

FAIRHOLD (HUDDERSFIELD) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000



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DIRECTOR AND OFFICERS

DIRECTOR

W K Procter

SECRETARY

M H P Ingham

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

DIRECTOR'S REPORT

The director submits his report and the financial statements for the year ended 31 December 2000.

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. They 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 director considers the financial position of the company to be satisfactory given the support of the UK holding company, Owners Provident Limited.

Properties held for resale

The properties held for resale as stock and included in the financial statements at a cost of £3,971,581 were valued by William M Mercer Limited on an actuarial basis at £17,060,000 as at 14 January 2001.

Dividends

The director does not recommend the payment of a dividend.

Directors and their interests

The directors who served during the year, together with their dates of appointment and resignation, were as follows:

W K Procter	
R S Carlowe	(resigned 14 March 2000)
N D Lawton	(resigned 17 March 2000)

None of the directors had any interest in the shares of the company at any point during the year.

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

DIRECTOR'S REPORT

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

22nd October 2001

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 as set out on page 7.

Respective responsibilities of directors and auditors

As described in the director's report, the company's director is 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, are consistently applied and are 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 2000 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

26 October 2001

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Turnover	1	306,495	322,885
Cost of sales		(82,367)	(119,817)
Gross profit		<u>224,128</u>	<u>203,068</u>
Administrative expenses		(394,272)	(393,668)
Other operating income	2	526,423	470,298
Operating profit		<u>356,279</u>	<u>279,698</u>
Interest payable and similar charges	3	(368,481)	(379,027)
Interest receivable		853	3,542
Loss on ordinary activities before taxation	4	<u>(11,349)</u>	<u>(95,787)</u>
Tax on profit on ordinary activities	6	-	-
Loss for the financial year	13	<u>£ (11,349)</u>	<u>£ (95,787)</u>

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 with in the Profit and Loss Account.

BALANCE SHEET

AT 31 DECEMBER 2000

	Notes	£	2000 £	£	1999 £
Fixed assets					
Investments	7		648,214		648,214
Current assets					
Stock	8	3,971,581		4,053,948	
Debtors	9	1,679,595		1,327,278	
Cash at bank and in hand		1,112		1,027	
		<u>5,652,288</u>		<u>5,382,253</u>	
Creditors: amounts falling due within one year	10	(930,229)		(965,106)	
Net current assets			<u>4,722,059</u>		<u>4,417,147</u>
Total assets less current liabilities			<u>5,370,273</u>		<u>5,065,361</u>
Creditors: amounts falling due after more than one year	11		(5,191,867)		(4,875,606)
Net assets			<u>£ 178,406</u>		<u>£ 189,755</u>
Capital and reserves					
Called up share capital	12		2		2
Profit and loss account	13		178,404		189,753
Shareholders' funds	13		<u>£ 178,406</u>		<u>£ 189,755</u>

Approved by the Board on *22nd October* 2001 and signed on its behalf by:


W K Procter
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

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 costs 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 qualifies as a small company.

2. Other operating income

	2000 £	1999 £
Rent receivable	321,481	309,335
Other income	204,942	160,963
	<u>£ 526,423</u>	<u>£ 470,298</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

3. Interest payable and similar charges	2000	1999
	£	£
Cost of finance	5,000	5,000
Bank loans	329,176	319,358
Interest payable to group undertakings	108,489	122,884
Recharges to subsidiaries	(74,303)	(68,215)
Bank overdraft	119	-
	£ 368,481	£ 379,027
4. Profit/(loss) on Ordinary Activities before taxation	2000	1999
	£	£
This is stated after charging:		
Auditors' emoluments	£ 10,000	£ 6,000

5. Employees and directors

Other than the directors who received no remuneration, no persons were employed during the year (1999: £Nil).

6. Taxation

There is no current charge to taxation as a result of the loss incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

7. Fixed asset investments

Subsidiary
undertakings
£

Cost and net book value

At 1 January 2000 and 31 December 2000

£ 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/ (loss) after tax 2000 £	Aggregate capital and reserves 2000 £
West Lancashire Investments Limited	57,613	823,420
Fairhold (Midlands) Limited	(222,510)	815,745
	<u>2000</u>	<u>1999</u>
	£	£
Properties held for resale	£ 3,971,581	£ 4,053,948
	<u>2000</u>	<u>1999</u>
	£	£
Trade debtors	153,334	211,996
Amounts owed by group undertakings	751,290	618,892
Amounts owed by related parties	679,866	402,653
Other debtors	5,000	5,000
Prepayments and accrued income	90,105	88,737
	<u>£ 1,679,595</u>	<u>£ 1,327,278</u>
	<u>2000</u>	<u>1999</u>
	£	£
Bank loan (see note 11)	235,500	194,454
Amounts owed to related parties	2,921	67,583
Accruals and deferred income	72,538	83,559
Amounts owed to group undertakings	619,270	619,510
	<u>£ 930,229</u>	<u>£ 965,106</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

11. Creditors: amounts falling due after more than one year	2000 £	1999 £
Bank loan	4,517,277	3,599,265
Amounts owed to group undertakings	674,590	1,276,341
	<u>£ 5,191,867</u>	<u>£ 4,875,606</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 trading properties of the company. The loan is split into a Senior loan and a Mezzanine loan. It bears interest at a rate of 1.75% above LIBOR on the Senior loan and 5% above LIBOR on the Mezzanine loan. The loan is repayable as follows:

Within one year	235,500	194,454
Within one to two years	253,500	149,700
Within two to five years	785,000	490,300
	<u>1,274,000</u>	<u>834,454</u>
After five years	3,478,777	2,959,265
	<u>4,752,777</u>	<u>3,793,719</u>
Less: included in current liabilities	<u>(235,500)</u>	<u>(194,454)</u>
	<u>£ 4,517,277</u>	<u>£ 3,599,265</u>

12. Share capital	2000 £	1999 £
Authorised 100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
Alotted, issued and fully paid 2 ordinary shares of £1 each	<u>£ 2</u>	<u>£ 2</u>

13. Reserves and reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 January 2000	2	189,753	189,755
Loss for the financial year	-	(11,349)	(11,349)
Balance at 31 December 2000	<u>2</u>	<u>178,404</u>	<u>£ 178,406</u>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2000**

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 £13,009,000 at the balance sheet date.

15. United Kingdom holding company

The company's parent and closest United Kingdom intermediate holding company for which group accounts are drawn up is Owners Provident Limited, 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

As at 31 December 2000 the director regarded the ultimate holding company to be Euro Investments Overseas Inc., a company incorporated in the British Virgin Islands. On 1 February 2001, Moormeade Limited, a company incorporated in the Bahamas, became the ultimate holding company.

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.

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 2000.