

FAIRHOLD (HUDDERSFIELD) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997



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FAIRHOLD (HUDDERSFIELD) LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the year ended 31st December 1997.

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 of the Company for that year. In preparing those financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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 enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors 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.

Activity

The principal activity of the Company during the year was property dealing.

Business review and future developments

The Directors are satisfied with the result for the year and the financial position at the year end. They consider the Company's prospects to be sound.

Dividends

The Directors do not recommend the payment of a dividend.

Directors and their interests

The Directors who served during the year and their interests, as defined in the Companies Act 1985, in the shares of the Company at 31st December 1997 were as follows:

		Ordinary shares of £1 each
W K Procter		-
V A Tchenguiz		-
R M Spiro		-
I G Hutchinson	(resigned 31.1.97)	-
R S Carlowe	(appointed 20.8.97)	-

M S J Harden was appointed on 6th July 1998.

V A Tchenguiz, W K Procter and R M Spiro are also directors of the United Kingdom holding company, Owners Provident Plc, and their interests therein are shown in that company's directors' report.

FAIRHOLD (HUDDERSFIELD) LIMITED

REPORT OF THE DIRECTORS

Auditors

On 1st November 1997, the partners of Casson Beckman, Chartered Accountants, merged their practice with that of Baker Tilly, Chartered Accountants. Pursuant to an elective resolution the company has elected not to re-appoint its auditors annually and Baker Tilly will continue in office in accordance with the provisions of Section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD

W K Procter

Director

A handwritten signature in black ink, appearing to be 'W K Procter', written over the printed name.

3rd September 1998

FAIRHOLD (HUDDERSFIELD) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF FAIRHOLD (HUDDERSFIELD) LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of Directors and auditors

As described in the Directors' report, the Company's Directors are responsible for the preparation of the 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.

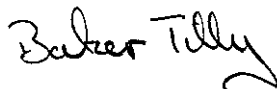
Basis of opinion

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 at 31st December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Chartered Accountants
and Registered Auditors

The Clock House
140 London Road
Guildford
Surrey GU1 1UW

3rd September 1998

FAIRHOLD (HUDDERSFIELD) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1997

	Notes	Year ended 31.12.97 £	1.4.96 to 31.12.96 £
Turnover		466,324	195,339
Cost of sales		(157,362)	(66,573)
Gross profit		308,962	128,766
Administrative expenses	2	(118,068)	(87,270)
Other operating income		361,035	95,096
Operating profit		551,929	136,592
Interest payable	3	(305,050)	(68,899)
Interest receivable		2,506	416
Profit on ordinary activities before taxation		249,385	68,109
Tax on profit on ordinary activities	4	(32,085)	-
Profit for the financial year	11	£217,300	£68,109

There are no recognised gains or losses other than the profit for the financial year.

Operating profit all derives from continuing operations.

FAIRHOLD (HUDDERSFIELD) LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1996

	Notes	1997	1996
		£	£
Fixed assets			
Investments	5	641,107	611,556
Current assets			
Stock	6	3,455,114	1,453,500
Debtors	7	1,127,061	280,275
Cash at bank and in hand		162,337	5,050
		<u>4,744,512</u>	<u>1,738,825</u>
Creditors: Amounts falling due within one year	8	<u>(2,013,999)</u>	<u>(812,010)</u>
Net current assets		2,730,513	926,815
Total assets less current liabilities		3,371,620	1,538,371
Creditors: Amounts falling due after more than one year	9	(3,086,209)	(1,470,260)
Net assets		£ 285,411	£ 68,111
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	285,409	68,109
Shareholders' funds		£285,411	£ 68,111

Approved by the Board on 3rd September 1998 and signed on its behalf by


W K Procter - Director

FAIRHOLD (HUDDERSFIELD) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

1. Accounting policies

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

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Investments

Investments in subsidiary undertakings are stated at cost less provision for permanent diminution in value.

Group accounts are not prepared as the Company is itself a wholly-owned subsidiary undertaking.

Stocks

Properties acquired with a view to resale are identified as trading stock and stated at the lower of cost and net realisable value. Cost comprises the cost of acquisition including directly attributable fees, expenses and finance costs.

Turnover and recognition of profit

Turnover comprises the sale proceeds of trading stocks.

Profit on the sale of properties is recognised on agreement of the sale.

Deferred taxation

Deferred taxation is calculated on the liability method. It is provided to the extent that it is considered, with reasonable probability, that a liability will become payable within the foreseeable future.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking.

2. Administrative expenses

	Year ended 31.12.97 £	1.4.96 to 31.12.96 £
Administrative expenses include:-		
Auditors' emoluments	2,350	3,000
Directors' emoluments	-	-

FAIRHOLD (HUDDERSFIELD) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

3. Interest payable

	Year ended 31.12.97 £	1.4.96 to 31.12.96 £
Bank overdraft	109	68
Bank loans	144,290	50,400
Other loans	160,651	18,356
Late completion	-	75
	<u>£305,050</u>	<u>£68,899</u>

4. Taxation

	Year ended 31.12.97	1.4.96 to 31.12.96
Corporation tax	<u>£32,085</u>	<u>£ -</u>

5. Fixed asset investments

	Subsidiary undertakings £
Cost and net book value	
At 1st January 1997	611,556
Additions	29,551
At 31st December 1997	<u>£641,107</u>

The subsidiary undertakings are West Lancashire Investments Limited and Fairhold (Midland) Limited, which are both wholly-owned and respectively engaged in property dealing and property investment.

