

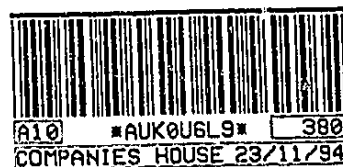
2252845

# Stockley Park Consortium Limited

## Report and Financial Statements

30 June 1994

ERNST & YOUNG



# Stockley Park Consortium Limited

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Registered No. 2252848

## DIRECTORS

M H A Broke (Chairman)  
N H G Thompson  
K Uchida  
A D Vander Meersch  
R M Dantzie  
D Phillips (Alternate Director)  
J Wythe (Alternate Director)  
T Ishiyama (Alternate Director)

## SECRETARY

C A Rouse

## AUDITORS

Ernst & Young  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NH

## BANKERS

Lloyds Bank Plc  
72 Lombard Street  
London EC3P 3BT

## SOLICITORS

Herbert Smith  
Exchange House  
Primrose Street  
London EC2A 2HS

## REGISTERED OFFICE

Lansdowne House  
Berkeley Square  
London W1X 5BP

# Stockley Park Consortium Limited

## DIRECTORS' REPORT

The directors present their report and group financial statements for the year ended 30 June 1994.

### RESULTS AND DIVIDENDS

The results for the year and the state of affairs of the company and the group are as set out in the attached financial statements. The directors are unable to recommend the payment of a dividend.

### PRINCIPAL ACTIVITY

The principal activity of the company is that of property development and trading. The company's subsidiary and associated undertakings operate sporting and leisure facilities at Stockley Park Heathrow.

### REVIEW OF THE BUSINESS

With the significant improvement in the investment market between Autumn 1993 and Spring 1994, the company took the opportunity to dispose of its freehold interest in five buildings let to EDS Scicon, Hasbro, Reebok and BP Exploration.

We are therefore pleased to welcome as new investors in the Park the Pearl Assurance, The British Rail and British Gas Pension Funds as well as a substantial Middle East investor.

The level of interest shown by investors, and British Institutions in particular, is a validation of the Stockley product and is most clearly demonstrated by the level of prices obtained. In line with the company's strategy, the sales proceeds of approximately £125m were used mainly to reduce debt and partly retained to finance future infrastructure works.

The continued depression of the leasing market is reflected by the securing of only one major new tenancy, Messrs. Arkwright International. However, only approximately 35,000 sq ft of new office space remains vacant out of over 1.5m sq ft of completed office development. The company also commenced the operation of a serviced office facility of approximately 2,200 sq ft. This venture has proved to be extremely successful with occupancy levels of 100% being achieved and retained within eight weeks of opening.

The company regularly reviews the leasing market in terms of demand, supply and rental levels. Whilst the supply of good grade A office space has declined markedly, demand continues to be sluggish, but indications are that rental levels have reached or passed their nadir. Whilst no immediate building is programmed, the company remains confident and has an established track record of its ability to be able to respond quickly should there be any significant change in the market. Meanwhile, future buildings continue to be marketed on a pre-let basis.

Outline planning consent is in place for 550,000 sq ft of commercial office space with the potential for this to be increased by a further 50%.

### DIRECTORS AND THEIR INTERESTS

The current directors of the company are listed on page 1.

D A Metter resigned on 11 August 1993.

No director was beneficially interested in the share capital of the company at any time during the year.

### FIXED ASSETS

The changes in fixed assets during the year are shown in notes 9 and 10 to the financial statements.

# Stockley Park Consortium Limited

## DIRECTORS' REPORT

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### AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

  
C. A. Rouse

Secretary

24 OCTOBER 1994

## Stockley Park Consortium Limited

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 the group and of the profit or loss of the group for that 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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.

**REPORT OF THE AUDITORS**  
**to the members of Stockley Park Consortium Limited**

We have audited the financial statements on pages 6 to 19, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 10 and 11.

**Respective responsibilities of directors and auditors**

As described on page 4, 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 financial statements and to report our opinion to you.

