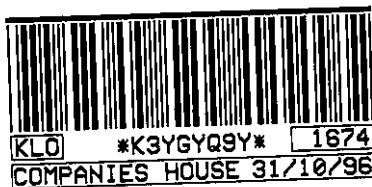


# Avatar Limited

Financial statements 31 December 1995  
together with directors' and auditors' reports  
Registered number: 2035853



## Directors' Report

For the year ended 31 December 1995

The directors present their report and the audited financial statements for the year ended 31 December 1995.

### Principal activity

The principal activity of the company is unchanged since last year and is the business of urban renewal and regeneration within the United Kingdom.

### Review of business

The company owns a retail, leisure and car park development in central Birmingham and some undeveloped land in Littlehampton. Letting of the retail and leisure space during the year has remained slow in 1995.

On 24 January 1996 Avatar Limited entered into an agreement for the sale of part of the leasehold property of the development in Birmingham at a price of £7,500,000. The sale has been completed in 1996. The investment in Train Trades Limited was sold in April 1995, and the undeveloped land in Littlehampton was sold in August 1996.

### Dividends and transfers to reserves

The directors do not recommend the payment of a dividend.

The profit for the year after taxation of £115,099 (1994 - £3,592) has been transferred to the accumulated deficit.

### Directors

The following were directors of the company during the year:

M.D. Bear  
S.J. Feery (resigned 9 June 1995)  
M.E. Fitzgerald  
B.R.J. McCarthy (resigned 25 March 1996)

### Directors' interests

The interests of directors in the share and loan capital of BICC plc, the ultimate parent company, were:

	Options	
	31 December 1995	31 December 1994
M.D. Bear	41,000	21,000
M.E. Fitzgerald	-	-
B.R.J. McCarthy	19,678	19,678
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All interests at the dates shown are beneficial. All options are in respect of numbers of ordinary shares of BICC plc.

## Directors' Report (continued)

For the year ended 31 December 1995

During the year, there were the following movements in the directors' rights to subscribe for shares in BICC plc:

Director	Options Granted
M D Bear	20,000

These options were granted under share option schemes of BICC plc at subscription prices ranging from 319p to 448p and are normally exercisable at varying times up to the year 2005.

Other than as stated above, no director had any interest in the share and loan capital of the company or of any other subsidiary undertaking of BICC plc at the relevant dates.

### Directors' responsibilities

The following statement, which should be read in conjunction with the auditors' report which follows, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the accounts on pages 4 to 10, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enables them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.


### Auditors

In accordance with Section 386 of the Companies Act 1985, the company has dispensed with the obligation to appoint auditors annually.

Registered Office:

Devonshire House  
Mayfair Place  
London  
W1X 5FH

By order of the Board,



Bical Nominees Ltd (Secretary)  
(D E Knight as a Director of Bical Nominees Ltd)

31 October 1996

## Auditors' report

To the Shareholders of Avatar Limited:

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and 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 the 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 company's state of affairs at 31 December 1995 and of the profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street  
London  
WC2R 2PS

31 October 1996

## Profit and loss account

For the year ended 31 December 1995

	Notes	1995 £	1994 £
Turnover		-	-
Exceptional cost of sales	6	( 700,000)	-
Gross loss		( 700,000)	-
Operating income		1,534,670	1,444,122
Administrative expenses		(13,155)	(35,823)
Other operating expenses		(697,945)	(1,175,195)
<b>Operating profit</b>		<b>123,570</b>	<b>233,104</b>
Interest receivable and similar income		1,981	7,658
Interest payable and similar charges	2	-	(235,401)
<b>Profit on ordinary activities before taxation</b>	3	<b>125,551</b>	<b>5,361</b>
Tax on profit on ordinary activities	4	(10,452)	(1,769)
<b>Profit on ordinary activities after taxation</b>		<b>115,099</b>	<b>3,592</b>
Accumulated deficit brought forward		(14,123,813)	(14,127,405)
Accumulated deficit carried forward		(14,008,714)	(14,123,813)

## Statement of total recognised gains and losses

For the year ended 31 December 1995

The company has no recognised gains or losses other than those included in the results above.

The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

31 December 1995

	Notes	1995 £	1994 £
<b>Fixed assets</b>			
Investments	5	82	84
<b>Current assets</b>			
Development property held for resale	6	9,000,000	9,700,000
Debtors	7	592,655	434,477
Cash at bank and in hand		201,454	205,283
<b>Creditors: Amounts falling due within one year</b>	8	9,794,109 (614,122)	10,339,760 (1,109,874)
<b>Net current assets</b>		9,179,987	9,229,886
<b>Total assets less current liabilities</b>		9,180,069	9,229,970
<b>Creditors: Amounts falling due after more than one year</b>	9	(23,138,783)	(23,303,783)
<b>Net liabilities</b>		(13,958,714)	(14,073,813)
<b>Capital and reserves</b>			
Called-up share capital	10	50,000	50,000
Accumulated deficit		(14,008,714)	(14,123,813)
<b>Shareholder's Funds</b>	11	(13,958,714)	(14,073,813)

Signed on behalf of the Board



M.D. Bear  
Director

31 October 1996

The accompanying notes are an integral part of this balance sheet.

# Notes to financial statements

31 December 1995

## 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

### a) *Basis of accounting*

The financial statements are prepared in accordance with the historical cost convention.

