

Registered Company Number 2536540

TILBURY PHOENIX LIMITED

31st December 1999



REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 31st December 1999.

ACTIVITIES

The principal activities of the company are the management and development of the Phoenix, a 300 acre multi-use development near to Glasgow Airport.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The Company has had another successful year with the sale of the Leisure Park for just over £3 million in January 1999 and the sale of the Retail Park for £6.5 million in October 1999.

The Directors consider the 1999 results for the company to be satisfactory and that the Company is well placed to take advantage of further opportunities.

RESULTS

The results of the company are as set out in the accounts on pages 5 to 14. The directors do not recommend the payment of a dividend (1998 - £nil). The profit for the year of £615,000 (1998 - £541,000) has been transferred to reserves.

DIRECTORS

The directors who served during the year and who remain directors at the date of this report are set out below:-

H Astheimer
M S Lee
D M Clitheroe
G J Wentzell

The interests of the directors at 31 December 1999 in the shares of the ultimate parent company, Tilbury Douglas Plc, are as stated below.

<u>Directors</u>	<u>Options over</u> <u>Shares of 10p each</u>		<u>Exercise</u> <u>Price</u>	<u>Period of</u> <u>Exercise</u>
	01.01.99	31.12.99	p	
D M Clitheroe	8,657	8,657	199.2	Between 01.01.03 To 30.06.03

No options to subscribe for shares of 10p each in the ultimate parent undertaking were granted to or exercised by directors during the year to 31 December 1999.

The market price of the shares at 31 December 1999 was 253.5p. The range of closing prices during the year was 218p to 328.5p.

REPORT OF THE DIRECTORS (continued)

Mr M S Lee and Mr G J Wentzell are directors of the ultimate parent undertaking and their interests are disclosed in the accounts of that company.

Other than noted above none of the directors had any interest in shares of the company, *ultimate parent company or other group undertaking.*

POLICY ON PAYMENT OF CREDITORS

It is the Company's normal practice to agree payment terms with its suppliers and abide by those terms. Payment becomes due when it can be confirmed that goods and/or services have been provided in accordance with the relevant contractual conditions. Trade creditors at 31st December 1999, calculated in accordance with the requirements of the Companies Act 1985, were 35 days (1998 – 31 days). This represents the ratio, expressed in days, between the amounts invoiced to the Company in the year by its suppliers and the amounts due, at the year end, to trade creditors falling due for payment within one year.

YEAR 2000

No "Year 2000" issues have emerged to date in relation to current and on-going business. The Company does not foresee any exceptional costs arising during the current financial year from "Year 2000" issues.

AUDITORS

Resolutions will be proposed at the annual general meeting to reappoint Deloitte & Touche as auditors to the company and to authorise the directors to fix their remuneration.

Tilbury House
Ruscombe Park
Twyford
Reading
Berkshire
RG10 9JU

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



D M Clitheroe
Secretary

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 for that year. 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;
- 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 of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF TILBURY PHOENIX LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on pages 8 and 9.

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 circumstances of the company 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 as at 31st December 1999 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

14 September 2000

Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1999

	Note	1999 £000' s	1998 £000's
TURNOVER	2	9,275	10,889
Cost of sales		<u>(9,275)</u>	<u>(10,889)</u>
GROSS RESULT		-	-
Administration expenses		<u>(647)</u>	<u>(750)</u>
		(647)	(750)
Other operating income	3	<u>962</u>	<u>1,228</u>
OPERATING PROFIT	4	315	478
Interest receivable	7	560	337
Interest payable	8	<u>-</u>	<u>(25)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		875	790
Taxation on profit on ordinary activities	9	<u>(260)</u>	<u>(249)</u>
RETAINED PROFIT FOR THE YEAR	18	<u>615</u>	<u>541</u>

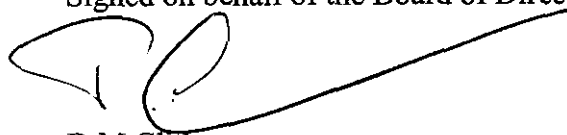
All activities are continuing as defined under FRS3: Reporting Financial Performance.

A statement of Total Recognised Gains and Losses is not presented as there have been no recognised gains or losses other than the profit for the year set out above.