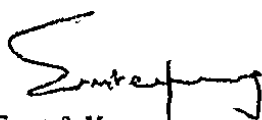
**Basis of opinion**

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 group'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 state of affairs of the company and of the group at 30 June 1994 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
London

24 October 1994

# Stockley Park Consortium Limited

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30 June 1994

	Notes	1994 £	1993 £
TURNOVER	3	132,932,338	11,438,000
Cost of sales - ordinary trading		(119,485,933)	(1,664,076)
- exceptional operating items	4	-	(2,510,306)
GROSS PROFIT		13,446,405	7,263,618
Administrative expenses		(3,109,030)	(1,775,903)
Share of results of associated undertaking		(175,539)	-
OPERATING PROFIT	5a	10,161,836	5,487,715
Interest receivable		291,743	1,138,971
Interest payable	7	(5,060,533)	(12,330,901)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	5,393,046	(5,704,215)
Taxation	8	50,685	-
PROFIT/(LOSS) FOR THE YEAR	19	5,443,731	(5,704,215)

The group had no other recognised gains and losses during the year.

# Stockley Park Consortium Limited

## CONSOLIDATED BALANCE SHEET

at 30 June 1994

	Notes	1994 £	1993 £
<b>FIXED ASSETS</b>			
Tangible assets	9	199,020	156,771
Investment in associated undertaking	10	—	5,000
		<u>199,020</u>	<u>161,771</u>
<b>CURRENT ASSETS</b>			
Stocks and work-in-progress	11	110,150,750	217,599,331
Debtors - due within one year	12a	2,358,119	1,471,095
Cash at bank and in hand	13	11,395,979	4,328,710
		<u>123,904,848</u>	<u>223,399,136</u>
CREDITORS: amounts falling due within one year	14	(2,949,216)	(14,055,515)
NET CURRENT ASSETS		<u>120,955,632</u>	<u>209,343,621</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>121,154,652</u>	<u>209,505,392</u>
CREDITORS: amounts falling due after more than one year	15	(79,636,760)	(173,848,905)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(417,674)	—
		<u>41,100,218</u>	<u>35,656,487</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	58,005,120	58,005,120
Profit and loss account	19	(16,904,902)	(22,348,633)
		<u>41,100,218</u>	<u>35,656,487</u>

M H A Broke

Director

24 OCTOBER 1994

ERNST & YOUNG



# Stockley Park Consortium Limited

## BALANCE SHEET

at 30 June 1994

	Notes	1994 £	1993 £
<b>FIXED ASSETS</b>			
Tangible assets	9	24,521	25,529
Investments	10	4	2
		<u>24,525</u>	<u>25,531</u>
<b>CURRENT ASSETS</b>			
Stocks and work-in-progress	11	110,133,775	217,581,285
Debtors - amounts falling due:			
within one year	12a	2,066,447	1,210,248
after more than one year	12b	1,336,514	1,300,000
		3,402,961	2,510,248
Cash at bank and in hand	13	11,082,940	4,219,560
		<u>124,619,676</u>	<u>224,311,093</u>
CREDITORS: amounts falling due within one year	14	(2,300,883)	(13,547,547)
NET CURRENT ASSETS		<u>122,318,793</u>	<u>210,763,546</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>122,343,318</u>	<u>210,789,077</u>
CREDITORS: amounts falling due after more than one year	15	(79,636,760)	(173,848,905)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(247,135)	-
		<u>42,459,423</u>	<u>36,940,172</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	58,005,120	58,005,120
Profit and loss account	19	(15,545,697)	(21,064,948)
		<u>42,459,423</u>	<u>36,940,172</u>

M H A Broke

Director

24 OCTOBER 1994

ERNST & YOUNG

# Stockley Park Consortium Limited

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 1993

	Notes	1994 £	1993 £
<b>OPERATING ACTIVITIES</b>			
Net cash inflow/(outflow) from operating activities	5b	115,267,924	(984,385)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		291,743	1,138,971
Interest paid		(25,671,529)	(928,966)
<b>NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>(25,379,786)</b>	<b>210,005</b>
<b>TAXATION</b>			
Income tax paid		(5,025)	-
Redemption of certificate of tax deposit		-	730,519
Consortium relief paid		(955,783)	-
		<b>(960,808)</b>	<b>730,519</b>
<b>INVESTING ACTIVITIES</b>			
Investment in associated undertaking		-	(5,000)
Advances to associated undertaking		(82,665)	(216,041)
Purchase of tangible fixed assets		(101,901)	(77,509)
Sale of tangible fixed assets		9,800	-
		<b>(174,766)</b>	<b>(298,550)</b>
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<b>88,752,564</b>	<b>(342,411)</b>
<b>FINANCING</b>			
Repayment of mezzanine loans		(76,037,500)	-
Released from blocked account		-	6,600,000
Transferred to blocked accounts		(750,655)	-
Drawdown of bank loan		3,500,000	-
Repayment of bank loan		(7,750,000)	(1,975,000)
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING</b>		<b>(81,038,155)</b>	<b>4,625,000</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	13	<b>7,714,409</b>	<b>4,282,589</b>

