

2061713

HYDE PARK RESIDENCE LIMITED

ABBREVIATED ACCOUNTS

- for the year ended -

31ST DECEMBER 1996

LEVY GEE



HYDE PARK RESIDENCE LIMITED

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HYDE PARK RESIDENCE LIMITED

COMPANY INFORMATION

DIRECTORS

Mr F J Klein
Mr D S Crawford

SECRETARY

Mr H G Prosser

REGISTERED OFFICE

55 Park Lane
London
W1Y 3DB

COMPANY NUMBER

2061713 (England)

AUDITORS

Levy Gee
Chartered Accountants
66 Wigmore Street
London
W1H 0HQ

HYDE PARK RESIDENCE LIMITED

REPORT OF THE DIRECTORS

The Directors present their Annual Report together with the Audited Accounts for the year ended 31st December 1996.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare Accounts 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 Accounts 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 Accounts;
- * prepare the Accounts 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 Accounts 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.

RESULTS

The results for the year are set out below:

	<u>1996</u>	<u>1995</u>
Loss for the Year before Taxation	(443,567)	(35,904)
Taxation	-	22,148
	-----	-----
Deficiency for the Year	£(443,567)	£(13,756)
	=====	=====

DIVIDEND

The Directors do not recommend payment of a dividend.

HYDE PARK RESIDENCE LIMITED

REPORT OF THE DIRECTORS

REVIEW OF ACTIVITIES

The principal activity of the Company is the management of prestigious apartments in Park Lane, London. The Directors anticipated a downturn in results for the year due to a change in Operational Senior Management and a revised letting strategy. The Directors are confident that this strategy, together with new Senior Management, will show an improvement in performance in the following year.

FIXED ASSETS

Changes during the year are summarised in the Notes to the Accounts.

DIRECTORS


The Directors during the year and their beneficial interests in the Company's shares at the dates specified were as follows:-

	<u>31st December</u> <u>1996</u> <u>Ordinary Shares</u> <u>of £1 each</u>	<u>1st January</u> <u>1996</u> <u>Ordinary Shares</u> <u>of £1 each</u>
Mr F J Klein	-	-
Mr D S Crawford	-	-
	====	====

AUDITORS

In accordance with the Companies Act 1985, a resolution proposing the re-appointment of Levy Gee as Auditors of the Company will be put to the Annual General Meeting.

By Order of the Board


MR H G PROSSER
Secretary

Date 2/6/97

HYDE PARK RESIDENCE LIMITED

REPORT OF THE AUDITORS TO THE DIRECTORS

In our opinion, the Directors are entitled under Sections 246 and 247 of the Companies Act 1985 to deliver abbreviated accounts for Hyde Park Residence Limited in respect of the financial year ended 31st December 1996 and the attached abbreviated accounts on pages 6 to 16 have been properly prepared in accordance with Schedule 8, Companies Act 1985.

The full text of our report under Section 236 of the Companies Act 1985 on the Accounts of the Company prepared under Section 226 of the Act for the year ended 31st December 1996 is reproduced below.

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the Accounts on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective Responsibilities of Directors and Auditors

As described on page 3 the Company's directors are responsible for the preparation of Accounts. It is our responsibility to form an independent opinion, based on our audit, on those Accounts 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 Accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Accounts 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 Accounts 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 Accounts.

Opinion

In our opinion the Accounts give a true and fair view of the state of the Company's affairs at 31st December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



LEVY GEE
Registered Auditor
Chartered Accountants

66 Wigmore Street
LONDON W1H 0HQ

Date 5/6/97

HYDE PARK RESIDENCE LIMITED

PROFIT AND LOSS ACCOUNT

- for the year ended -

31ST DECEMBER 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
Gross Profit		3,858,434	4,458,349
Administrative Expenses	2	(4,332,835)	(4,518,920)
Operating Loss		<u>(474,401)</u>	<u>(60,571)</u>
Interest Receivable		31,467	24,667
Interest Payable	4	(633)	-
Loss on Ordinary Activities before Taxation	2	<u>(443,567)</u>	<u>(35,904)</u>
Taxation	5	-	22,148
Deficiency for the Year	13	<u>£(443,567)</u>	<u>£(13,756)</u>

There are no gains or losses for the year other than those recognised in the Profit and Loss Account.

