

FAIRHOLD (HUDDERSFIELD) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999



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DIRECTORS AND OFFICERS

DIRECTOR

W K Procter

SECRETARY

L Thomas

REGISTERED OFFICE

Euro House
131/133 Ballards Lane
London N3 1GR

AUDITORS

Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

DIRECTORS' REPORT

The Directors submit their report and the financial statements for the year ended 31st December 1999.

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.

Principal activities

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

Business review and future developments

The directors consider the financial position of the Company to be satisfactory given the support of the UK holding company, Owners Provident plc.

Properties held for resale

Properties for resale held as stock were valued by William M Mercer Limited on an actuarial basis at £16,520,591 as at 31 December 1999.

Dividends

The Directors do not recommend the payment of a dividend.

Directors and their interests

The Directors who served during the year and their respective dates of appointment and resignation, were as follows:

W K Procter	
R M Spiro	(resigned 25 August 1999)
M S J Harden	(resigned 2 December 1999)
R S Carlowe	(appointed 21 October 1999, resigned 14 March 2000)
N D Lawton	(appointed 21 October 1999, resigned 17 March 2000)

None of the directors had any personal or family interests in the shares of the Company at any time during the year.

W K Procter is also director of the United Kingdom holding company, Owners Provident Plc, and his interest therein is shown in that company's directors report.

DIRECTORS' REPORT (continued)

Year 2000

A centrally managed and co-ordinated programme was undertaken to address the impact on the business of the Year 2000 and this was completed before the end of 1999. All computer systems, telecommunication and other technical systems were assessed. The incremental cost of this programme was not material.

Subsequent to this review, it appears that the Company's systems and processes are Year 2000 compliant, and the directors anticipate that this will continue to be the case.

Auditors

Pursuant to an elective resolution the company has elected not to re-appoint its auditors annually and Messrs 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

14/9/ 2000

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

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

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.

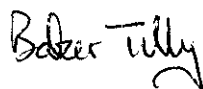
Basis of opinion

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 31 December 1999 and of the result 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

14/9/2000

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
Turnover	1	322,885	385,398
Cost of sales		(119,817)	(142,458)
Gross profit		203,068	242,940
Administrative expenses		(393,668)	(271,001)
Other operating income	2	470,298	415,253
Operating profit		279,698	387,192
Interest payable and similar charges	3	(379,027)	(391,765)
Interest receivable		3,542	6,183
(Loss)/Profit on ordinary activities before taxation	4	(95,787)	1,610
Tax on profit on ordinary activities	6	-	(1,479)
(Loss)/Profit for the financial year	13	£ (95,787)	£ 131

All amounts relate to continuing activities.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt within the Profit and Loss Account.

BALANCE SHEET

AT 31 DECEMBER 1999

	Notes	1999	Restated 1998
		£	£
Fixed assets			
Investments	7	648,214	648,214
Current assets			
Stock	8	4,053,948	3,926,142
Debtors	9	1,327,278	1,180,010
Cash at bank and in hand		1,027	70,550
		<u>5,382,253</u>	<u>5,176,702</u>
Creditors: Amounts falling due within one year	10	<u>(965,106)</u>	<u>(1,341,984)</u>
Net current assets		<u>4,417,147</u>	<u>3,834,718</u>
Total assets less current liabilities		<u>5,065,361</u>	<u>4,482,932</u>
Creditors: Amounts falling due after more than one year	11	<u>(4,875,606)</u>	<u>(4,197,390)</u>
Net assets		<u>£ 189,755</u>	<u>£ 285,542</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	189,753	285,540
Shareholders' funds	13	<u>£ 189,755</u>	<u>£ 285,542</u>

Approved by the Board on 14/1/2000

and signed on its behalf by


W K Procter
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

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 and in accordance with applicable accounting standards.

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. Other operating income

	1999 £	1998 £
Rent receivable	309,335	304,033
Other income	160,963	111,220
	<u>£ 470,298</u>	<u>£ 415,253</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

3. Interest payable and similar charges

	1999 £	1998 £
Cost of finance	5,000	-
Bank loans	319,358	264,497
Interest payable to group undertakings	122,884	127,268
Recharges to subsidiaries	(68,215)	-
	<u>£ 379,027</u>	<u>£ 391,765</u>

4. (Loss)/profit on Ordinary Activities before taxation

	1999 £	1998 £
This is stated after charging:-		
Auditors' emoluments	£ 6,000	£ 2,350
	<u>£ 6,000</u>	<u>£ 2,350</u>

5. Employees and directors

Other than the directors, who received no emoluments for their services, no persons were employed during the year (1998 - £Nil).

