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WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY

UNDERTAKINGS

Company No: 2700476

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 1997

FRASER RUSSELL  
Fairview House  
71-73 Woodbridge Road  
Guildford  
Surrey GU1 4YZ



WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

**DIRECTORS**

Y. J. M. Bonavero (Chairman)  
R. R. Lewis (Managing Director)  
M. C. Dumas  
R. J. Brown  
R. F. Macaire

**SECRETARY**

T. M. Denham

**REGISTERED OFFICE**

12 Addison Avenue  
Holland Park  
London  
W11 4QR

**AUDITORS**

Fraser Russell  
Chartered Accountants  
Fairview House  
71-73 Woodbridge Road  
Guildford  
Surrey GU1 4YZ

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

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# WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

## REPORT OF THE DIRECTORS

The directors present their report and the consolidated financial statements of the company and its subsidiary undertakings for the year ended 31 August 1997.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of the management of its subsidiary undertakings.

The group's principal activity is that of property investment and management.

### DIVIDENDS

The directors do not recommend payment of a dividend.

### DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1997</u>	<u>1996</u>
Y. J. M. Bonavero	Ordinary shares	403,418	403,418
R. R. Lewis	Ordinary shares	16,743	16,743
M. C. Dumas	Ordinary shares	80,619	80,619
R. J. Brown	Ordinary shares	-	-
R. F. Macaire	Ordinary shares	322,477	322,477

Y J M Bonavero's shares are ultimately held by a discretionary trust. Y J M Bonavero is a potential beneficiary of the discretionary trust.

### 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 the 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

### CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

REPORT OF THE DIRECTORS (Continued)

AUDITORS

The auditors, Fraser Russell, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

Date: 30 JAN 1998

By Order of the Board

*W. Donham*  
.....  
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF  
WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
UNDERTAKINGS

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1 to the financial statements.

**Respective responsibilities of the directors and auditors**

As described on the Directors' Report 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 affairs of the company and of the group as at 31 August 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Fraser Russell*

FRASER RUSSELL  
Chartered Accountants  
Registered Auditors

Fairview House  
71-73 Woodbridge Road  
Guildford  
Surrey GU1 4YZ

Date: 30.1.98.....

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1997

	Notes	1997 £	1996 £
TURNOVER		2,181,674	2,015,601
Administrative expenses		(191,914)	(211,256)
OPERATING PROFIT	2	1,989,760	1,804,345
Interest receivable	3	21,998	40,773
Interest payable	4	(1,743,208)	(1,594,553)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		268,550	250,565
Tax on profit on ordinary activities	6	-	(987)
PROFIT FOR THE FINANCIAL YEAR	16	268,550	249,578

All disclosures relate only to continuing operations.

The notes on pages 8 to 17 form part of these financial statements.

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
UNDERTAKINGS  
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 AUGUST 1997

	Notes	1997 £	1996 £
PROFIT FOR THE FINANCIAL YEAR	16	268,550	249,578
Unrealised movement on revaluation of properties	15	413,988	472,374
		<u>682,538</u>	<u>721,952</u>
TOTAL NET GAINS RECOGNISED SINCE LAST ANNUAL REPORT		<u>682,538</u>	<u>721,952</u>

The notes on pages 8 to 17 form part of these financial statements.



WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED BALANCE SHEET AT 31 AUGUST 1997

	Notes	£	1997 £	£	1996 £
<b>FIXED ASSETS</b>					
Tangible assets	7		23,780,837		23,377,033
<b>CURRENT ASSETS</b>					
Debtors	10	3,488		8,621	
Cash at bank and in hand		245,827		460,326	
		<u>249,315</u>		<u>468,947</u>	
<b>CREDITORS: Amounts falling due within one year</b>	11	(568,178)		(666,544)	
<b>NET CURRENT LIABILITIES</b>			(318,863)		(197,597)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			23,461,974		23,179,436
<b>CREDITORS: Amounts falling due after more than one year</b>	12		(19,490,000)		(19,890,000)
			<u>3,971,974</u>		<u>3,289,436</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		1,000,000		1,000,000
Revaluation reserve	15		2,130,398		1,716,410
Profit and loss account	16		841,576		573,026
			<u>3,971,974</u>		<u>3,289,436</u>

The financial statements were approved  
by the board on ...**30 JAN. 1998**, and  
signed on its behalf by

..... )  
..... )  
..... )  
*Richard R. Law* ) Directors  
..... )  
..... )

The notes on pages 8 to 17 form part of these financial statements.

