

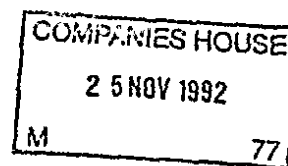
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BAILEY INVESTMENTS PLC AND SUBSIDIARY COMPANY

no. 111.

FINANCIAL STATEMENTS - 30 APRIL 1992

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS



BAILEY INVESTMENTS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 1992

The directors present their annual report on the affairs of the Group, together with the financial statements and the auditors' report for the year ended 30 April 1992.

GROUP STRUCTURE:

Throughout the year the Company owned the entire issued share capital of Bailey Properties Limited. This company is registered in Great Britain.

ACTIVITIES:

The Group is engaged in property investment and property development.

TRADING RESULTS:

The results for the year are reflected on page 4 of the financial statements.

DIRECTORS AND DIRECTORS' INTERESTS:

The following served as directors during the year -

P.E. Bailey
C.A. Bailey
P.M. Guy A.C.A.

The directors' interests in the shares of the Company, together with their family interests, were as stated below -

	<u>1992</u>	<u>1991</u>
	£	£
Ordinary shares of £1 -		
P.E. Bailey	68,500	68,500
C.A. Bailey	1,500	1,500
P.M. Guy	30,000	30,000
	<u>100,000</u>	<u>100,000</u>
	=====	=====

	<u>1992</u>	<u>1991</u>
	£	£
Redeemable 10% Preference shares -		
P.E. Bailey	-	350,000
P.M. Guy	-	150,000
	-----	-----
	-	500,000
	=====	=====

FIXED ASSETS:

Information relating to changes in fixed assets is provided in Note 7 to the financial statements.

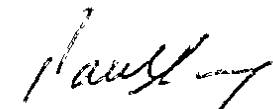
CLOSE COMPANY STATUS:

The company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS:

Chris Rich & Co. have expressed their willingness to continue in office and a resolution will be placed before the Annual General Meeting for their re-appointment.

BY ORDER OF THE BOARD



P.M. GUY A.C.A.
Secretary

Conway House
St. Mellons Business Park
Cardiff

24 July 1992

TO THE MEMBERS OF BAILEY INVESTMENTS PLC:

We have audited the consolidated financial statements of Bailey Investments PLC and its subsidiary company for the year ended 30 April 1992 as set out on pages 4 to 17 in accordance with Auditing Standards.

As disclosed in notes 13 and 14 to the financial statements, no provision has been made in respect of guarantees provided to bankers and financial institutions in relation to the borrowing of the subsidiary Companies and related Companies.

As disclosed in note 8 to the financial statements the Holding company held an investment in a related company of £200,000. We have been unable to form an opinion as to the recoverability of this investment.

As disclosed in note 10 to the financial statements the Holding company had made unsecured advances to related companies of £700,000, and we are unable to form an opinion as to the recoverability of these advances.

Subject to the foregoing, in our opinion, the financial statements, which have been prepared under the historical cost convention, with the exception of the revaluation of property owned by the Holding company disclosed in note 19, give a true and fair view of the state of affairs of the Company and Group at 30 April 1992, and of the profit and statement of cashflow of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



CHRIS RICH & CO.
REGISTERED AUDITOR
7 BERKELEY SQUARE
CLIFTON
BRISTOL

24 July 1992

BAILEY INVESTMENTS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 1992

	<u>Notes</u>	<u>1992</u>	<u>1991</u>
		£	£
Sales		4,697,000	829,250
Cost of sales		(3,544,121)	(736,833)
Gross profit		<u>1,152,879</u>	<u>92,417</u>
Other operating expenses	1	(205,733)	(340,245)
Operating profit (loss)		<u>947,146</u>	<u>(247,828)</u>
Exceptional item	2	(77,000)	(547,335)
Other income	3	878,681	1,067,948
Financing costs	4	(1,020,348)	(1,420,934)
Profit (loss) on ordinary activities, before taxation	5	<u>728,479</u>	<u>(1,148,149)</u>
Taxation (charge) credit	6	(100,000)	260,292
Net profit (loss)		<u>628,479</u>	<u>(887,857)</u>
Retained earnings, beginning of year		420,139	1,357,996
Preference shares redeemed		(500,000)	-
Preference dividend waived (provided)		50,000	(50,000)
Consolidation adjustment		40,000	-
Retained earnings, end of year	17	<u>638,618</u>	<u>420,139</u>