6. Taxation

	1999 £	1998 £
Underprovision in previous year	£ -	£ 1,479
	<u>£ -</u>	<u>£ 1,479</u>

There is no current charge to taxation due to the availability of group relief for which no interest or charge will be incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

7. Fixed asset investments

Subsidiary
undertakings
£

Cost and net book value

At 1st January 1999 and 31 December 1999

£ 648,214

The subsidiary undertakings are West Lancashire Investments Limited and Fairhold (Midlands) Limited, which are both wholly-owned, registered and with their place of business in England and Wales, and respectively engaged in property dealing and property investment.

The aggregate amount of the subsidiaries' share capital and reserves at the end of the financial year and the results for that period were as follows:

	Profit after tax 1999 £	Aggregate capital and reserves 1999 £
West Lancashire Investments Limited	162,721	765,807
Fairhold (Midlands) Limited	(7,375)	1,095,411
	<u>1999</u>	<u>1998</u>
	£	£
8. Stock		
Properties held for resale	£ 4,053,948	£ 3,926,142
	<u>1999</u>	<u>1998</u>
	£	£
9. Debtors		
Trade debtors	211,996	302,930
Amounts owed by group undertakings	618,892	495,779
Amounts owed by related parties	402,653	268,642
Other debtors	5,000	5,000
Prepayments and accrued income	88,737	107,659
	<u>£ 1,327,278</u>	<u>£ 1,180,010</u>
	<u>1999</u>	<u>Restated 1998</u>
	£	£
10. Creditors: Amounts falling due within one year		
Bank loan (see note 11)	194,454	583,657
Amounts owed to related parties	67,583	27,831
Accruals and deferred income	83,559	95,953
Amounts owed to group undertakings	619,510	634,543
	<u>£ 965,106</u>	<u>£ 1,341,984</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

	1999	Restated 1998
	£	£
11. Creditors: Amounts falling due after more than one year		
Bank loan	3,599,265	2,890,076
Amounts owed to group undertakings	1,276,341	1,307,314
	<u>£ 4,875,606</u>	<u>£ 4,197,390</u>

Interest on the amounts owed to group undertakings is charged at 8.5%. No repayment terms are specified.

The bank loan is secured on certain of the Company's trading properties. It bears interest at a fixed rate of 8.5%. The loan is repayable as follows:

Within one year	194,454	583,657
Within one to two years	149,700	168,756
Within two to five years	490,300	448,250
	<u>834,454</u>	<u>1,200,663</u>
After five years	2,959,265	2,273,070
	<u>3,793,719</u>	<u>3,473,733</u>
Less: included in current liabilities	(194,454)	(583,657)
	<u>£ 3,599,265</u>	<u>£ 2,890,076</u>

12. Share capital	1999	1998
	£	£
Authorised:		
100 ordinary shares of £1 each	£ 100	£ 100
	<u> </u>	<u> </u>
Allotted, issued and fully paid:		
2 ordinary shares of £1 each	£ 2	£ 2
	<u> </u>	<u> </u>

13. Reserves and reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 January 1999	2	285,540	285,542
Loss for the financial year	-	(95,787)	(95,787)
	<u>2</u>	<u>189,753</u>	<u>£ 189,755</u>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 1999**

14. Contingent liability

The Company is party to cross-guarantees in support of loans made available to the company, other group companies and related parties under a single facility. The company's properties form part of the security on these loans. The total value of the loans subject to these cross-guarantees, including the loan to the company, amounted to £5,890,261 at the balance sheet date.

15. 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.

16. Ultimate holding company

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

17. Controlling party

The ultimate controlling party is the Tchenguiz Family Trust.

18. Related party transactions

The company provides funding to, and receives funding from, certain companies controlled by the Tchenguiz Family Trust. The sums are disclosed as amounts owed to/by related parties and interest paid parties.

The Company and the Group have taken advantage of the exemption within Financial Reporting Standard 8 not to disclose intra-group related party transactions between subsidiary undertakings where more than 90% of the voting rights are controlled within the group.

19. Introduction of the Euro

All relevant parts of the Company will be able to handle Euro transactions when required, the Euro has had no impact on the Company as at 31 December 1999.