



**TILEYARD PROPERTIES LIMITED**

**Report and Financial Statements**

**30 April 1998**

Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR



**REPORT AND FINANCIAL STATEMENTS 1998**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>3</b>
<b>Auditors' report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the accounts</b>	<b>7</b>

**REPORT AND FINANCIAL STATEMENTS 1998**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

A M Sugar  
C T Sandy

**SECRETARY**

C T Sandy

**REGISTERED OFFICE**

Brentwood House  
169 Kings Road  
Brentwood  
Essex CM14 4EF

**BANKERS**

Merita Bank  
19 Thomas More Street  
London  
E1 9YW

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 April 1998.

**ACTIVITIES**

The principal activity of the company is the holding of investment properties.

**REVIEW OF DEVELOPMENTS**

The profit and loss account for the year is set out on page 5.

**DIVIDENDS**

The directors do not propose the payment of a dividend (1997 - £nil).

**FUTURE PROSPECTS**

There are no planned changes to the company's activities.

**DIRECTORS AND THEIR INTERESTS**

The directors who held office throughout the year are listed below:

A M Sugar  
C T Sandy

The following director who held office at 30 April 1998 had interests in the shares of the company.

	Ordinary shares of £1 each	
	1998	1997
A M Sugar	41,490,000	41,490,000

The other director did not have any interests in the shares of the company during the year ended 30 April 1998.

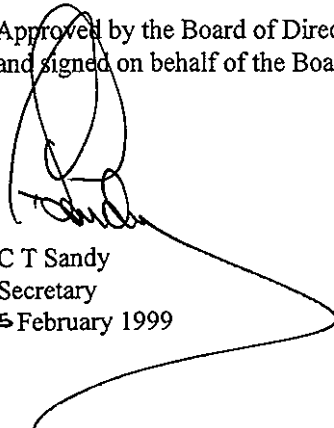
**YEAR 2000**

The company does not run any computer systems because all such related work is subcontracted to third parties who have confirmed that their computer systems are Year 2000 compliant. The company has also undertaken a review of its exposure in the buildings which it owns. The review identified no material costs required to ensure Year 2000 compliance.

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
C T Sandy  
Secretary  
25 February 1999

**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 as at the end of the financial period 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a 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.



## AUDITORS' REPORT TO THE MEMBERS OF TILEYARD PROPERTIES LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

### 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 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 the company's affairs as at 30 April 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

25 February 1999


**PROFIT AND LOSS ACCOUNT**  
**For the year ended 30 April 1998**

	Note	1998 £	1997 £
<b>TURNOVER</b>	2	243,130	323,837
Cost of sales		(181,402)	(132,500)
Gross profit		61,728	191,337
Administrative expenses		(88,754)	(104,394)
Other operating income		9,009	15,215
Release of provision/(provision) against investment property		1,720,950	(450,000)
<b>OPERATING PROFIT/(LOSS)</b>	4	1,702,933	(347,842)
Income receivable and similar income		9,289	4,257
Interest payable and similar charges	5	(89)	(88)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,712,133	(343,673)
Tax on profit/(loss) on ordinary activities	6	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		1,712,133	(343,673)
Accumulated deficit brought forward		(35,821,499)	(35,477,826)
Accumulated deficit carried forward		(34,109,366)	(35,821,499)

All activities derive from continuing operations.

There is no difference between the reported profit/(loss) on ordinary activities after taxation and the equivalent historical cost amount.

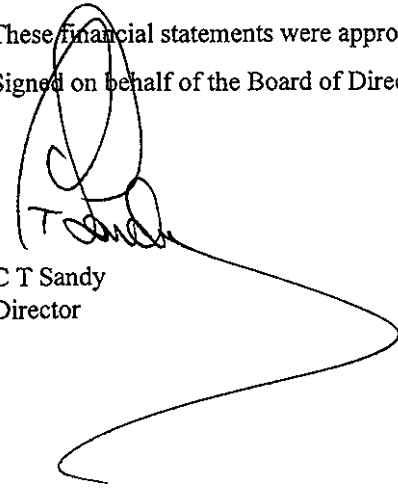
There were no recognised gains or losses in the year or preceding year except for the profit/(loss) for the financial year.


**BALANCE SHEET  
30 April 1998**

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Investment property	7	<u>7,250,950</u>	<u>5,530,000</u>
<b>CURRENT ASSETS</b>			
Debtors	8	6,858	31,022
Cash at bank and in hand		<u>383,449</u>	<u>231,160</u>
		390,307	262,182
<b>CREDITORS: amounts falling due</b>			
Within one year	9	<u>(260,623)</u>	<u>(123,681)</u>
<b>NET CURRENT ASSETS</b>		<u>129,684</u>	<u>138,501</u>
<b>NET ASSETS</b>		<u>7,380,634</u>	<u>5,668,501</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	41,490,000	41,490,000
Profit and loss account - deficit		<u>(34,109,366)</u>	<u>(35,821,499)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11	<u>7,380,634</u>	<u>5,668,501</u>

These financial statements were approved by the Board of Directors on 25 February 1999.

Signed on behalf of the Board of Directors

  
C T Sandy  
Director



**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 1998****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. Compliance with SSAP 19 "Accounting for investment properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given below. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention modified by the revaluation of certain freehold properties.

**Investment properties**

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. Any diminution in value which is believed to be permanent is written off to the profit and loss account in the year in which it arises. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principles set out in SSAP 19. The directors consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to one activity, rental of commercial property.

**3. STAFF COSTS**

The company has no employees (1997 - nil). The directors received no emoluments during the year (1997 - £nil).

**4. OPERATING PROFIT/(LOSS)**

The audit fee for the period was £1,800 (1997 - £4,500).

Remuneration of the company's auditors for provision of non-audit services was £1,450 (1997 - £3,000).



**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 1998**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	1998 £	1997 £
Bank charges	89	88

**6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

No tax liability arises in the year ended 30 April 1998 due to the availability of tax losses brought forward.

**7. INVESTMENT PROPERTY**

	Freehold £
At 1 May 1997	5,530,000
Increase in valuation during the period	1,720,950
At 30 April 1998	7,250,950

The investment property was valued at £7,250,950 as at 30 April 1998 by the directors on an open market basis.

**8. DEBTORS**

	1998 £	1997 £
Trade debtors	2,644	29,862
Management company	1,000	250
Other debtors	1,431	-
Prepayments and accrued income	1,783	910
	6,858	31,022

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1998 £	1997 £
Accruals and deferred income	260,623	123,681


**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 1998**
**10. CALLED UP SHARE CAPITAL**

	1998 £	1997 £
Authorised:		
50,000,000 ordinary shares of £1 each	50,000,000	50,000,000
	£	£
Called up, allotted and fully paid:		
41,490,000 ordinary shares of £1 each	41,490,000	41,490,000

**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1998 £	1997 £
Opening shareholders' funds	5,668,501	6,012,174
Profit/(loss) for the financial year	1,712,133	(343,673)
Closing shareholders' funds	7,380,634	5,668,501

**12. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS**

The company is owned by A M Sugar.

During the year the company was charged £25,000 by Amsprop Trading Limited, a company which is indirectly controlled by A M Sugar, for administrative services. At 31 December 1998 a balance of £23,906 was included within accruals in respect of the uninvoiced amounts due to Amsprop Trading Limited in respect of these services in 1997 and 1998.