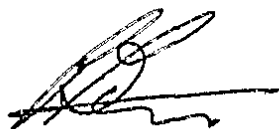
The accompanying notes form an integral part of this statement

BAILEY INVESTMENTS PLC

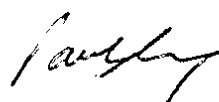
CONSOLIDATED BALANCE SHEET - 30 APRIL 1992

	<u>Notes</u>	<u>1992</u>	<u>1991</u>
		£	£
FIXED ASSETS	7	8,092,371	12,194,001
INVESTMENTS	8	203,451	3,451
CURRENT ASSETS:			
Stock and work in progress	9	1,163,979	2,631,806
Debtors	10	1,597,517	118,245
Bank and bank deposits		221,325	1,219,092
Joint venture stock	11	70,768	110,070
		3,053,589	4,079,213
CREDITORS:			
Amounts falling due within one year -			
Creditors and accruals	12	1,146,989	2,810,042
Project finance	13	857,968	819,746
Bank overdrafts	14	993,406	931,651
		2,998,363	4,561,439
NET CURRENT ASSETS (LIABILITIES)		55,226	(482,226)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,351,048	11,715,226
CREDITORS:			
Amounts falling due after more than one year	15	(5,480,250)	(7,794,890)
NET ASSETS		2,870,798	3,920,336
CAPITAL AND RESERVES:			
Share capital	16	100,000	600,000
Capital redemption reserve	17	500,000	-
Profit and loss account	18	638,618	420,139
Revaluation reserve	19	1,632,180	2,900,197
		2,870,798	3,920,336

P.E. BAILEY



P.M. GUY A.C.A.



} Directors

24 July 1992

The accompanying notes form an integral part of this balance sheet

BAILEY INVESTMENTS PLC

HOLDING COMPANY PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 1992

	<u>Notes</u>	<u>1992</u>	<u>1991</u>
		£	£
Sales		4,642,000	152,750
Cost of sales		(3,489,289)	(66,041)
Gross profit		<u>1,152,711</u>	<u>86,709</u>
Rental income	3	860,528	1,050,286
		<u>2,013,239</u>	<u>1,136,995</u>
Exceptional item	2	-	(278,000)
Other operating expenses	1	(199,103)	(302,558)
Financing costs	4	(881,101)	(1,245,855)
Profit (loss) before taxation	5	<u>933,035</u>	<u>(689,418)</u>
Taxation (charge) credit	6	(100,000)	250,000
Net profit (loss)		<u>833,035</u>	<u>(439,418)</u>
Retained profit, beginning of year		779,038	1,268,456
Preference dividend waived (provided)		50,000	(50,000)
Preference shares redeemed		(500,000)	-
Retained profit, end of year		<u><u>1,162,073</u></u>	<u><u>779,038</u></u>

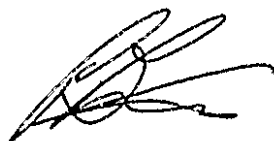
The accompanying notes form an integral part of this statement

BAILEY INVESTMENTS PLC

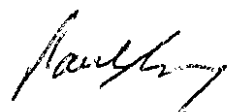
HOLDING COMPANY BALANCE SHEET - 30 APRIL 1992

	<u>Notes</u>	<u>1992</u>	<u>1991</u>
		£	£
FIXED ASSETS	7	8,092,371	12,194,001
INVESTMENTS	8	203,551	3,551
CURRENT ASSETS:			
Stock and work-in-progress	9	727,129	2,106,456
Debtors	10	1,580,439	30,563
Bank and bank deposits		221,325	1,219,092
Joint venture stock	11	70,768	110,070
		2,599,661	3,466,181
CREDITORS:			
Amounts falling due within one year -			
Creditors and accruals	12	1,146,733	2,769,862
Project finance	13	857,968	819,746
Bank overdraft	14	16,379	-
		2,021,080	3,589,608
TOTAL ASSETS LESS CURRENT LIABILITIES		8,874,503	12,074,125
CREDITORS:			
Amounts falling due after more			
than one year	15	(5,480,250)	(7,794,890)
NET ASSETS		3,394,253	4,279,235
CAPITAL AND RESERVES:			
Share capital	16	100,000	600,000
Capital redemption reserve	17	500,000	-
Profit and loss account	18	1,162,073	779,038
Revaluation reserve	19	1,632,180	2,900,197
		3,394,253	4,279,235

P.E. BAILEY



P.M. GUY A.C.A.