LEVY GEE

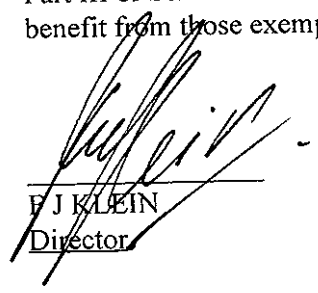
HYDE PARK RESIDENCE LIMITED

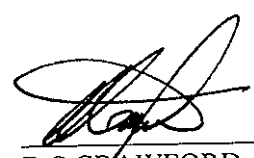
BALANCE SHEET AT 31ST DECEMBER 1996

	Note	£	1996	£	1995	£
<u>FIXED ASSETS</u>						
Tangible	6		1,575,289			1,712,937
<u>CURRENT ASSETS</u>						
Stock	7	148,811			125,927	
Debtors	8	931,627			833,739	
Cash at Bank and in Hand		916,657			435,479	
			1,997,095		1,395,145	
<u>CREDITORS - Amounts</u>						
<u>Falling Due Within One Year</u>	9	(3,005,061)			(1,752,792)	
<u>NET CURRENT LIABILITIES</u>				(1,007,966)		(357,647)
<u>TOTAL ASSETS LESS</u>						
<u>CURRENT LIABILITIES</u>				567,323		1,355,290
<u>CREDITORS - Amounts</u>						
<u>Falling Due After One Year</u>	10		(688,800)			(1,033,200)
			£(121,477)			£ 322,090
<u>CAPITAL AND RESERVES</u>						
Called Up Share Capital	12			2		2
Profit and Loss Account	13		(121,479)			322,088
			£(121,477)			£322,090

These Accounts were approved by the Board of Directors on *2nd June 1997*

The Directors have relied on the exemptions for individual Financial Statements contained in Part III of Schedule 8 to the Companies Act 1985. Under that Act the Company is entitled to benefit from those exemptions as a medium company and thus file abbreviated accounts.


F J KLEIN
Director


D S CRAWFORD
Director

HYDE PARK RESIDENCE LIMITED

CASH FLOW STATEMENT

- for the year ended -

31ST DECEMBER 1996

	Note	£	1996	£	1995	£
Net cash inflow from operating activities	20a		1,064,975		657,008	
Returns on investments and servicing of finance:						
Interest Received		31,467		37,665		
Interest Paid		(633)		-		
		-----		-----		
Net cash inflow from returns on investments and servicing of finance			30,834		37,665	
Taxation:						
Corporation Tax Paid			(5,369)		78,764	
Investing Activities:						
Payments to acquire tangible fixed assets		(350,962)		(360,287)		
Receipts from sales of tangible fixed assets		-		1,343		
		-----		-----		
Net cash outflow from investing activities			(350,962)		(358,944)	
Financing:						
Repayment of Loan from Parent Undertaking		(258,300)		(344,400)		
		-----		-----		
Net cash outflow from financing	20d		(258,300)		(344,400)	
Increase in Cash and Cash Equivalents	20b,c		£481,178		£ 70,093	
			=====		=====	

LEVY GEE

HYDE PARK RESIDENCE LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

a) Accounting Convention

The Accounts are prepared under the Historical Cost Convention and in accordance with applicable Accounting Standards recognised in the United Kingdom.

b) Depreciation

Depreciation is provided on all tangible fixed assets in order to write off their cost by equal annual instalments over their expected useful lives. The rates adopted are as follows:-

Plant and Machinery	20% per annum on a straight line basis
Fixtures and Fittings	10% - 20% per annum on a straight line basis
Motor Vehicles	25% per annum on a straight line basis

c) Stock

Stock is valued at the lower of cost and net realisable value. Cost includes direct materials, labour costs and those overheads that have been incurred to bring the stock to its present location and condition.

d) Turnover

Turnover represents services rendered during the year, excluding returns, trade discounts and Value Added Tax.

e) Deferred Taxation

Deferred Taxation is provided at the current tax rate on the differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the Accounts. No provision is made where these timing differences are not expected to give rise to a tax liability.

f) Operating Lease Commitments

Rentals paid under operating leases are charged to Profit and Loss Account in equal annual instalments over the period of the lease.

