

COMPANY NUMBER: 1800291

**THE ALMANZORA GROUP LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 MARCH 1996**



**CLARK WHITEHILL**  
**Chartered Accountants**

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A member of Horwath International



**THE ALMANZORA GROUP LIMITED**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 31 MARCH 1996**

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The directors present their report and financial statements for the year ended 31 March 1996.

**REVIEW OF ACTIVITIES**

The principal activity of the company is the marketing and sales as commission agents of property. In particular, the company markets property on three major, and a number of minor, residential and touristic developments in Spain. The major projects, comprising more than 6,000 dwellings plus ancillary premises over 15 or more years, were initiated in 1989 but were delayed by planning and market difficulties, resulting in a lack of supply of the properties that the company had anticipated marketing and selling and giving rise to continuing losses to the company.

The company continues its property sales activities but due to the poor overseas property market achieved no sales commission during the year of account. Sales and commission income should recommence next year which should also see commencement of work on sales of property on one of the major projects referred to above. The directors therefore remain fully confident in a substantial future for this company.

**RESULTS**

The financial statements for the year ended 31 March 1996 show a loss after taxation of £20,240 (1995 £19,229) which has been withdrawn from reserves. The directors do not recommend the payment of a dividend.

**DIRECTORS**

The following have served as directors during the year:

S R Hitchins  
J R Hitchins  
A Underhill  
P J Goodhall

None of the directors had any interest in the share capital of the company or any other company in the group.

**THE ALMANZORA GROUP LIMITED**  
**DIRECTORS REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 1996**

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**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 company's state of affairs at the end of the year and of its profit or loss for the 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 or other irregularities.

**AUDITORS**

The auditors, Clark Whitehill, have intimated their willingness to continue in office and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By Order of the Board

  
Secretary

25 New Street Square  
London EC4A 3LN



# CLARK WHITEHILL

## Chartered Accountants

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### REPORT OF THE AUDITORS

### TO THE MEMBERS OF THE ALMANZORA GROUP LIMITED

A member of Horwath International



We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

#### Respective Responsibilities of Directors and Auditors

As described on page 2 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 financial statements and to report our opinion to you.

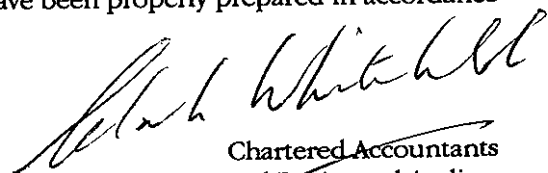
#### Basis of Opinion

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 the information in the financial statements.

#### Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Chartered Accountants  
and Registered Auditor

10<sup>th</sup> January 1997

**THE ALMANZORA GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 1996**

	Notes	1996 £	1995 £
<b>TURNOVER</b>		-	14,988
Cost of Sales		<u>20,233</u>	<u>34,459</u>
<b>GROSS LOSS</b>		20,233	19,471
Administrative expenses		<u>77,590</u>	<u>78,834</u>
<b>OPERATING LOSS</b>		97,823	98,305
Interest receivable	2	<u>68,209</u>	<u>69,604</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	29,614	28,701
Tax on loss on ordinary activities	4	<u>(9,374)</u>	<u>(9,472)</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		20,240	19,229
<b>DEFICIT BROUGHT FORWARD</b>		<u>170,187</u>	<u>150,958</u>
<b>DEFICIT CARRIED FORWARD</b>		<u>190,427</u>	<u>170,187</u>

The Profit and Loss Account contains all the gains and losses recognised in the current and preceding year and the loss after taxation in these years is the only movement on shareholders' funds.

The notes on pages 6 to 8 form  
an integral part of these financial statements.