NOTES TO THE FINANCIAL STATEMENTS

at 30 June 1994

1. FINANCE AND SUBSEQUENT EVENT

As shown in note 15 to the financial statements, certain of the company's shareholders have advanced mezzanine loans to the company, which at 30 June 1994 totalled £40,258,644, including rolled up interest to that date. In October 1993, the lenders agreed to extend the maturity of the loans to 30 December 1994. During the year ended 30 June 1994, the company reduced significantly the amount of the mezzanine loans, following the sale of certain of its properties. In October 1994, at the company's request, the lenders extended the maturity date of the remaining mezzanine loans to 29 December 1995.

Whilst the lenders have not indicated a firm commitment to extend the repayment date of their loans beyond 29 December 1995, the directors are of the view that it should be possible to obtain such an extension, if required.

Accordingly, the directors are of the opinion that the company will have sufficient funds to meet its liabilities as they fall due until at least December 1995 and that it is appropriate to prepare these financial statements on the going concern basis.

2. ACCOUNTING POLICIES

*Accounting convention*

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

*Basis of consolidation*

The financial statements of the group include those of the company and its subsidiary undertakings and the group's share of results of its associated undertaking for the year ended 30 June 1994. Details of the subsidiary and associated undertakings are shown in note 10 to the financial statements.

The company has not presented its own profit and loss account as permitted by Section 230(3) of the Companies Act 1985.

*Fixed assets and depreciation*

Fixed assets are stated at cost less depreciation which is provided at rates calculated to reduce the carrying value to their residual value over their expected useful lives as follows:

Motor vehicles, furniture and equipment and fixtures and fittings	-	25% per annum on a reducing balance basis
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*Subsidiary and associated undertakings*

Investments in subsidiary and associated undertakings are stated at cost, or as valued periodically by the directors based on net asset values.

*Stocks and work-in-progress*

Stocks and work-in-progress include all costs incurred in bringing property developments to their present state and are stated at cost less foreseeable losses. Costs include interest charges on borrowings and other net outgoings which are directly related to a specific development project. Profit is recognised on the disposal of each building on the legal completion of contracts.

# Stockley Park Consortium Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 30 June 1994

### 2. ACCOUNTING POLICIES (continued)

#### Deferred taxation

Deferred taxation is provided under the liability method on all timing differences to the extent that it is probable that a liability will crystallise, calculated at the rate at which it is estimated that tax will be payable.

#### Turnover

Turnover comprises sales to external customers of properties, rental income from completed buildings not yet sold and income from sports and leisure facilities, all stated net of value added tax.

### 3. SEGMENTAL INFORMATION

Turnover is stated net of value added tax. Turnover and loss before taxation are wholly derived from business carried out in the United Kingdom. Turnover by destination is not materially different from turnover by source.

The turnover, all of which is derived from external customers, and loss before taxation attributable to each business segment are as follows:

	Turnover £	1994 Profit £	Turnover £	1993 Loss £
Property trading – property sales	125,667,260	7,419,410	550,000	-
– rental income	5,043,608	(1,950,843)	9,067,162	(5,658,764)
Sports and leisure facilities	2,221,470	(75,521)	1,820,838	(45,451)
	<u>132,932,338</u>	<u>5,393,046</u>	<u>11,438,000</u>	<u>(5,704,215)</u>

The analysis of the net assets of the group by each business segment is as follows:

	1994 £	1993 £
Property trading	42,459,423	36,940,170
Sports and leisure facilities	(1,359,205)	(1,283,683)
	<u>41,100,218</u>	<u>35,656,487</u>

### 4. EXCEPTIONAL OPERATING ITEMS

	1994 £	1993 £
Provision against stocks and work-in-progress	-	1,640,000
Costs of rental guarantee commitments	-	870,306
	<u>-</u>	<u>2,510,306</u>

The provision against stock and work-in-progress was made to reduce the carrying value of those assets to their estimated net realisable values, reflecting current market conditions.