### b) *Development properties held for sale*

Development properties held for sale are valued at the lower of cost, and net realisable value. Cost includes interest costs incurred during the construction period.

### c) *Investments*

Fixed asset investments are shown at cost less amounts written off. Provisions are made for permanent reductions in value.

### d) *Turnover*

Sales are recognised in respect of developments, or units of a development, which are subject to a binding and substantially unconditional contract for sale.

### e) *Basis of profit taking*

Profit is taken in respect of developments, or units of a development, which are subject to a binding and substantially unconditional contract for sale.

Full provision is made for all known or expected losses at completion immediately such losses are forecast on each development.

### f) *Deferred taxation*

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability will crystallise.

### g) *Cash flow statement*

Under the provisions of Financial Reporting Standard No. 1, the company has not prepared a cash flow statement because its ultimate parent company, BICC plc, which is incorporated in England and Wales, has prepared consolidated financial statements which include the financial statements of the company for the year and which contain a cash flow statement.

## Notes to financial statements (continued)

### 2 Interest payable and similar charges

	1995 £	1994 £
On bank loans, overdraft and other loans		
- repayable within 5 years, not by instalments	-	235,401
	<hr/>	<hr/>

Interest was payable on a £9m loan facility at a rate of 1.25% above the London Interbank Offered Rate which was repaid on 26 May 1994, financed by its shareholders at that date.

### 3 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after crediting:

	1995 £	1994 £
Rental income	1,513,041	1,436,445
Profit on sale of investment	19,998	-
	<hr/>	<hr/>

The average monthly number of persons employed by the company during the year was nil (1994 - nil).

The directors are employees of shareholder companies and remunerated by their employing company for their services as a whole.

Auditors' remuneration in the year was borne by a fellow group company (1994 - nil)

### 4 Tax on profit on ordinary activities

	1995 £	1994 £
Corporation tax at 33%	-	1,769
Group Relief	(2,703)	-
Adjustment in respect of prior years	<u>13,155</u>	<u>-</u>
	<hr/> 10,452	<hr/> 1,769



## Notes to financial statements (continued)

### 5 Investments

The company held 100% of the issued ordinary shares of Train Trade Limited, a property development company, and 100% of the issued ordinary share capital of Profiledraw Limited (formerly Arcadian Centre Limited), an estate management company, both companies being registered in England and Wales with a share capital of £2 and £82 respectively. On 3 April 1995 the company sold its interest in Train Trade Limited for a consideration of £20,000.

### 6 Development property held for resale

Property stocks comprise:

	1995 £	1994 £
Land	945,033	945,033
Building cost, fees and expenses	14,245,746	14,245,746
Interest capitalised	915,845	915,845
	<hr/>	<hr/>
	16,106,624	16,106,624
Less provisions for foreseeable losses	(7,106,624)	(6,406,624)
	<hr/>	<hr/>
	9,000,000	9,700,000
	<hr/>	<hr/>

In preparing these financial statements the directors have prepared an appraisal of the estimated net realisable value of the property. On the basis of that appraisal the directors have concluded that a further provision of £700,000 is required (1994 - nil) in these financial statements.

### 7 Debtors

	1995 £	1994 £
Trade debtors	525,033	403,607
Amounts owed by group undertakings	27,707	1,732
Group Relief recoverable	3,345	-
Other debtors	36,570	29,138
	<hr/>	<hr/>
	592,655	434,477
	<hr/>	<hr/>

All the above amounts fall due within one year.

## Notes to financial statements (continued)

### 8 Creditors: Amounts falling due within one year

	1995 £	1994 £
Trade creditors	125,369	147,645
Corporation tax	-	1,769
Other taxation and social security	83,184	68,113
Accruals and deferred income	405,569	892,347
	<u>614,122</u>	<u>1,109,874</u>

### 9 Creditors: Amounts falling due after more than one year

	1995 £	1994 £
Amount due to shareholder	23,138,783	23,303,783

Amount due to shareholder are unsecured, interest free and has no fixed repayment dates.

### 10 Share capital

	1995 £	1994 £
<i>Authorised</i>		
600,000 ordinary shares of 10p each	<u>60,000</u>	<u>60,000</u>
<i>Allotted, called-up and fully-paid</i>		
500,000 ordinary shares of 10p each	<u>50,000</u>	<u>50,000</u>

## Notes to financial statements (continued)

### 11 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
(Loss)/profit for the financial year	115,099	3,592
Opening shareholders' funds	(14,073,813)	(14,077,405)
Closing shareholders' funds	(13,958,714)	(14,073,813)

### 12 Ultimate parent company

In 1994 the company became a wholly owned subsidiary of BICC Property Investments Limited, registered in England and Wales. The only group in which the results of Avatar Limited are consolidated is that headed by BICC plc, the ultimate parent company. The consolidated financial statements of the group are available to the public and may be obtained from BICC plc, Devonshire House, Mayfair Place, London W1X 5FH.

### 13 Company financing

The liabilities of the company exceed its total assets. The parent company, BICC Property Investments Limited, has agreed to provide or procure adequate financial resources to allow the company to meet its obligations as they fall due for a period of not less than twelve months from the date of signing these financial statements. Consequently, the directors have prepared the financial statements on a going concern basis.