

For Registrar

PROPHOLD LIMITED  
FINANCIAL STATEMENTS

31ST MARCH 1998

Registered number: 1876080

WORTON ROCK  
CHARTERED ACCOUNTANTS  
Kidderminster



PROPHOLD LIMITED  
FINANCIAL STATEMENTS  
for the year ended 31st March 1998

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## PROPHOLD LIMITED

## COMPANY INFORMATION

31st March 1998

NUMBER	1876080
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
BANKERS	Barclays Bank Plc 13 Library Place St. Helier Jersey
AUDITORS	Worton Rock Chartered Accountants and Registered Auditors 112 Coventry Street Kidderminster DY10 2BJ

## PROPHOLD LIMITED

## DIRECTORS' REPORT

31st March 1998

The directors present their report and the audited financial statements for the year ended 31st March 1998.

**Principal activity**

The company has continued to hold properties for resale.

**Business review**

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £93,227.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

**Directors**

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

H. Lambert	Resigned 30th June 1997
J.S. Refson	Appointed 30th June 1997 and resigned 27th February 1998

A.D.D. Crichton	Appointed 27th February 1998
R.T. Gibson	Appointed 27th February 1998
S.B. De Carteret	Appointed 27th February 1998

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

**Year 2000 compliance**

Various steps have been taken by the company to ensure that the company will suffer no loss due to computer failure on or around the turn of the century.

**Euro**

At the moment the company envisages no problems or costs identifiable with the introduction of the euro.

continued .....

## PROPHOLD LIMITED

DIRECTORS' REPORT  
(continued)

31st March 1998

**Future developments**

The company intends to sell all of its remaining properties in the near future.

**Auditors**

The Auditors Worton Rock will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

On behalf of the board

Caversham Secretaries Limited  
Secretary

7 Market Street  
Stourbridge  
West Midlands  
DY8 1AB

14th May 1999

## 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;
- 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.

14th May 1999

On behalf of the board



A.D.D. Crichton  
Director

## PROPHOLD LIMITED

## AUDITORS' REPORT

## Auditors' report to the members of

## Prophold Limited

We have audited the financial statements on pages 5 - 13 which have been prepared under the historical cost convention, and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3, 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**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidderminster  
14th May 1999

Worton Rock  
Registered Auditors  
Chartered Accountants

## PROPHOLD LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31st March 1998

	Note	1998 £	1997 £
Turnover	2	87,499	81,456
Cost of sales		(35,520)	(26,511)
Gross profit		51,979	54,945
Net operating expenses			
Administrative expenses		(6,116)	(9,538)
Other operating income		145	49
Operating profit	3	46,008	45,456
Interest payable	4	(27)	-
Profit on ordinary activities before taxation		45,981	45,456
Taxation	5	-	-
Profit on ordinary activities after taxation		£ 45,981	£ 45,456
retained for the year	13		

Movements in reserves are shown in note 13.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.

The profit on ordinary activities before taxation and the retained profit have been calculated on the historical cost basis.



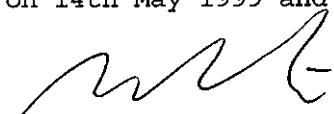
## PROPHOLD LIMITED

## BALANCE SHEET

at 31st March 1998

	Note	1998		1997
		£	£	£
<b>Current assets</b>				
Tangible assets	6	756,106		756,106
Debtors	7	36,424		25,334
Cash at bank and in hand		19,998		32,172
		<u>812,528</u>		<u>813,612</u>
Creditors: amounts falling due within one year	8	(14,530)		(22,590)
<b>Net current assets</b>		<u>797,998</u>		<u>791,022</u>
<b>Total assets less current liabilities</b>		<u>797,998</u>		<u>791,022</u>
Creditors: amounts falling due after more than one year	9	(704,771)		(743,776)
		<u>£ 93,227</u>		<u>£ 47,246</u>
<b>Capital and reserves</b>				
Called up share capital	12	1,836,010		1,836,010
Profit and loss account	13	(1,742,783)		(1,788,764)
<b>Total shareholders' funds</b>	11	<u>£ 93,227</u>		<u>£ 47,246</u>

The financial statements on pages 5 - 13 were approved by the board of directors on 14th May 1999 and signed on its behalf by:



A.D.D. Crichton  
Director

## PROPHOLD LIMITED

## CASH FLOW STATEMENT

for the year ended 31st March 1998

	Note	1998 £	1997 £
Net cash inflow from operating activities	15	26,858	40,622
Returns on investments and servicing of finance			
Interest paid		(27)	-
Financing			
Funds (to) immediate Holding company		(39,005)	(44,093)
(Decrease) in cash		<u>£ (12,174)</u>	<u>£ (3,471)</u>

## PROPHOLD LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st March 1998

**1 Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost convention and include the results of the principal activity described in the Director's Report which is continuing.