# Stockley Park Consortium Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 30 June 1994

### 5(a) OPERATING PROFIT

	1994 £	1993 £
This is stated after charging:		
Auditors' remuneration	20,500	12,850
Depreciation of fixed assets	50,006	51,834
Profit on sale of fixed assets	(154)	-
	<u>70,352</u>	<u>64,684</u>

The directors of the company did not receive any remuneration for their services as directors during the year (1993 - £nil).

### 5(b) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1994 £	1993 £
Operating profit	10,161,836	5,487,715
Depreciation charge	50,006	51,834
Profit on sale of fixed assets	(154)	-
Movement in debtors and prepayments	(799,334)	5,652,421
Movement in stocks and work-in-progress	109,884,932	(4,966,435)
Movement in creditors and accruals	(4,452,036)	(8,849,920)
Provision against stocks and work in progress	-	1,640,000
Provision for rental guarantee	247,135	-
Share of results of associated undertaking	175,539	-
Net cash inflow/(outflow) from operating activities	<u>115,267,924</u>	<u>(984,385)</u>

### 6. STAFF COSTS

	1994 £	1993 £
Salaries	918,128	768,648
Social security costs	92,533	80,970
Other pension costs	13,355	12,840
	<u>1,024,016</u>	<u>862,458</u>

The average number of employees, excluding directors, during the year was as follows:

	1994 No.	1993 No.
Management and administration	4	4
Sports and leisure facilities	68	48
	<u>72</u>	<u>52</u>

# Stockley Park Consortium Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 30 June 1994

### 7. INTEREST PAYABLE

	1994 £	1993 £
Bank loans and overdrafts	141,479	928,966
Shareholders' loans wholly repayable within five years	7,355,405	13,501,230
	<u>7,496,884</u>	<u>14,430,196</u>
Capitalised in stocks and work-in-progress	(2,436,351)	(2,099,295)
	<u>5,060,533</u>	<u>12,330,901</u>

Since 1 July 1991, interest payable on the subordinated loans shown in note 17 to the financial statements has been waived by the shareholders.

### 8. TAXATION

	1994 £	1993 £
Adjustment in respect of prior year – consortium relief	50,685	–

There is no charge to corporation tax in the year (1993 – £nil) due to the availability of tax losses in the current year and previous years.

### 9. TANGIBLE FIXED ASSETS

(a) Group

	Motor vehicles £	Fixture and fittings £	Furniture and equipment £	Total £
Cost:				
At 1 July 1993	74,021	20,931	249,147	344,099
Additions	–	4,500	97,402	101,902
Disposals	(31,221)	–	(3,622)	(34,843)
At 30 June 1994	<u>42,800</u>	<u>25,431</u>	<u>342,927</u>	<u>411,158</u>
Depreciation:				
At 1 July 1993	40,593	12,194	134,541	187,328
Charge for the year	7,266	3,309	39,431	50,006
Disposals	(22,720)	–	(2,476)	(25,196)
At 30 June 1994	<u>25,139</u>	<u>15,503</u>	<u>171,496</u>	<u>212,138</u>
Net book value:				
At 30 June 1994	<u>17,661</u>	<u>9,928</u>	<u>171,431</u>	<u>199,020</u>
At 1 July 1993	<u>33,428</u>	<u>8,737</u>	<u>114,606</u>	<u>156,771</u>

# Stockley Park Consortium Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 30 June 1994

### 9. TANGIBLE FIXED ASSETS (continued)

#### (b) Company

	<i>Fixture and fittings</i> £	<i>Furniture and equipment</i> £	<i>Total</i> £
Cost:			
At 1 July 1993	33,800	12,961	46,761
Additions	-	5,490	5,490
	<u>33,800</u>	<u>18,451</u>	<u>52,251</u>
Depreciation:			
At 1 July 1993	13,372	7,860	21,232
Charge for the year	5,107	1,391	6,498
At 30 June 1994	<u>18,479</u>	<u>9,251</u>	<u>27,730</u>
Net book value:			
At 30 June 1994	<u>15,321</u>	<u>9,200</u>	<u>24,521</u>
At 1 July 1993	<u>20,428</u>	<u>5,101</u>	<u>25,529</u>

### 10. INVESTMENTS

	<i>Group</i>		<i>Company</i>	
	<i>1994</i>	<i>1993</i>	<i>1994</i>	<i>1993</i>
	£	£	£	£
Investment in associated undertaking	-	5,000	-	-
Investment in subsidiary undertakings	-	-	4	2
	<u>-</u>	<u>5,000</u>	<u>4</u>	<u>2</u>

The group has a 50% share in Stockley Park Golf Limited ("SPGL") whose issued share capital comprises 10,000 ordinary shares of £1 each. SPGL manages the golf course at Stockley Park.