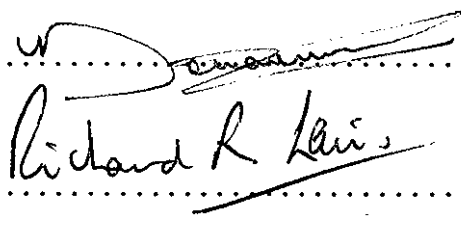
WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

HOLDING COMPANY

BALANCE SHEET AT 31 AUGUST 1997

	Notes	£	1997 £	£	1996 £	£
<b>FIXED ASSETS</b>						
Tangible assets	8		30,837		42,033	
Investments: related undertakings	9		13		13	
			<u>30,850</u>		<u>42,046</u>	
<b>CURRENT ASSETS</b>						
Debtors	10	1,830,892		1,947,417		
Cash at bank and in hand		245,827		460,326		
		<u>2,076,719</u>		<u>2,407,743</u>		
<b>CREDITORS: Amounts falling due within one year</b>	11	(68,354)		(66,535)		
<b>NET CURRENT ASSETS</b>			<u>2,008,365</u>		<u>2,341,208</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,039,215		2,383,254	
<b>CREDITORS: Amounts falling due after more than one year</b>	12		(800,000)		(1,200,000)	
			<u>1,239,215</u>		<u>1,183,254</u>	
<b>CAPITAL AND RESERVES</b>						
Called up share capital	14		1,000,000		1,000,000	
Profit and loss account	16		239,215		183,254	
			<u>1,239,215</u>		<u>1,183,254</u>	

The financial statements were approved by the board on ... 30 JAN 1998 ... and signed on its behalf by

  
 .....  
 )  
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 ) Directors  
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The notes on pages 8 to 17 form part of these financial statements.

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1997

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The consolidated accounts include the accounts of the Company and its subsidiaries. Results of Subsidiaries acquired during the year are included from the effective date. The Company is exempt from presenting its own profit and loss account in accordance with section 230(4) of the Companies Act 1985.

1.2 TURNOVER

Turnover represents the total rent and fees receivable, excluding value added tax, during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Leasehold improvements	Over the term of the lease
Fixtures and fittings	Over three years

1.4 INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No. 19 investment properties are revalued annually 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 expiry. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1997

2.	OPERATING PROFIT	1997 £	1996 £
	The operating profit is stated after charging:		
	Depreciation	24,803	18,366
	Auditors' remuneration	9,000	9,750
	Operating lease rentals:		
	Land and buildings	15,600	15,600
		<u>24,803</u>	<u>18,366</u>
3.	INTEREST RECEIVABLE	1997 £	1996 £
	Bank and other interest receivable	21,998	40,773
		<u>21,998</u>	<u>40,773</u>
4.	INTEREST PAYABLE	1997 £	1996 £
	On bank loans and overdrafts	1,743,208	1,594,553
		<u>1,743,208</u>	<u>1,594,553</u>
5.	DIRECTORS AND EMPLOYEES	1997 £	1996 £
	Staff costs:		
	Wages and salaries	79,096	53,624
		<u>79,096</u>	<u>53,624</u>
	The average number of employees during the year was made up as follows:		
	Administration	Number 2	Number 2
		<u>2</u>	<u>2</u>
	Directors' emoluments:	£	£
	Remuneration for management services	83,516	87,281
		<u>83,516</u>	<u>87,281</u>
	Included in remuneration is £67,240 (1996: £71,780) paid to Ronelle Holdings Limited, a company in which a director has an interest.		

**WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
UNDERTAKINGS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 1997**

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1997 £	1996 £
Adjustment in respect of prior years	-	987
	<u>-</u>	<u>987</u>

**7. TANGIBLE ASSETS - GROUP**

	Leasehold improvements £	Fixtures & fittings £	Land & buildings £	Total £
<u>Cost or valuation</u>				
At 1 September 1996	43,259	21,448	23,335,000	23,399,707
Additions	-	13,607	1,012	14,619
Revaluation in year	-	-	413,988	413,988
At 31 August 1997	<u>43,259</u>	<u>35,055</u>	<u>23,750,000</u>	<u>23,828,314</u>
<u>Depreciation</u>				
At 1 September 1996	14,200	8,474	-	22,674
Charge for year	14,414	10,389	-	24,803
At 31 August 1997	<u>28,614</u>	<u>18,863</u>	<u>-</u>	<u>47,477</u>
<u>Net book value at 31 August 1997</u>	<u>14,645</u>	<u>16,192</u>	<u>23,750,000</u>	<u>23,780,837</u>
<u>Net book value at 31 August 1996</u>	<u>29,059</u>	<u>12,974</u>	<u>23,335,000</u>	<u>23,377,033</u>
			1997 £	1996 £
Analysis of net book value of land and buildings:				
Freehold			<u>23,750,000</u>	<u>23,335,000</u>

The properties were revalued on 31 August 1997 by the directors in consultation with outside professional advisors on the basis of open market value for current use.

Woodsford Properties (Greenock) Limited has the option to purchase the freehold reversion of the long leasehold in 2014 for £1.

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1997

8. TANGIBLE ASSETS - COMPANY

	Leasehold Improvements £	Fixtures fittings £	Total £
<u>Cost or valuation</u>			
At 1 September 1996	43,259	21,448	64,707
Additions	-	13,607	13,607
	<hr/>	<hr/>	<hr/>
At 31 August 1997	43,259	35,055	78,314
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 1 September 1996	14,200	8,474	22,674
Charge for year	14,414	10,389	24,803
	<hr/>	<hr/>	<hr/>
At 31 August 1997	28,614	18,863	47,477
	<hr/>	<hr/>	<hr/>
<u>Net book value at 31 August 1997</u>	<hr/> 14,645 <hr/>	<hr/> 16,192 <hr/>	<hr/> 30,837 <hr/>
<u>Net book value at 31 August 1996</u>	<hr/> 29,059 <hr/>	<hr/> 12,974 <hr/>	<hr/> 42,033 <hr/>

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1997

9. INVESTMENTS

<u>Cost or valuation:</u>	<u>Beginning</u> <u>of year</u> <u>£</u>	<u>Additions</u> <u>£</u>	<u>End</u> <u>of year</u> <u>£</u>
Shares:			
Group undertakings	13	-	13
	<u>13</u>	<u>-</u>	<u>13</u>

The following were the operating subsidiaries at the year end:

<u>Subsidiary undertaking</u>	<u>Description and</u> <u>proportion of</u> <u>share capital</u> <u>owned</u>	<u>Country</u> <u>of</u> <u>incorporation</u>	<u>Nature</u> <u>of business</u>
Woodsford Properties (Barnet) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Bootle) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Bristol) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Crawley) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Dalkeith) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Greenock) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Norton) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Redditch) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Swansea) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Wigston) Limited	Ordinary 100%	England	Property Investment
Woodsford Properties (Cheltenham) Limited	Ordinary 100%	England	Property Investment

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
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NOTES TO THE FINANCIAL STATEMENTS  
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10. DEBTORS - GROUP	1997 £	1996 £
Other debtors	3,488	8,621
	<u>3,488</u>	<u>8,621</u>
COMPANY	1997 £	1996 £
Amounts owed by group undertakings	1,827,404	1,938,796
Other debtors	3,488	8,621
	<u>1,830,892</u>	<u>1,947,417</u>
11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - GROUP	1997 £	1996 £
Taxes and social security costs	161,988	171,648
Other creditors	32,197	8,812
Accruals and deferred income	373,993	486,084
	<u>568,178</u>	<u>666,544</u>
COMPANY	1997 £	1996 £
Taxes and social security costs	36,757	36,437
Accruals and deferred income	31,597	30,098
	<u>68,354</u>	<u>66,535</u>



**WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1997**

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1997 £	1996 £
Loans	18,690,000	18,690,000
Unsecured loan notes	800,000	1,200,000
	<u>19,490,000</u>	<u>19,890,000</u>
 COMPANY	 1997 £	 1996 £
Unsecured loan notes	800,000	1,200,000
	<u>800,000</u>	<u>1,200,000</u>

The unsecured loan notes are interest free and repayable in full on or before 15 February 2001.