**Turnover**

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

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Stock**

Stock consists of properties for resale and undeveloped land. Stock is valued at the lower of cost and net realisable value.

## PROPHOLD LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st March 1998

## 2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

Analysis of turnover and profit on  
ordinary activities before taxation

	1998		1997	
	Turnover	Attributable pre-tax profit	Turnover	Attributable pre-tax profit
	£	£	£	£
Rental income	87,499	51,979	81,456	54,945
	<u>£ 87,499</u>	<u>51,979</u>	<u>£ 81,456</u>	<u>54,945</u>
Unallocated				
Administrative expenses		(6,116)		(9,538)
Interest payable		(27)		-
Interest receivable		145		49
		<u>£ 45,981</u>		<u>£ 45,456</u>

## 3 Operating profit

	1998	1997
	£	£
Operating profit is stated after crediting		
Interest receivable	145	49
	<u>145</u>	<u>49</u>
and after charging		
Directors remuneration	-	-
Auditors' remuneration	2,115	2,350
	<u>2,115</u>	<u>2,350</u>

## PROPHOLD LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st March 1998

## 4 Interest payable

	1998 £	1997 £
Bank interest	27	-
	<u>£ 27</u>	<u>£ -</u>

## 5 Taxation

No liability for corporation tax arises on the results for the year due to available tax losses brought forward from previous years.

## 6 Stocks

	1998 £	1997 £
Properties held for resale:		
Purchase consideration and related costs	949,071	949,071
Cost of furnishings	66,745	66,745
Land held for development	7,080	7,080
	<u>1,022,896</u>	<u>1,022,896</u>
Less: Net realisable value provision	(266,790)	(266,790)
	<u>£ 756,106</u>	<u>£ 756,106</u>

## 7 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	7,955	959
Prepayments and accrued income	8,819	9,725
	<u>16,774</u>	<u>10,684</u>
Amounts falling due after more than one year		
Trade debtors	14,650	14,650
Other debtors	5,000	-
	<u>£ 36,424</u>	<u>£ 25,334</u>

## PROPHOLD LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st March 1998

- 8 **Creditors:** amounts falling due within one year

	1998 £	1997 £
Trade creditors	2,020	5,436
Accruals and deferred income	12,510	17,154
	<u>£ 14,530</u>	<u>£ 22,590</u>

- 9 **Creditors:** amounts falling due after more than one year

	1998 £	1997 £
<b>Other liabilities</b>		
Amounts owed to immediate holding company	704,771	743,776
	<u>£ 704,771</u>	<u>£ 743,776</u>

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

- 10 **Deferred taxation**

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

- 11 **Reconciliation of movements in shareholders' funds**

	1998 £	1997 £
Profit for the financial year	45,981	45,456
Opening shareholders' funds	47,246	1,790
Closing shareholders' funds	<u>£ 93,227</u>	<u>£ 47,246</u>

## PROPHOLD LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st March 1998

## 12 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
Preference shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		£ 2,500,000		£ 2,500,000
		<u>          </u>		<u>          </u>
<b>Allotted called up and fully paid</b>				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
'Preference shares of £1 each	1,826,010	1,826,010	1,826,010	1,826,010
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		£ 1,836,010		£ 1,836,010
		<u>          </u>		<u>          </u>

## 13 Profit and loss account

	1998 £
1st April 1997	(1,788,764)
Retained profit for the year	<u>45,981</u>
31st March 1998	<u>£(1,742,783)</u>

## 14 Ultimate parent undertaking

At 31st March 1998 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.

## 15 Notes to the cash flow statement

Reconciliation of operating profit  
to operating cash flows

	1998 £	1997 £
Operating profit	46,008	45,456
Increase in stock	-	(5,224)
Increase in debtors	(11,090)	(7,754)
(Decrease)/increase in creditors	<u>(8,060)</u>	<u>8,144</u>
Net cash inflow from operating activities	<u>£ 26,858</u>	<u>£ 40,622</u>

## PROPHOLD LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st March 1998

## 16 Notes to the cash flow statement (continued)

## Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash at bank and in hand	32,172	(12,174)	19,998
Total	<u>£ 32,172</u>	<u>£ (12,174)</u>	<u>£ 19,998</u>

## Reconciliation of net cash flow to movement in net debt

	1998 £	1997 £
(Decrease) in cash in the year	(12,174)	(3,471)
Net debt at 1st April 1997	<u>32,172</u>	<u>35,643</u>
Net debt at 31st March 1998	<u>£ 19,998</u>	<u>£ 32,172</u>