BALANCE SHEET AT 31ST DECEMBER 1999

	Note	1999 £000's	1998 £000's
FIXED ASSETS			
Tangible assets	10	-	-
CURRENT ASSETS			
Stocks and work in progress	12	16,932	25,453
Debtors	13	260	370
Cash at bank and in hand		<u>15,947</u>	<u>6,839</u>
		<u>33,139</u>	<u>32,662</u>
CREDITORS FALLING DUE WITHIN ONE YEAR			
Trade creditors		(141)	(128)
Other creditors	14	<u>(27,615)</u>	<u>(27,550)</u>
		<u>(27,756)</u>	<u>(27,678)</u>
NET CURRENT ASSETS		<u>5,383</u>	<u>4,984</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,383	4,984
PROVISION FOR LIABILITIES AND CHARGES	15	<u>(65)</u>	<u>(281)</u>
		<u>5,318</u>	<u>4,703</u>
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Share premium account	17	1,000	1,000
Profit and loss account	18	<u>4,318</u>	<u>3,703</u>
Shareholders funds - Equity Interest	19	<u>5,318</u>	<u>4,703</u>

These financial statements were approved by the Board of Directors on 19 July 2000.
Signed on behalf of the Board of Directors.



D M Clitheroe
DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 1999

	Note	1999 £000's	1998 £000's
CASH FLOW FROM OPERATING ACTIVITIES	21	8,846	2,734
RETURN ON INVESTMENT AND SERVICING OF FINANCE			
Interest received net of interest paid of £Nil (1998 - £25,000)		560	312
TAXATION		(298)	(262)
INCREASE IN CASH		<u>9,108</u>	<u>2,784</u>
Increase in cash in the year	22	9,108	2,784
Opening net funds		<u>6,839</u>	<u>4,055</u>
Closing net funds		<u>15,947</u>	<u>6,839</u>

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

a) CONVENTION

These financial statements have been prepared in accordance with the historical cost convention.

b) TURNOVER

Turnover comprises the value of properties sold, excluding VAT.

c) TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided on a straight line basis calculated to write down the cost of tangible fixed assets over their estimated useful economic lives at the following annual rates:

Motor vehicles	-	25%
Furniture and equipment	-	25%

d) OPERATING LEASES

The costs of operating leases are charged to profit and loss account as they accrue.

e) STOCKS AND WORK IN PROGRESS

Stock and Property work in progress are valued at the lower of cost and net realisable value.

In the case of long term property development projects, interest on borrowings relating to individual projects is included as a cost of those projects.

f) PENSIONS

The company participates in the Tilbury Douglas Pension Scheme, which covers all employees who are permanent members of the staff who have elected to join. Actuarial valuations are carried out every three years by independent qualified actuaries. The surplus in the Tilbury Douglas Pension Scheme, after off-setting regular pension costs and allowing for accruing interest, will, in accordance with Statement of Standard Accounting Practice 24 - Accounting for Pension Costs, be released to the profit and loss account of Tilbury Douglas Plc over the average remaining service life of employees. No charge will be made to the profit and loss account of the company until the surplus has been extinguished.

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

1. ACCOUNTING POLICIES (continued)

g) DEFERRED TAXATION

Provision is made and relief is taken at projected rates of taxation for timing differences between the treatment of certain items for taxation and for accounting purposes to the extent that liabilities or assets are likely to crystallise in the foreseeable future. Advance corporation tax which is available to reduce the corporation tax payable on future profits is deducted from the provision for deferred taxation.

2. TURNOVER

The company's turnover and profit arises in the U.K. from its activity of property development.

3. OTHER OPERATING INCOME

	1999 £000's	1998 £000's
Rental Income	1,060	1,467
Service charge income	332	296
Service charge costs, repairs and maintenance	(430)	(535)
	<u>962</u>	<u>1,228</u>

4. OPERATING PROFIT

Operating profit is arrived at after charging:

Depreciation

On owned assets

- 3

Rentals under operating leases

Hire of plant and machinery

8 25

Remuneration payable to auditors

Audit fees

4 4

Non-audit fees

1 1

5. EMPLOYEES

The average number employed by the company

(including directors) within each category of persons was:

Production staff

Number Number

1 1

Administration staff

5 5

6 6

The costs incurred in respect of these employees

(including directors) were:

Wages and salaries

£000's £000's

134 141

Social Security Costs

14 12

148 153

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

5. EMPLOYEES continued

The Tilbury Douglas Pension Scheme is a defined benefit funded scheme. The last valuation of the Scheme was carried out at the 5th April 1998. The results of this valuation and details of the main actuarial assumptions adopted for this purpose are disclosed in the accounts of Tilbury Douglas Plc, the ultimate parent undertaking. As stated in note 1 f) above, there is no pension credit or cost for the year.

6. DIRECTORS

No directors received any emoluments or fees in respect of services to the company during the year.

7. INTEREST RECEIVABLE	1999 £000's	1998 £000's
Bank interest	560	337
	=====	=====
8. INTEREST PAYABLE		
Other	-	25
	=====	=====
9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
U.K. Corporation tax at 30% on taxable profits (1998 – 31%)	476	262
Deferred taxation	(216)	(13)
	260	249
	=====	=====

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999**10. TANGIBLE FIXED ASSETS**

COST	Motor Vehicles £000's	Furniture And Equipment £000's	TOTAL £000's
At 1st January 1999 and 31 December 1999	6	65	71
DEPRECIATION			
At 1st January 1999	6	65	71
Provided in year	-	-	-
At 31st December 1999	6	65	71
NET BOOK VALUE			
At 31 st December 1999	-	-	-
At 31 st December 1998	-	-	-

11. OPERATING LEASES

At the 31st December 1999 the company had no commitments under non-cancellable operating leases.