6. Stock

	1997	1996
Properties held for resale	<u>£3,455,114</u>	<u>£1,453,500</u>

7. Debtors

	1997 £	1996 £
Trade debtors	255,641	100,762
Amounts owed by group undertakings	732,723	122,449
Other debtors	60,803	10,444
Prepayments and accrued income	77,894	46,620
	<u>£1,127,061</u>	<u>£280,275</u>

FAIRHOLD (HUDDERSFIELD) LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST DECEMBER 1997**

8. Creditors: Amounts falling due within one year	1997	1996
	£	£
Bank loans (see note 9)	254,350	132,500
Corporation tax	32,085	-
Other creditor	-	521,743
Accruals and deferred income	93,884	83,292
Amounts owed to group undertakings	1,633,680	74,475
	<u>£2,013,999</u>	<u>£812,010</u>

9. Creditors: Amounts falling due after more than one year	1997	1996
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Bank loans	<u>£3,086,209</u>	<u>£1,470,260</u>
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The loans are secured on certain of the Company's trading properties. They bear interest at fixed rates of between 8.8625% and 9.2025% on £2,623,552 and at a floating rate of 1.5% over the bank's base rate on £404,072. Unsecured loans bear interest at 20%. The loans are repayable as follows:

Within one year	254,350	132,500
Within one to two years	216,197	137,500
Within two to five years	572,288	1,332,760
	<u>1,042,835</u>	<u>1,602,760</u>
After five years	2,297,724	-
	<u>3,340,559</u>	<u>1,602,760</u>
Less: included in current liabilities	(254,350)	(132,500)
	<u>£3,086,209</u>	<u>£1,470,260</u>

10. Share capital	1997	1996
Authorised:		
100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
Allotted, issued and fully paid:		
2 ordinary shares of £1 each	<u>£ 2</u>	<u>£ 2</u>

FAIRHOLD (HUDDERSFIELD) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

11. Reserves and reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
Opening shareholders' funds	2	68,109	68,111
Profit for the financial year	-	217,300	217,300
Closing shareholders' funds	£ 2	£285,409	£285,411

12. Contingent liability

The company's properties form part of a cross collateralisation of properties held within the Owners Provident plc group and by related parties. The total amount due to the lender by the other parties at 31st December 1997 amounted to £1,774,964.

13. United Kingdom holding company

The company's closest intermediate holding company for which group accounts are drawn up is Owners Provident plc which is registered in England and Wales. This parent undertaking is the holding company of both the largest and smallest group for which group accounts are prepared and of which the company is a member. Copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

14. Ultimate holding company

The directors regard the ultimate holding company to be Euro Investments Overseas Inc., a company incorporated in the British Virgin Islands.

15. Controlling party

The ultimate controlling party is the Tchenguiz Family Trust.

16. Related party transactions

The company is exempt from Financial Reporting Standard 8 by virtue of it being a wholly owned subsidiary of Owners Provident plc, for which group accounts are prepared.

FAIRHOLD (HUDDERSFIELD) LIMITED**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1997**

		Year ended 31.12.97 £	1.4.96 to 31.12.96 £
SCHEDULE			
	Turnover	466,324	195,339
I	Cost of sales	(157,362)	(66,573)
		308,962	128,766
II	Administrative expenses	(118,068)	(87,270)
III	Other operating income	361,035	95,096
		551,929	136,592
IV	Interest receivable	2,506	416
V	Interest payable	(305,050)	(68,899)
	Profit on ordinary activities before taxation	£249,385	£ 68,109

The detailed trading and profit and loss account on pages 10 to 12 is supplementary to, but does not form part of, the statutory financial statements.

FAIRHOLD (HUDDERSFIELD) LIMITED**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (continued)****FOR THE YEAR ENDED 31ST DECEMBER 1997**

	Year ended 31.12.97 £	1.4.96 to 31.12.96 £
SCHEDULE		
I Cost of sales		
Opening stock	1,453,500	-
Properties acquired for resale	2,158,976	1,520,073
Less: closing stock	(3,455,114)	(1,453,500)
	£ 157,362	£ 66,573
II Administrative expenses		
Management charge	114,745	15,609
General expenses	27	50
Bank charges	556	207
Finance charges	390	66,283
Legal and professional	-	1,185
Audit and accountancy	2,350	3,936
	£118,068	£ 87,270
III Other operating income		
Rents receivable	282,170	83,406
Commission receivable	22,307	4,059
Administration fees	55,558	7,631
Lease extensions	1,000	-
	£361,035	£95,096

FAIRHOLD (HUDDERSFIELD) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1997

	Year ended 31.12.97 £	1.4.96 to 31.12.96 £
IV Interest receivable		
On completion	-	203
Bank	2,506	213
	£2,506	£416
V Interest payable		
Loans - Rotch Property Group Limited	160,651	24,584
- Giro Credit	-	67,369
- Erste Bank (previously Giro Credit)	199,082	-
Less: recharged to subsidiaries	(54,792)	(23,197)
On late completion	-	75
Bank overdraft	109	68
	£305,050	£68,899