

PROPHOLD LIMITED
FINANCIAL STATEMENTS
31ST MARCH 2000



Company Number 1876080 (England and Wales)

Worton Rock
Chartered Accountants
and Registered Auditors
Kidderminster

PROPHOLD LIMITED

COMPANY INFORMATION

Directors:	A. D. D. Crichton R. T. Gibson S. B. De Carteret
Secretary:	Caversham Secretaries Limited
Registered office:	7 Market Street Stourbridge West Midlands DY8 1AB.
Registered number:	1876080
Auditors:	Worton Rock Chartered Accountants and Registered Auditors 112 Coventry Street Kidderminster DY10 2BJ.
Bankers:	Barclays Bank PLC 13 Library Place St. Helier Jersey

PROPHOLD LIMITED

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 The following page does not form part of the financial statements:	
Detailed trading and profit and loss account	Appendix 1

PROPHOLD LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company for the year ended 31st March 2000.

PRINCIPAL ACTIVITY

The principal activity of the in the year under review was that of an investment company.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year were as follows :

A. D. D. Crichton
R. T. Gibson
S. B. De Carteret


None of the directors of the company who served during the year or subsequently held any interests in the shares of the company.

AUDITORS

The auditors, Worton Rock, have indicated their willingness to be re-appointed and will be proposed for re-appointment in accordance with the Companies Act 1985.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors


Caversham Secretaries Limited
Secretary

7 Market Street
Stourbridge
West Midlands
DY8 1AB

15th November, 2001.

PROPHOLD LIMITED

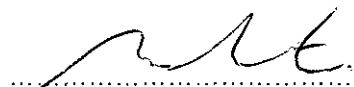
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 period. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and 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 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.

Signed on behalf of the board
of directors



A. D. D. Crichton
Director

15th November, 2001.

PROPHOLD LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF PROPHOLD LIMITED

We have audited the financial statements on pages 4 - 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on Page 7.

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 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 error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

Investment properties have not been included in the financial statements at open market value at 31st March 2000 as required by Statement of Standard Accounting Practice 19.

Except for non compliance with Statement of Standard Accounting Practice 19, as noted above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Worton Rock

Worton Rock
Chartered Accountants and Registered Auditors

Kidderminster

20th November, 2001.

PROPHOLD LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2000

	<u>Note</u>	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Turnover	2	80,666	89,043
Cost of sales		(50,173)	(47,574)
Gross profit		30,493	41,469
Administrative expenses		(13,099)	(12,153)
Operating profit	3	17,394	29,316
Exceptional surplus on change of trade		-	208,141
Profit on disposal of fixed assets		34,401	-
Interest Receivable		2,930	453
Interest payable		(1,298)	(1,066)
Profit before taxation		53,427	236,844
Taxation	4	(3,950)	(36,100)
Profit after taxation and retained for the year		49,477	200,744
Retained loss brought forward		(1,542,039)	(1,742,783)
Retained loss carried forward		<u>£(1,492,562)</u>	<u>£(1,542,039)</u>

The notes on pages 7 to 11 form part of these financial statements.

All of the company's activities in the above two financial years derived from continuing operations.

PROPHOLD LIMITED


BALANCE SHEET

31ST MARCH 2000

	<u>Note</u>	<u>2000</u>	<u>1999</u>
		£	£
Tangible fixed assets	5	747,952	958,938
Current assets			
Debtors	6	27,437	31,840
Cash at bank and in hand		138,333	18,631
		165,770	50,471
Creditors : amounts falling due within one year	7	(75,337)	(63,875)
Net current (liabilities)/assets		90,433	(13,404)
Total assets less current liabilities		838,385	945,534
Creditors : Amounts falling due after more than one year	8	(494,937)	(651,563)
		£343,448	£293,971
Capital and reserves			
Called up share capital	9	1,836,010	1,836,010
Profit and loss account		(1,492,562)	(1,542,039)
Total shareholders' funds		£343,448	£293,971

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Approved by the board of directors on 15th November, 2001 and signed on its behalf


A. D. D. Crichton
Director

The notes on pages 7 to 11 form part of these financial statements.

PROPHOLD LIMITED

CASH FLOW STATEMENT

for the year ended 31st March 2000

	<u>2000</u>		<u>1999</u>	
	£	£	£	£
CASH GENERATED FROM OPERATIONS				
Operating profit	17,394		29,316	
Reconciliation to cash generated from operations:				
Depreciation	1,518		5,679	
Decrease in debtors	4,403		4,584	
Increase in trade creditors	6,418		1,816	
Increase in other creditors	<u>1,625</u>		<u>11,429</u>	
		31,358		52,824
CASH FROM OTHER SOURCES				
Interest received	2,930		453	
Sale of fixed assets	<u>243,869</u>			
		246,799		453
APPLICATION OF CASH				
Interest paid	(1,298)		(1,066)	
Purchase of fixed assets	-		(370)	
Corporation Tax	(531)			
Repayment of amounts borrowed from holding company	<u>(156,626)</u>		<u>(53,208)</u>	
		(158,455)		(54,644)
NET DECREASE IN CASH		119,702		(1,367)
Cash at bank and in hand at beginning of year		18,631		19,998
CASH AT BANK AND IN HAND AT END OF YEAR		£ 138,333		£ 18,631

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS

31ST MARCH 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements of the company have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents rental income receivable from the properties let out on short term tenancies.