HYDE PARK RESIDENCE LIMITED

NOTES TO THE ACCOUNTS

2 DISCLOSABLE EXPENSES

The loss on ordinary activities before taxation is stated after charging/(crediting):-

	<u>1996</u>	<u>1995</u>
	£	£
Auditors' Remuneration:		
Audit Fee	9,000	8,500
Other	609	2,475
Depreciation	488,610	442,152
Hire of Plant and Machinery	560	2,048
	=====	=====

3 DIRECTORS AND EMPLOYEES INFORMATION

<u>Directors Emoluments</u>	<u>1996</u>	<u>1995</u>
Fees	17,377	105,816
Pension Costs	-	3,275
Benefits in kind	-	2,950
	-----	-----
	£17,377	£112,041
	=====	=====
Chairman	£ -	£ -
	=====	=====
Highest Paid Director	£17,377	£88,436
	=====	=====

The emoluments of the other directors fell within the following ranges:-

	<u>1996</u>	<u>1995</u>
£ Nil - £ 5,000	1	2
£15,001 - £20,000	1	1
	=====	=====

LEVY GEE

HYDE PARK RESIDENCE LIMITED

NOTES TO THE ACCOUNTS

EMPLOYEES INFORMATION (Including Directors)

	<u>1996</u>	<u>1995</u>
Staff Costs:		
Wages and Salaries	1,539,717	1,411,497
Social Security Costs	147,084	127,601
Other Pension Costs (see note 16)	52,882	65,098
	<u>£1,739,683</u>	<u>£1,604,196</u>

Numbers of Employees:

The average weekly number of employees (per activity) during the year was:

	<u>1996</u>	<u>1995</u>
Administration	13	11
Other	83	75
	<u>96</u>	<u>86</u>

4 INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
Other Interest	<u>£ 633</u>	<u>£ -</u>

5 TAXATION

	<u>1996</u>	<u>1995</u>
Overprovision in respect of Prior Years	<u>£ -</u>	<u>£(22,148)</u>

There are tax losses in the region of £938,000 available for carry forward against future taxable profits.

HYDE PARK RESIDENCE LIMITED

NOTES TO THE ACCOUNTS

6 TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u>	<u>Plant and Machinery</u>	<u>Fixtures and Fittings</u>	<u>Total</u>
Cost at 1st January 1996	12,715	820,548	2,910,217	3,743,480
Additions in Year	-	110,739	240,223	350,962
	-----	-----	-----	-----
Cost at 31st December 1996	12,715	931,287	3,150,440	4,094,442
	-----	-----	-----	-----
Depreciation at 1st January 1996	6,093	484,111	1,540,339	2,030,543
Charge for Year	3,179	121,733	363,698	488,610
	-----	-----	-----	-----
Depreciation at 31st December 1996	9,272	605,844	1,904,037	2,519,153
	-----	-----	-----	-----
<u>Net Book Value at 31st December 1996</u>	<u>£ 3,443</u>	<u>£325,443</u>	<u>£1,246,403</u>	<u>£1,575,289</u>
	=====	=====	=====	=====
<u>Net Book Value at 31st December 1995</u>	<u>£ 6,622</u>	<u>£336,437</u>	<u>£1,369,878</u>	<u>£1,712,937</u>
	=====	=====	=====	=====

7 STOCK

	<u>Cost</u>
	<u>1996</u> <u>1995</u>
Raw Materials and Consumables	£148,811 £125,927
	===== =====

8 DEBTORS

	<u>1996</u>	<u>1995</u>
<u>Amounts Falling Due Within One Year</u>		
Trade Debtors	436,534	423,483
Other Debtors	406,537	339,406
Prepayments and Accrued Income	88,556	70,850
	-----	-----
	<u>£931,627</u>	<u>£833,739</u>
	=====	=====

HYDE PARK RESIDENCE LIMITED

NOTES TO THE ACCOUNTS

9 CREDITORS

	<u>1996</u>	<u>1995</u>
<u>Amounts Falling Due Within One Year</u>		
Trade Creditors	274,776	230,815
Amounts owed to Parent Undertaking	1,931,708	799,544
Other Taxes and Social Security Costs	97,158	111,518
Other Creditors	88,318	91,795
Accruals and Deferred Income	613,101	519,120
	-----	-----
	£3,005,061	£1,752,792
	=====	=====

10 CREDITORS

	<u>1996</u>	<u>1995</u>
<u>Amounts Falling Due After One Year</u>		
Amounts owed to Parent Undertaking	£688,800	£1,033,200
	=====	=====

11 OPERATING LEASE COMMITMENTS

At the year end, the Company was committed to making the following payments during the next year in respect of operating leases, which expire in the following periods:

	<u>Other</u> £
Within two to five Years	£ 560
	=====

The Company has a 20 year lease on the management of the property. The annual payments are determined in accordance with a fixed formula as stated in the lease. The rent charged during the year was £2,627,140 (1995: £2,960,263).