£2,740,000 of secured loans are repayable on 30 June 2000. Interest is payable quarterly at a rate of 9.86%. £3,000,000 of secured loans are repayable on 31 December 1999. Interest is payable quarterly and is charged at a rate of 10.3% reducible by 2% per annum on punctual payment. The remaining £12,950,000 of secured loans are repayable on 31 December 2001. Interest is charged quarterly at fixed rates of between 10.90% and 12.49% reducible by 2% on punctual payment. These loans are secured by charges on the investment properties and all property rights and assets of the subsidiary taking out the loan.

Woodsford Properties (Barnet) Limited, Woodsford Properties (Bootle) Limited, Woodsford Properties (Crawley) Limited, Woodsford Properties (Norton) Limited, Woodsford Properties (Redditch) Limited and Woodsford Properties (Swansea) Limited have provided a limited cross guarantee to the value of £300,000 in respect of the debts of Woodsford Properties (Bristol) Limited.

Woodsford Commercial Properties Limited has agreed to compensate a third party in the event that they suffer any loss as a result of providing guarantees for the borrowings of Woodsford Properties (Greenock) Limited and Woodsford Properties (Dalkeith) Limited.

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
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13. BORROWINGS	1997 £	1996 £
<u>The company's borrowings are repayable as follows:</u>		
Between two and five years	19,490,000	6,940,000
In five years or more		- 12,950,000
	<u>19,490,000</u>	<u>19,890,000</u>

Details of security:

These are given in note 12.

COMPANY	1997 £	1996 £
<u>The company's borrowings are repayable as follows:</u>		
Between two and five years	<u>800,000</u>	<u>1,200,000</u>

14. SHARE CAPITAL	1997 £	1996 £
<u>Authorised</u>		
Equity interests:		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<u>Allotted, called up and fully paid</u>		
Equity interests:		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1997

15. REVALUATION RESERVE	1997 £	1996 £
Balance at 1 September 1996	1,716,410	1,244,036
Revaluation during the year	413,988	472,374
Balance at 31 August 1997	<u>2,130,398</u>	<u>1,716,410</u>

The holding company has not revalued its fixed assets in the year.

16. PROFIT AND LOSS ACCOUNT	1997 £	1996 £
Retained profits at 1 September 1996	573,026	323,448
Profit for the financial year	268,550	249,578
Retained profits at 31 August 1997	<u>841,576</u>	<u>573,026</u>

COMPANY	1997 £	1996 £
Retained profits at 1 September 1996	183,254	104,738
Profit for the financial year	55,961	78,516
Retained profits at 31 August 1997	<u>239,215</u>	<u>183,254</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1997 £	1996 £
Profit for the financial year	268,550	249,578
Other recognised gains and losses relating to the year (net)	413,988	472,374
Net addition to shareholders' funds	682,538	721,952
Shareholders' funds at 1 September 1996	3,289,436	2,567,484
Shareholders' funds at 31 August 1997	<u>3,971,974</u>	<u>3,289,436</u>
Represented by:-		
Equity interests	3,971,974	3,289,436
	<u>3,971,974</u>	<u>3,289,436</u>

WOODSFORD COMMERCIAL PROPERTIES LIMITED AND SUBSIDIARY  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1997

18. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption conferred by FRS 8 not to disclose transactions made with its subsidiary companies. Expenses were recovered during the year from Woodsford Consulting Limited, a company in which two of the directors have an interest, for £61,996. All transactions are made under normal business terms.