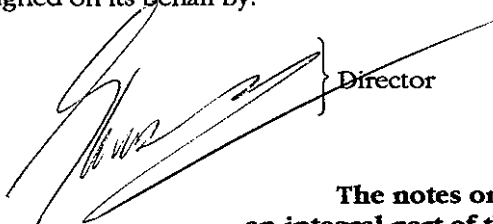
**THE ALMANZORA GROUP LIMITED**

**BALANCE SHEET**

**31 MARCH 1996**

	Notes	1996 £	1995 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	5	14,854	3,989
<b>CURRENT ASSETS</b>			
Other debtors		309,348	245,088
Amount owed by group undertakings		585,762	598,946
Cash at bank		9,473	6,909
		<u>904,583</u>	<u>850,943</u>
<b>CREDITORS: amounts falling due within one year</b>			
Trade creditors		4,558	4,711
Amount owed to group undertakings		813,859	685,322
Other creditors and accruals		2,650	2,700
Taxation and social security		3,408	3,228
		<u>824,475</u>	<u>695,961</u>
<b>NET CURRENT ASSETS</b>		<u>80,108</u>	<u>154,982</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>94,962</u>	<u>158,971</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	6	<u>35,389</u>	<u>79,158</u>
<b>NET ASSETS</b>		<u>59,573</u>	<u>79,813</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	250,000	250,000
Profit and loss account - Deficit		<u>190,427</u>	<u>170,187</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>59,573</u>	<u>79,813</u>

Approved by the Board on 19.12.96  
and signed on its behalf by:

 Director

The notes on pages 6 to 8 form  
an integral part of these financial statements.

THE ALMANZORA GROUP LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
31 MARCH 1996

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**1. ACCOUNTING POLICIES**

**a) Basis of Accounting**

These financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

**b) Turnover**

Turnover represents the income earned during the year net of VAT.

**c) Tangible Fixed Assets**

Tangible fixed assets are depreciated over their anticipated useful lives on a straight line basis at the following rates:

Fixtures, fittings and office equipment	- 15% per annum
Motor vehicles	- 25% per annum

**(d) Deferred Taxation**

Provision is made for corporation tax deferred by timing differences which could be payable within the foreseeable future.

<b>2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
<b>This is arrived at after charging:</b>		
Auditors' remuneration	2,000	2,000
Directors' remuneration		
- Emoluments	28,087	29,689
- Pensions costs	580	1,566
Depreciation-	<u>6,840</u>	<u>2,414</u>
<b>and after crediting:</b>		
Interest receivable from group undertaking	<u>68,209</u>	<u>69,604</u>

**THE ALMANZORA GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 MARCH 1996**

**3. EMPLOYEE INFORMATION**

**a) Staff Costs and Numbers**

The average number of persons (including directors) employed by the company during the year was 4 (1995 - 4), employed in sales, marketing and administration.

	1996 £	1995 £
Aggregate gross salaries	92,525	93,073
Social security costs	9,438	9,459
Pension costs	5,799	5,606
	<u>107,762</u>	<u>108,138</u>

**b) Directors' Emoluments Excluding Pension Costs**

Chairman and highest paid director	<u>25,000</u>	<u>25,000</u>
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	No.	No.
The emoluments of the directors fell in the following ranges:		
£Nil	2	2
£Nil - £5,000	1	1
£10,001 - £15,000	-	-
£20,001 - £25,000	1	1
	<u>4</u>	<u>4</u>

**4. TAXATION**

The taxation charge comprises:

	£	£
Corporation tax	43,095	-
Compensation received on surrender of tax losses to group companies	(8,700)	(19,027)
Deferred taxation	(43,769)	9,555
	<u>(9,374)</u>	<u>(9,472)</u>



**THE ALMANZORA GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 MARCH 1996**

**5. TANGIBLE FIXED ASSETS**

	Total £	Fixtures, fittings and office equipment £	Motor Vehicle £
Cost			
At 1 April 1995	16,096	16,095	1
Additions for the year	<u>17,705</u>	<u>-</u>	<u>17,705</u>
<b>At 31 March 1996</b>	<b><u>33,801</u></b>	<b><u>16,095</u></b>	<b><u>17,706</u></b>
Depreciation			
At 1 April 1995	12,107	12,107	-
Charge for the year	<u>6,840</u>	<u>2,414</u>	<u>4,426</u>
<b>At 31 March 1996</b>	<b><u>18,947</u></b>	<b><u>14,521</u></b>	<b><u>4,426</u></b>
<b>Net Book values</b>			
<b>31 March 1996</b>	<b><u>14,854</u></b>	<b><u>1,574</u></b>	<b><u>13,280</u></b>
<i>31 March 1995</i>	<i><u>3,989</u></i>	<i><u>3,988</u></i>	<i><u>1</u></i>

**6. PROVISION FOR LIABILITIES AND CHARGES**

	1996 £	1995 £
Deferred taxation on short term timing differences at 33%	<u>35,389</u>	<u>79,158</u>

**7. CALLED UP SHARE CAPITAL**

Authorised, allotted and fully paid 250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
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**8. ULTIMATE HOLDING COMPANY**

The ultimate Holding Company is Bay Holdings Limited, incorporated in Bermuda.