrued premium or discount on issue which is amortised to generate a constant yield to maturity.

### 2 Profit on ordinary activities before taxation

	Year to 30.06.02 £	Seven mths to 30.06.01 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		

#### Auditors' remuneration

Audit	8,401	8,401
Other services	5,669	5,963

### 3 Remuneration of directors

None of the directors received remuneration for their services to the company. Amounts were paid to SPV Management Limited, a director of the company, of £10,669 (2001: £6,187) during the year for professional services provided on normal commercial terms by the company.

### 4 Income from fixed asset investments

	Year to 30.06.02 £	Seven mths to 30.06.01 £
Income from fixed asset investments		
Unlisted	6,413,050	3,751,195
Amortised discount	21,214	11,714
	<u>6,434,264</u>	<u>3,762,909</u>



# E.G.S. Investments PLC

Notes (continued)

## 5 Interest payable and similar charges on bonds in issue

	Year to 30.06.02 £	Seven mths to 30.06.01 £
Interest paid on bonds in issue	6,387,500	3,736,250
Amortised discount	21,284	11,755
	<u>6,408,784</u>	<u>3,748,005</u>

## 6 Taxation

	Year to 30.06.02 £	Seven mths to 30.06.01 £
UK corporation tax at 10% (2001: 10%) on the profit for the period on ordinary activities	nil	nil
Adjustment in respect of prior periods	(258)	
	<u>(258)</u>	<u>nil</u>

## 7 Fixed assets investments

	£
<i>Cost</i>	
At beginning and end of the period	<u>71,948,800</u>
<i>Provisions</i>	
At the beginning of the period	93,223
Amortised discount for the period	21,214
At the end of the period	<u>114,437</u>
<i>Net Book Value</i>	
As at 30 June 2002	<u>72,063,237</u>
As at 30 June 2001	<u>72,042,023</u>

The fixed asset investments comprises unlisted debt securities. The local authority loan instruments purchased have been pledged to Bankers Trustee Company Limited as security for bonds issued.

## 8 Debtors

	30.06.02 £	30.06.01 £
Other debtors	1,282,610	646,416
Prepayments and accrued income	703,809	704,133
	<u>1,986,419</u>	<u>1,350,549</u>

All debtors were due within one year.

# L.G.S. Investments PLC

Notes (continued)

## 9 Creditors: amounts falling due within one year

	30.06.02	30.06.01
	£	£
Other creditors including taxation	1,277,500	639,538
Accruals and deferred income	709,875	705,330
	<u>1,987,375</u>	<u>1,344,868</u>

## 10 Creditors: amounts falling due after more than one year

	30.06.02	30.06.01
	£	£
Bonds in issue at cost	71,948,800	71,948,800
Amortised discount	114,911	93,628
	<u>72,063,711</u>	<u>72,042,428</u>

	30.06.02	30.06.01
	£	£
Amount repayable, other than by instalments, after more than five years	<u>72,063,711</u>	<u>72,042,428</u>

The bonds, which are redeemable by 22 May 2020, have a nominal value of £73,000,000 and bear interest at 8.75% per annum.

## 11 Called up share capital

	30.06.02	30.06.01
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
<i>Allotted, called up and paid as to 25p per share</i>		
50,000 Ordinary shares of £1 each	<u>12,500</u>	<u>12,500</u>

# E.G.S. Investments PLC

Notes *(continued)*

## 12 **Ultimate parent undertaking**

L.G.S. Investments PLC is a wholly owned subsidiary undertaking, whose ultimate parent undertaking is L.G.S. Investment (Holdings) Limited. L.G.S. Investments (Holdings) Limited is registered in England and Wales and prepares group accounts which can be obtained from 25 Old Broad Street, London EC2N 1HQ.

The entire share capital of L.G.S. Investments (Holdings) Limited is held by SPV Management Limited under the terms of a trust declared ultimately for charitable purposes.

## 13 **Related party disclosures**

The ultimate controlling party is SPV Management Limited, as trustee.