Tangible fixed assets and depreciation

Depreciation is provided on fixtures, fittings and furnishings at the annual rate to write off each asset over its estimated useful life of 5 years.

No depreciation is provided in respect of freehold and long leasehold properties. The book values of land and buildings are reviewed by the directors annually and if the market value of any property is estimated to be less than the book value, provision is made for the difference by way of exceptional depreciation.

2. TURNOVER

There was no turnover attributable to geographical markets outside the United Kingdom during the year (1999 - None).

3. OPERATING PROFIT

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Operating profit is stated after charging:		
Depreciation	1,518	5,679
Directors remuneration	-	-
Auditors remuneration	<u>2,115</u>	<u>2,115</u>

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS
(continued)

31ST MARCH 2000

4. TAXATION

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Corporation Tax based on profits for the year at 20% (1999 - 21%)	4,000	7,000
Prior year adjustment	(50)	29,100
	<u>£3,950</u>	<u>£36,100</u>

There has been no provision for deferred taxation made in these accounts.

5. TANGIBLE FIXED ASSETS

	<u>Freehold</u> <u>Property</u> <u>£</u>	<u>Long</u> <u>Leasehold</u> <u>Property</u> <u>£</u>	<u>Fixtures</u> <u>Fittings &</u> <u>Furnishing</u> <u>£</u>	<u>Total</u> <u>£</u>
Cost				
At 1 April 1999	7,080	949,071	67,115	1,023,266
Disposals	-	(209,468)	(19,872)	(229,340)
At 31 March 2000	<u>£ 7,080</u>	<u>£ 739,603</u>	<u>£ 47,243</u>	<u>£ 793,926</u>
Depreciation				
At 1 April 1999	-	-	64,328	64,328
Disposals	-	-	(19,872)	(19,872)
Charge for year	-	-	1,518	1,518
At 31 March 2000	<u>£ -</u>	<u>£ -</u>	<u>£ 45,974</u>	<u>£ 45,974</u>
Net book value				
At 31 March 2000	<u>£ 7,080</u>	<u>£ 739,603</u>	<u>£ 1,269</u>	<u>£ 747,952</u>
At 31 March 1999	<u>£ 7,080</u>	<u>£ 949,071</u>	<u>£ 2,787</u>	<u>£ 958,938</u>

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS
(continued)

31ST MARCH 2000

5. TANGIBLE FIXED ASSETS
(continued)

The long leasehold property is held on a 125 year lease from 1 April 1998 with rent reviews after 25, 50, 75 and 100 years.

Freehold property comprises undeveloped land and is stated at cost.

6. DEBTORS

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Amounts falling due within one year		
Trade debtors	2274	1132
Prepayments and accrued income	8963	11058
	<hr/> 11237	<hr/> 12190
Amounts falling due after more than one year		
Trade debtors	11,200	14,650
Other debtors	5,000	5,000
	<hr/> £27,437	<hr/> £31,840

7. CREDITORS : amounts falling due
within one year

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Trade creditors	10,254	3,836
Corporation Tax	39,519	36,100
Accruals and deferred income	25,564	23,939
	<hr/> £75,337	<hr/> £63,875

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS
(continued)

31ST MARCH 2000

8. CREDITORS : amounts falling due
after more than one year

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Amounts owed to immediate holding company	<u><u>£ 494,937</u></u>	<u><u>£ 651,563</u></u>

The amount due to the immediate holding company is unsecured and is not subject to any specific repayment terms.

9. CALLED UP SHARE CAPITAL

	<u>2000</u>		<u>1999</u>	
	<u>Number</u>		<u>Number</u>	
	<u>of shares</u>	<u>£</u>	<u>of shares</u>	<u>£</u>
Authorised				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
Preference shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	<u>£</u>	<u>2,500,000</u>	<u>£</u>	<u>2,500,000</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
Preference shares of £1 each	<u>1,826,010</u>	<u>1,826,010</u>	<u>1,826,010</u>	<u>1,826,010</u>
	<u>£</u>	<u>1,836,010</u>	<u>£</u>	<u>1,836,010</u>

10. RELATED PARTY TRANSACTIONS

Transactions with parent company

During the year the company continued to receive financial support from Essoldo Entertainments Limited. The indebtedness due by the company was as follows:

Debt due at 1 April 1999	Movement during year		Debt due at 31 March 2000
<u>£</u>	<u>Advances</u>	<u>Repayments</u>	<u>£</u>
651,563	3,005	159,631	494,937

This support is provided on an interest free basis and without specific repayment terms.

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS
(continued)

31ST MARCH 2000

10. RELATED PARTY TRANSACTIONS
(continued)

Controlling party

At 31 March 2000 the company was a wholly owned subsidiary of Essoldo Entertainments Limited, a company registered in England. In the opinion of the directors, the ultimate holding company is Pomoso (Overseas) Limited, a company incorporated in Jersey, Channel Islands.