HYDE PARK RESIDENCE LIMITED

NOTES TO THE ACCOUNTS

12 SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
<u>Authorised</u>		
Ordinary Shares of £1 each	£10,000	£10,000
	=====	=====
<u>Issued, Called Up and Fully Paid</u>		
Ordinary Shares of £1 each	£ 2	£ 2
	=====	=====

13 STATEMENT OF REVENUE DEFICIENCY

	<u>1995</u>
Balance at 1st January 1996	322,088
Loss for the Year	(443,567)

Balance at 31st December 1996	£(121,479)
	=====

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
Loss for the Financial Year and Net Reduction in Shareholders' Funds	(443,567)	(13,756)
Opening Shareholders' Funds	322,090	335,846
	-----	-----
Closing Shareholders' Funds	£(121,477)	£322,090
	=====	=====

15 PENSION COMMITMENTS

The Company now operates a defined contributions pension scheme for its employees.

The pension charge for the year amounted to £52,882 (1995: £65,098).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

HYDE PARK RESIDENCE LIMITED

NOTES TO THE ACCOUNTS

16 IMMEDIATE AND ULTIMATE PARENT COMPANY

The Immediate Parent Company is Prestige Properties S.A, a company incorporated in Liechtenstein.

The Ultimate Holding Company is Tane Fount S.A, which is also incorporated in Liechtenstein.

The registered and beneficial owners of the whole of the issued share capital of these companies are the Fayed family.

17 CONTINGENCIES

- (a) The Company has given counter indemnities in respect of guarantees in favour of Shell UK Limited for £15,000 and Air BP Limited for £2,600 which were still in existence at the balance sheet date.
- (b) There is a dispute currently in progress with the rating office which is dependent on the outcome of the planning permission appeal to be held during 1997. The outcome of this appeal is still uncertain and no provisions have been made in these Accounts for any potential liabilities.

18 RELATED PARTY TRANSACTIONS

The Company entered into related party transactions with companies under the ultimate control of the Fayed family during the year. These can be summarised as follows:-

	£
(i) Rental income charged for the year included in turnover	825,452
(ii) Other services charged for the year included in turnover	130,479
(iii) Agency fees charged for the year included in turnover	29,935
(iv) Expenditure recharged for the year	1,830,566
(v) Included in other debtors are £394,447 relating to recharges still to be recovered from these companies.	
(vi) Trade debtors includes £156,856 due from these related companies.	
(vii) The Company was also charged rent of £2,627,140 from its immediate parent company for the year.	

19 CHARGES

The Royal Bank of Scotland Plc have a legal debenture over the assets of the Company.

HYDE PARK RESIDENCE LIMITED

NOTES TO THE ACCOUNTS

20 NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of Operating Loss to Net Cash Inflow from Operating Activities

	<u>1996</u> £	<u>1995</u> £
Operating Loss	(474,401)	(60,571)
Depreciation Charges	488,610	442,152
Loss on Sale of Tangible Fixed Assets	-	2,915
Increase in Stocks	(22,884)	1,978
Increase in Debtors	(92,519)	(207,425)
Increase in Creditors	1,166,169	477,959
	-----	-----
Net Cash Inflow from Operating Activities	£1,064,975	£657,008
	=====	=====

b) Analysis of Changes in Cash and Cash Equivalents during the Year

	£
Balance at 1st January 1996	435,479
Net Cash Inflow	481,178

Balance at 31st December 1996	£916,657
	=====

c) Analysis of the Balance of Cash and Cash Equivalents as Shown in the Balance Sheet

	<u>1996</u> £	<u>1995</u> £	<u>Change in Year</u> £
Cash at Bank and in Hand	£916,657	£435,479	£481,178
	=====	=====	=====

d) Analysis of Changes in Financing During the Year

	<u>Share Capital</u>	<u>Loans</u>
Balance at 1st January 1996	2	1,377,600
Net Cash Outflow from Financing	-	(258,300)
	-----	-----
Balance at 31st December 1996	£ 2	£1,119,300
	=====	=====

LEVY GEE