)
)
) Directors

24 July 1992

The accompanying notes form an integral part of this balance sheet

BAILEY INVESTMENTS PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 1992

	<u>1992</u>	<u>1991</u>
	£	£
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	(1,137,909)	720,405
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:		
Interest received	111,833	152,775
Interest paid	(1,132,028)	(1,571,559)
	(1,020,195)	(1,418,784)
TAXATION:		
Corporation tax paid (refunded)	-	60,592
INVESTING ACTIVITIES:		
Purchase of fixed assets	-	(2,910)
Purchase of investments	(200,000)	-
Proceeds from sales of fixed assets	4,075,000	12,044
	3,875,000	9,134
NET CASH INFLOW BEFORE FINANCING	1,716,896	(628,653)
FINANCING:		
Issue of preference share capital	(500,000)	500,000
Project finance	38,222	819,746
Loans	(2,314,640)	368,723
	(2,776,418)	1,688,469
INCREASE IN CASH AND CASH EQUIVALENTS	(1,059,522)	1,059,816

The notes, set out on page 9, are an integral part of this statement.

BAILEY INVESTMENTS PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 1992

RECONCILIATION OF OPERATING PROFIT TO NET CASH
INFLOW FROM OPERATING ACTIVITIES

	<u>1992</u>	<u>1991</u>
	£	£
Operating profit (loss)	947,146	(247,828)
Exceptional item	(77,000)	(547,335)
Depreciation	1,630	598
Rental income	878,528	1,065,798
Profit (loss) on sale of fixed assets / investments	(1,243,017)	30,200
Consolidation adjustment	40,000	-
Movement in stock	1,467,827	(784,928)
Movement in debtors	(1,479,272)	698,017
Movement in creditors	(1,713,053)	675,953
Movement in joint venture	39,302	(110,070)
	-----	-----
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	(1,137,909)	720,405
	=====	=====

ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS
DURING THE YEAR

	<u>1992</u>	<u>1991</u>	<u>Change</u>
	£	£	£
Bank overdrafts	(993,406)	(931,651)	(61,755)
Bank deposit	221,325	1,219,092	(997,767)
	-----	-----	-----
	(772,081)	287,441	(1,059,552)
	=====	=====	=====

ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>1992</u>	<u>1991</u>	<u>Change</u>
	£	£	£
Share capital	100,000	600,000	(500,000)
Project finance	(857,968)	(819,746)	38,222
Loans	(5,480,250)	(7,794,890)	(2,314,640)
	=====	=====	=====

BAILEY INVESTMENTS PLC

STATEMENT OF ACCOUNTING POLICIES

A summary of the principal Group accounting policies is set out below, all of which have been applied consistently throughout the year.

a. Basis of accounting:

The financial statements have been prepared under the historical cost convention, with the exception of the revaluation of properties as disclosed in note 19.

b. Tangible fixed assets:

Investment properties are valued at cost or valuation.

Freehold investment properties are not depreciated. Amortisation is provided in respect of short leasehold properties.

The cost of investment properties includes interest incurred during the period of their construction.

c. Taxation:

Deferred taxation is not provided as no material timing differences exist between capital allowances and depreciation.

d. Stocks:

Stocks are valued at the cost of acquisition, including appropriate professional fees, together with the cost of construction work carried out, including site overheads. Stocks are valued at the lower of cost and net realisable value. Interest costs are not included in the stock valuation.

e. Basis of consolidation:

Intercompany transactions are eliminated on consolidation.

f. Sales:

Sales comprise the value of properties sold, excluding Value Added Tax.