The company owns 100% of the issued share capital of Stockley Park Arena Limited, a company registered in England, which operates the sports and leisure facilities at Stockley Park Arena and 100% of the issued share capital of Stockley Park Investments Limited, which has yet to commence trading.

### 11. STOCKS AND WORK-IN-PROGRESS

	<i>Group</i>		<i>Company</i>	
	<i>1994</i>	<i>1993</i>	<i>1994</i>	<i>1993</i>
	£	£	£	£
Raw materials and goods for resale	16,975	18,046	-	-
Development work-in-progress	84,013,975	78,091,285	84,013,975	78,091,285
Completed properties for resale	26,119,800	139,490,000	26,119,800	139,490,000
	<u>110,150,750</u>	<u>217,599,331</u>	<u>110,133,775</u>	<u>217,581,285</u>

# Stockley Park Consortium Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 30 June 1994

### 11. STOCKS AND WORK-IN-PROGRESS (continued)

The replacement cost of stocks and work-in-progress is not materially different from the book value shown in these financial statements. Capitalised interest included in the production cost of stocks and work-in-progress of the company and the group is as follows:

	1993 £
At 1 July 1993	63,272,431
Interest capitalised during the year	2,436,351
Interest released through cost of sales of properties	(34,445,512)
At 30 June 1994	<u>31,263,270</u>

### 12. DEBTORS

(a) Due within one year:

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Trade debtors	876,932	568,505	688,754	501,403
Other debtors	117,064	21,964	116,689	-
VAT recoverable	327,537	-	380,554	-
Due from subsidiary undertakings	-	-	22,420	-
Due from associated undertaking	298,706	216,041	149,724	121,041
Corporation tax recoverable	527,025	522,000	527,025	522,000
Prepayments and accrued income	210,855	142,585	181,281	65,804
	<u>2,358,119</u>	<u>1,471,095</u>	<u>2,066,447</u>	<u>1,210,248</u>

In the previous year, a loan of £5,000 was made by the group to C A Rouse, an officer of the company. This loan was made free of interest and is repayable over 3 years. At 30 June 1994, £3,220 of the loan remained outstanding and is included within other debtors above.

(b) Due after more than one year:

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Due from subsidiary undertaking	-	-	1,336,514	1,300,000

Although the amount receivable from the subsidiary undertaking is due on demand, the financial position of that company is likely to preclude the settlement of the debt for several years. Accordingly, this amount has been classified as due after more than one year.



# Stockley Park Consortium Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 30 June 1994

### 13. CASH AT BANK AND IN HAND

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Cash at bank and in hand	10,645,324	4,328,710	10,332,285	4,219,560
Held in blocked accounts	750,655	—	750,655	—
	<u>11,395,979</u>	<u>4,328,710</u>	<u>11,082,940</u>	<u>4,219,560</u>

The amounts held in blocked accounts comprise rent deposits from tenants and a sum held jointly with the London Borough of Hillingdon for future infrastructure works.

An analysis of the change in the amount of cash and cash equivalents as shown in the balance sheet is set out below:

	1994	1993	Change in year
	£	£	£
Cash at bank and in hand	10,645,324	4,328,710	6,316,614
Bank overdraft	—	(1,397,795)	1,397,795
	<u>10,645,324</u>	<u>2,930,915</u>	<u>7,714,409</u>

### 14. CREDITORS: amounts falling due within one year

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Bank loan	—	4,250,000	—	4,250,000
Bank overdraft	—	1,397,795	151,786	1,257,750
Trade creditors	1,059,182	1,368,501	699,044	1,219,523
Amounts due to subsidiary undertaking	—	—	—	218,800
Consortium relief payable	—	1,006,468	—	1,006,468
Other taxes and social security costs	30,776	22,361	9,072	3,806
Accruals and deferred income	1,859,258	6,010,390	1,440,981	5,591,200
	<u>2,949,216</u>	<u>14,055,515</u>	<u>2,300,883</u>	<u>13,547,547</u>

# Stockley Park Consortium Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 30 June 1994

### 15. CREDITORS: amounts falling due after more than one year *Shareholders' loans*

	<i>Group and company</i>	
	<i>1994</i>	<i>1993</i>
	£	£
Wholly repayable within five years:		
Mezzanine loans – secured	40,259,644	134,470,789
Subordinated loans – unsecured	39,378,116	39,378,116
	<u>79,636,760</u>	<u>173,848,905</u>

Both the mezzanine and subordinated loans carry interest at rates linked to LIBOR.

