

Upperbright Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2001



Company Registration No. 03817291

Upperbright Limited

DIRECTORS AND OFFICERS

DIRECTORS

R Tchenguiz
V A Tchenguiz

SECRETARY

M H P Ingham

COMPANY NUMBER

03817291 (England)

REGISTERED OFFICE

18 Upper Grosvenor Street
London
W1K 7PW

AUDITORS

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

SOLICITORS

Julian Holy
31 Brechin Place
London
SW7 4QD

Upperbright Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Upperbright Limited for the year ended 31 May 2001.

PRINCIPAL ACTIVITIES

The principal activity of the company, which has remained unchanged during the financial year, was property investment.

REVIEW OF THE BUSINESS

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2001 were satisfactory.

DIVIDENDS

The directors do not recommend payment of a dividend.

DIRECTORS

The following directors have held office since 1 June 2000:-

R Tchenguiz
V A Tchenguiz

DIRECTORS' INTERESTS IN SHARES

The directors at 31 May 2001 had no beneficial interest in the share capital of the company at any time during the year.

The interests of the directors in the share capital of the United Kingdom holding company, Rotch Property Group Limited, are set out in the directors' report of that company.

INVESTMENT PROPERTY

The investment property held at 31 May 2001 was valued as at that date at £6,587,000 by the directors. The decrease in value during the year amounted to £94,000 as set out in note 6.

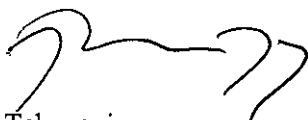
Upperbright Limited

DIRECTORS' REPORT

AUDITORS

Pursuant to an elective resolution, the company has elected not to re-appoint its auditors annually and Baker Tilly, Chartered Accountants, will therefore continue in office in accordance with the provisions of section 386 of the Companies Act 1985.

By order of the Board



R Tchenguiz
Director

26 October 2001

Upperbright Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 period. 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;
- 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 to 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.

AUDITORS' REPORT TO THE SHAREHOLDERS OF UPPERBRIGHT LIMITED

We have audited the financial statements on pages 6 to 13.

Respective responsibilities of directors and auditors

As described on page 4 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.

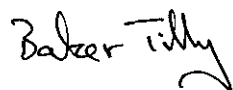
Basis of opinion

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 31 May 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

26 October 2001

Upperbright Limited
 PROFIT AND LOSS ACCOUNT
 for the year ended 31 May 2001

	<i>Notes</i>	Year ended 2001 £	Period ended 2000 £
RENT RECEIVABLE		455,810	48,978
Other operating expenses	1	<u>(5,215)</u>	<u>(47,455)</u>
OPERATING PROFIT		450,595	1,523
Interest receivable		<u>2,901</u>	<u>54</u>
		453,496	1,577
Interest payable and similar charges	2	<u>(461,529)</u>	<u>(84,244)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(8,033)	(82,667)
Taxation	5	<u>-</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u><u>(8,033)</u></u>	<u><u>(82,667)</u></u>

All amounts derive from continuing activities.

Upperbright Limited
 PROFIT AND LOSS ACCOUNT
 for the year ended 31 May 2001

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		Year ended 31 May 2001 £	Period ended 31 May 2000 £
	<i>Notes</i>		
Loss for the financial year		(8,033)	(82,667)
Unrealised (deficit)/surplus on revaluation of property	6	(94,000)	1,164,914
Total gains and losses recognised since last financial statements		(102,033)	1,082,247

Upperbright Limited

BALANCE SHEET

31 May 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	6	6,587,000	6,681,000
CURRENT ASSETS			
Debtors	7	815,329	653,889
Cash at bank and in hand		-	60,304
		<u>815,329</u>	<u>714,193</u>
CREDITORS: Amounts falling due within one year	8	(162,113)	(52,944)
NET CURRENT ASSETS		<u>653,216</u>	<u>661,249</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,240,216	7,342,249
CREDITORS: Amounts falling due after more than one year	9	(6,260,001)	(6,260,001)
NET ASSETS		<u>980,215</u>	<u>1,082,248</u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Revaluation reserve	12	1,070,914	1,164,914
Profit and loss account	12	(90,700)	(82,667)
EQUITY SHAREHOLDERS' FUNDS	13	<u>980,215</u>	<u>1,082,248</u>

Approved by the Board on 26 October 2001



R Tchenguiz
Director

Upperbright Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards.

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

The financial statements have been prepared under the historical cost convention with the exception of land and buildings which are stated at revalued amounts.

INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No. 19, investment properties are revalued annually on an open market basis and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

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 systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

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 material liability will become payable within the foreseeable future.

No provision is made for any liability to tax that would arise in the event of the sale of the investment property at the value at which it is stated in the financial statements. However, an estimate of this liability is disclosed in note 10.

CASH FLOW STATEMENT

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

Upperbright Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2001

1. OTHER OPERATING EXPENSES	2001 £	2000 £
Administrative expenses	<u>5,215</u>	<u>47,455</u>
2. INTEREST PAYABLE	2001 £	2000 £
Other interest	458,850	52,944
Finance charges	<u>2,679</u>	<u>31,300</u>
	<u>461,529</u>	<u>84,244</u>
3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2001 £	2000 £
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	<u>500</u>	<u>500</u>

4. EMPLOYEES

There were no employees during the year apart from the directors, who received no emoluments.

5. TAXATION

There is no current charge to taxation in view of the losses incurred.

Upperbright Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2001

6. TANGIBLE FIXED ASSETS

	<i>Investment property £</i>
Cost or valuation	
1 June 2000	6,681,000
Revaluation (deficit)/surplus	(94,000)
	<u>6,587,000</u>
31 May 2001	<u>6,587,000</u>
31 May 2000	<u>6,681,000</u>

The property was valued as at 31 May 2001 at £6,587,000 (2000 £6,681,000) by the directors.

The original cost of the property was £5,516,086 (2000 £5,516,086).

Investment property at net book value comprises:

	2001 £	2000 £
Long leasehold	<u>6,587,000</u>	<u>6,681,000</u>

7. DEBTORS

	2001 £	2000 £
Due within one year		
Amounts owed by United Kingdom holding company	731,337	384,306
Other debtors	11,671	220,605
Prepayments and accrued income	72,321	48,978
	<u>815,329</u>	<u>653,889</u>

8. CREDITORS: Amounts falling due within one year

	2001 £	2000 £
Bank overdrafts	70,964	-
Accruals and deferred income	91,149	52,944
	<u>162,113</u>	<u>52,944</u>

Upperbright Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2001

9. CREDITORS: Amounts falling due after more than one year	2001 £	2000 £
Bank loans	<u>6,260,001</u>	<u>6,260,001</u>
Loan maturity analysis:		
Between two and five years	27,501	9,481
After more than five years	<u>6,232,500</u>	<u>6,250,520</u>

The loan is repayable by instalments by September 2028, and bears interest at 7.35%. It is secured by a fixed and floating charge over the company's investment property.

10. DEFERRED TAXATION

No provision for deferred taxation has been made in respect of the property held as an investment which is included in these financial statements at a valuation of £6,587,000 (2000 £6,681,000). It is estimated that if this property were to be sold at that valuation the tax liability would amount to £281,558 (2000 £342,000).

11. SHARE CAPITAL	2001 £	2000 £
Authorised		
100 ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
Allotted, issued and fully paid		
1 ordinary shares of £ 1 each	<u>1</u>	<u>1</u>

12. STATEMENT OF MOVEMENT ON RESERVES

	<i>Revaluation reserve</i> £	<i>Profit and loss account</i> £
1 June 2000	1,164,914	(82,667)
Retained loss for the year	-	(8,033)
Revaluation during the year	<u>(94,000)</u>	<u>-</u>
31 May 2001	<u>1,070,914</u>	<u>(90,700)</u>

Upperbright Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2001

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2001 £	2000 £
Loss for the financial year	(8,033)	(82,667)
Other recognised gains and losses	(94,000)	1,164,914
Proceeds from issue of shares	-	1
	<hr/>	<hr/>
Net (depletion in)/addition to shareholders' funds	(102,033)	1,082,248
Opening shareholders' funds	1,082,248	-
	<hr/>	<hr/>
Closing shareholders' funds	980,215	1,082,248
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14. OWNERSHIP AND CONTROL

The company's immediate holding company is Rotch Property Group Limited.

The company's closest intermediate holding company for which group accounts are drawn up is Rotch Property Group Limited, which is registered in England. This parent undertaking is the holding company of both the largest and the 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.

The directors regard the ultimate holding company to be Vin-Rotch Properties Limited Inc., a company incorporated in the Republic of Panama.

The ultimate controlling party is the Tchenguiz Family Trust.

15. RELATED PARTY TRANSACTIONS

The company is exempt from disclosing intra-group related party transactions under Financial Reporting Standard 8 by virtue of it being a wholly owned subsidiary undertaking of Rotch Property Group Limited, for which group accounts are prepared.