BAILEY INVESTMENTS PLC

NOTES TO FINANCIAL STATEMENTS - 30 APRIL 1992

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£	£	£	£
1. OTHER OPERATING EXPENSES:				
Administration	162,721	117,930	157,696	98,028
Selling	43,012	192,115	41,407	174,330
Loss on investments	-	30,200	-	30,200
	-----	-----	-----	-----
	205,733	340,245	199,103	302,558
	=====	=====	=====	=====
2. EXCEPTIONAL ITEM:				
The exceptional item represents a provision to reduce the costs of specific properties held in stock to their net realisable values.				
3. OTHER INCOME:				
Rental income	878,528	1,065,798	860,528	1,050,286
Other income	153	2,150	-	-
	-----	-----	-----	-----
	878,681	1,067,948	860,528	1,050,286
	=====	=====	=====	=====
The proceeds and cost of investment properties sold by the Holding Company are reflected in sales and cost of sales respectively.				
4. FINANCING COSTS:				
Bank and finance company interest	1,048,370	1,561,374	909,123	1,387,847
Hire purchase	-	1,552	-	-
Other	83,658	8,633	83,658	8,633
	-----	-----	-----	-----
	1,132,028	1,571,559	992,781	1,396,480
Bank interest received	(110,148)	(150,625)	(110,148)	(150,625)
Other interest received	(1,532)	-	(1,532)	-
	-----	-----	-----	-----
	1,020,348	1,420,934	881,101	1,245,855
	=====	=====	=====	=====

5. PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION:

a. Is stated after charging the following

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£	£	£	£
Depreciation	1,630	598	1,630	-
Auditors' remuneration	6,000	6,000	4,000	4,000
Staff costs	-	4,715	-	-
	=====	=====	=====	=====

b. Staff costs related solely to the subsidiary company -

	£	£
Salaries	-	3,892
National Insurance	-	407
	-----	-----
Pensions	-	4,299
	-	416
	-----	-----
	-	4,715
	=====	=====

6. TAXATION:

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£	£	£	£
a. Corporation tax charge (credit)	100,000	(260,292)	100,000	(250,000)
	=====	=====	=====	=====

The corporation tax charge (credit) is based on the results of the Group for the year, and reflects the benefit of the utilisation of tax losses where appropriate.

c. No provision for deferred taxation is required as no material timing differences exist.

7. FIXED ASSETS:

GROUP AND HOLDING COMPANY:

	<u>Freehold Property</u>	<u>Leasehold Property</u>	<u>Total</u>
	£	£	£
COST -			
Beginning of year	9,275,702	18,102	9,293,804
Disposals	(2,831,983)	-	(2,831,983)
	-----	-----	-----
End of year	6,443,719	18,102	6,461,821
	-----	-----	-----
DEPRECIATION -			
Beginning of year	-	-	-
Charge	-	1,630	1,630
	-----	-----	-----
End of year	-	1,630	1,630
	-----	-----	-----
REVALUATION -			
Beginning of year	2,893,057	7,140	2,900,197
Movement (see note 18)	(1,268,017)	-	(1,268,017)
	-----	-----	-----
End of year	1,625,040	7,140	1,632,180
	-----	-----	-----
NET BOOK VALUE -			
Beginning of year	12,168,759	25,242	12,194,001
	=====	=====	=====
End of year	8,068,759	23,612	8,092,371
	=====	=====	=====

Freehold properties relate to properties owned by the Holding company and include properties valued at £2.4 million which are held on 250 year leases, at a peppercorn rent.

8. INVESTMENTS:

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£	£	£	£
Shares in Group companies (note 20)	-	-	100	100
Shares in unquoted company	200,000	-	200,000	-
Joint venture company	1	1	1	1
Other	3,450	3,450	3,450	3,450
	<u>203,451</u>	<u>3,451</u>	<u>203,551</u>	<u>3,551</u>
	=====	=====	=====	=====

The investment in a joint-venture company represents a holding of one ordinary share in 2 L Limited, which represents a 50% interest. The company did not trade during the period.

The investment in the related company represents 200,000 redeemable preference shares of £1 each in Bailey Homes PLC acquired by subscription during the year. The financial statements of Bailey Homes PLC reflect on asset deficiency of £750,000 as at 30 April 1992. No provision has been made in the financial statements to reduce the value of the investment.

9. STOCK:

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£	£	£	£
Land and work-in-progress	1,163,979	2,631,806	727,129	2,106,456
	=====	=====	=====	=====

10. DEBTORS:

Corporation tax	8,000	8,000	-	-
Trade debtors	22,471	27,298	22,471	27,298
Related companies	1,567,046	82,947	1,557,968	3,265
	<u>1,597,517</u>	<u>118,245</u>	<u>1,580,439</u>	<u>30,563</u>
	=====	=====	=====	=====

Amounts due from related Companies include £1,557,968 from Bailey Homes PLC of which £700,000 is unsecured.