As described in note 1 to the financial statements, agreements were signed in October 1994 to extend the repayment of the mezzanine loans to 29 December 1995. These loans have therefore been classified as falling due after more than one year in these financial statements. The mezzanine loans are secured by fixed charges over certain of the company's properties, land and other assets, together with floating charges over all of its assets and business.

The subordinated loans are unsecured and wholly repayable on 31 December 1998.

An analysis of the change in the amount of shareholders' loans is set out below:

	£
At 1 July 1993	173,848,905
Repayments	(101,567,550)
Interest rolled-up	7,355,405
At 30 June 1994	<u>79,636,760</u>

### 16. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in provisions during the year were as follows:

	<i>Group</i>	<i>Company</i>
	£	£
At 1 July 1993	–	–
Provision in respect of net asset deficits of associated undertaking	170,539	–
Future rental guarantee commitment	247,135	247,135
At 30 June 1994	<u>417,674</u>	<u>247,135</u>

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### 17. DEFERRED TAXATION

The potential deferred tax assets which have not been recognised in these financial statements are as follows:

	<i>Group</i>		<i>Company</i>	
	1994	1993	1994	1993
	£	£	£	£
Differences in recognising revenue and expense items in other periods for tax purposes	3,303,978	(4,372,880)	3,285,206	(4,372,880)
Tax losses	727,877	(5,612,071)	389,242	(5,601,255)
	<u>4,031,855</u>	<u>(9,984,951)</u>	<u>3,674,448</u>	<u>(9,974,135)</u>

### 18. SHARE CAPITAL

	1994	<i>Authorised</i>	<i>Allotted, called up and fully paid</i>	
	No.	1993	1994	1993
		No.	£	£
Ordinary shares of £1 each	2,018,880	2,018,880	12,000	12,000
Redeemable preference shares of £1 each	57,993,120	57,993,120	57,993,120	57,993,120
	<u>60,012,000</u>	<u>60,012,000</u>	<u>58,005,120</u>	<u>58,005,120</u>

The preference shares are redeemable, at par, by the company once all obligations under the mezzanine loans have been discharged, or otherwise on 31 December 1998, at the option of either the shareholders or the company.

### 19. PROFIT AND LOSS ACCOUNT

	<i>Group</i>	<i>Company</i>
	£	£
At 1 July 1993	(22,348,633)	(21,064,948)
Profit for the year	<u>5,443,731</u>	<u>5,519,251</u>
At 30 June 1994	<u>(16,904,902)</u>	<u>(15,545,697)</u>

### 20. CONTINGENT LIABILITIES

#### *Group*

Group companies are, from time to time, party to legal actions and claims which arise in the ordinary course of business. Whilst the outcome of these matters is uncertain, the directors believe that such matters outstanding at 30 June 1994 will be resolved without material effect on the consolidated net asset position shown in these financial statements.

20. CONTINGENT LIABILITIES (continued)

*Company*

The company has given assurances to its subsidiary undertaking that it will provide or procure sufficient finance to enable it to meet its liabilities as they fall due, including funding which may be required by that company's associated undertaking, until at least the date on which its financial statements for the year ending 30 June 1995 are approved by its board of directors. The subsidiary undertaking is now trading profitably and the directors do not, therefore, expect the company to have to provide or procure significant amounts in respect of the abovementioned assurances.

The company has also agreed to indemnify its subsidiary undertaking up to £100,000 for any loss suffered by the subsidiary in respect of its investment in and certain loans made to the associated undertaking. This indemnity is valid for at least one year from the date the subsidiary's 30 June 1994 financial statements are approved.

21. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Stanhope Kajima PLC, a company registered in England. This is the largest group of which the company is a member and for which group financial statements are provided.

Copies of the group financial statements are available from the Company Secretary, Stanhope Kajima PLC, Lansdowne House, Berkeley Square, London W1X 6BP.