12. STOCKS AND WORK IN PROGRESS

	1999 £000's	1998 £000's
Property work in progress	16,932	25,453

Property work in progress includes interest capitalised of £687,000 (1998 - £1,624,000). Interest of £nil (1998 - £Nil) has been capitalised during the year.

13. DEBTORS

	1999 £000's	1998 £000's
Trade debtors	130	211
Other debtors	120	139
Prepayment and accrued income	10	20
	260	370

14. OTHER CREDITORS

Amounts owed to group undertakings	19,905	19,952
Corporation tax	515	337
Other taxation and social security	14	12
Other creditors	6,759	6,794
Accruals and deferred income	422	455
	27,615	27,550

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

15. PROVISION FOR LIABILITIES AND CHARGES	1999 £000's	1998 £000's
Deferred taxation	<u>65</u>	<u>281</u>
Deferred taxation - provided		
(a) Movement in year		
1st January 1999	281	294
Credit for year	<u>(216)</u>	<u>(13)</u>
31st December 1999	<u>65</u>	<u>281</u>
(b) The source of the balance on deferred tax account which represents full provision is as follows:		
Timing difference on interest in Work in Progress	281	500
Losses available for future relief	<u>(216)</u>	<u>(219)</u>
	<u>65</u>	<u>281</u>
16. CALLED UP SHARE CAPITAL	1999 £	1998 £
Authorised		
1,530 'A' shares of 50p each	765	765
510 'B' shares of 50p each	255	255
900 preference shares of £1 each	<u>900</u>	<u>900</u>
	<u>1,920</u>	<u>1,920</u>
Allotted and fully paid		
153 'A' shares of 50p each	77	77
51 'B' shares of 50p each	<u>25</u>	<u>25</u>
	102	102
Allotted and partly paid		
900 preference shares of £1 each, 1p paid	<u>9</u>	<u>9</u>
	<u>111</u>	<u>111</u>
17. SHARE PREMIUM ACCOUNT		
Premium on 153 'A' shares and 51 'B' shares	<u>£999,900</u>	<u>£999,900</u>

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999**18. PROFIT AND LOSS ACCOUNT****£000's**

At 1st January 1999	3,703
Profit for the year	<u>615</u>
At 31st December 1999	<u>4,318</u>

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1999 £000's	1998 £000's
Profit attributable to shareholders	615	541
Opening shareholders' funds	<u>4,703</u>	<u>4,162</u>
Closing shareholders' funds	<u>5,318</u>	<u>4,703</u>

20. CONTINGENT LIABILITIES

There is a contingent liability to pay Tilbury Douglas Developments Limited a further sum of £4,693,334 (1998 £4,693,334) in respect of the deferred consideration for the site at The Phoenix Glasgow Airport. This amount, or a proportion thereof, will become payable should the shareholders receive a return on equity in excess of 25% when the project is complete.

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1999 £000's	1998 £000's
Operating profit	315	478
Depreciation charges	-	3
Decrease in Stock and Work in Progress	8,521	2,088
Decrease/(Increase) in Debtors	110	(61)
Increase in Creditors	<u>(100)</u>	<u>226</u>
Net Cash flow from operating activities	<u>8,846</u>	<u>2,734</u>

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

22. NET INCREASE IN CASH

	1999 £000's	1998 £000's
Bank balance as at 1st January 1999	6,839	4,055
Net cash inflow	<u>9,108</u>	<u>2,784</u>
Bank balance as at 31st December 1999	<u>15,947</u>	<u>6,839</u>

Cash comprises cash at bank and in hand

23. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company's immediate parent undertaking is Tilbury Douglas Developments Limited and the ultimate parent undertaking is Tilbury Douglas Plc, which is incorporated in Great Britain. The group accounts of Tilbury Douglas Plc are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

Details of material transactions with related parties in accordance with the requirements of Financial Reporting Standard 8 - Related Party Transactions, are set out below:

	1999 £000's	1998 £000's
Rents charged to fellow subsidiary undertakings on normal trading terms	63	47
Purchases from fellow subsidiary undertakings on normal trading terms	49	7,711
Management charge by immediate holding company	100	100

Amounts due to Group undertakings and holding companies are shown in note 14.

The Group undertakings were:

Tilbury Douglas Developments Limited
Tilbury Douglas Homes Limited
Tilbury Douglas Construction Limited