No provision for the recoverability of this amount has been made in the financial statements.

11. JOINT VENTURE STOCK:

During the year the Holding company was engaged in a joint venture arrangement with Bailey France EURL, a company incorporated in France. The joint venture stock represents advances made for the development of property.

12. CREDITORS:

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£	£	£	£
Amounts falling due within one year comprise -				
Trade creditors	18,350	38,083	12,257	33,703
Accruals	228,333	1,562,726	205,398	1,526,911
Loans	355,011	230,418	355,011	230,418
Corporation tax	330,911	230,911	330,911	230,911
Other taxes	49,160	-	49,527	-
Subsidiary company and related companies	165,224	697,804	193,629	697,904
Preference dividend	-	50,000	-	50,000
	-----	-----	-----	-----
	1,146,989	2,810,042	1,146,733	2,769,862
	=====	=====	=====	=====

13. PROJECT FINANCE:

The Holding company has facilities from banks and finance companies for the financing of specific construction projects. Advances are made at regular intervals, based upon an independent quantity surveyor's report on the valuation of work completed.

The Holding company has facilities from a finance company for the financing of construction projects by a related company. The facilities are secured by fixed charges on freehold land owned by the related company.

The Company has entered into guarantee arrangements in respect of similar advances made to related companies.

14. BANK OVERDRAFTS:

The bank overdrafts are secured by fixed and floating charges over the Group companies' assets.

The overdrafts of related companies are secured by first legal charges over certain investment properties owned by the Holding Company. The overdrafts of the related companies were £1.7 million as at 30 April 1992 and their balance sheets reflected asset deficiencies of £1.7 million.

The Holding Company has entered into guarantee arrangements in respect of the overdrafts of subsidiary and related companies and certain related companies have in turn entered into guarantees in respect of the overdraft of the Holding company.

15. CREDITORS:

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£	£	£	£
Amounts falling due after more than one year -				
Bank loans and mortgages	5,005,250	7,794,890	5,005,250	7,794,890
Other loans	475,000	-	475,000	-
	<u>5,480,250</u>	<u>7,794,890</u>	<u>5,480,250</u>	<u>7,794,890</u>
	=====	=====	=====	=====

Bank loans and mortgages are secured by fixed legal charges over freehold properties.

16. CALLED UP SHARE CAPITAL:

	<u>1992</u>	<u>1991</u>
	£	£
Ordinary shares of £1 each -		
Authorised	100,000	100,000
	=====	=====
Issued	100,000	100,000
	=====	=====
Redeemable 10% Preference shares of £1 each -		
Authorised and issued	-	500,000
	=====	=====

The preference shares were redeemed on 12 November 1991 from the distributable reserves of the company.

17. CAPITAL REDEMPTION RESERVE:

The reserve was established on 12 November 1991 following the redemption of £500,000 of preference shares of £1 each.

18. RETAINED PROFIT:

	<u>1992</u>	<u>1991</u>
	£	£
Attributable to Holding company	1,162,073	779,038
Bailey Properties Limited	(523,455)	(318,899)
	<u>638,618</u>	<u>460,139</u>
Consolidation adjustment	-	(40,000)
	<u>638,618</u>	<u>420,139</u>
	<u>=====</u>	<u>=====</u>

19. REVALUATION RESERVE:

The movement on the reserve during the year was as follows -

	£
Reserve, 1 May 1991	2,900,197
Revaluation of commercial property	(300,000)
during the year	
Disposal	(968,017)
	<u>1,632,180</u>
Reserve, 30 April 1992	<u>=====</u>

The reserve relates to freehold properties valued by Debenham Tewson Limited at open market values in 1990. A reduction in the holding value of £300,000 has been made by the Directors.

20. INVESTMENTS IN SUBSIDIARY COMPANIES:

The investment comprises 100 ordinary shares of £1 each in Bailey Properties Limited.

21. RELATED PARTY TRANSACTIONS:

During the year the Holding company -

- a. Sold land to a related company for £1.2 million.
- b. Sold property to two company Directors for £355,000.

The Directors believe the transactions were conducted at market value.