

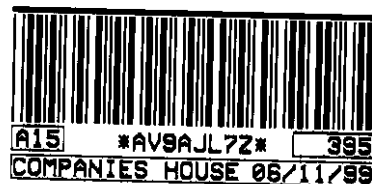
WATERLOO INVESTMENTS LTD
(Formerly Northacre Ltd)

Company No. 2592027

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

28TH FEBRUARY 1999



Waterloo Investments Ltd

Company Information

Directors

J.R.G. Hunter
K.B. Nilsson
P.M.I. Catto

Secretary

K.B. Nilsson

Registered Office

The Inner Court
48 Old Church Street
London SW3 5BY

Bankers

Coutts & Co.
Hanover Square Branch
23 Hanover Square
London
W1A 4YE

Auditors

Kingston Smith
Devonshire House
60 Goswell Road
London
EC1M 7AD

Waterloo Investments Ltd

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the period ended 28th February 1999.

Principal activity and business review

The principal activity of the company throughout the period was that of co-ordinating, organising and orchestrating property developments.

Results and dividend

The results of the company for the period are set out on page 3.

The directors do not recommend the payment of a dividend as the funds of the company are fully employed.

Directors and their interests

The directors who served the company throughout the period were as follows:

J.R.G. Hunter
K.B. Nilsson
P.M.I. Catto

None of the directors had an interest in the shares of the company during the period. Their interests in the parent company are shown in that company's financial statements.

Post balance sheet events

On 24th May 1999 the company changed its name from Northacre Ltd to CHOQS 331 Limited and on 26th May 1999 changed its name to Waterloo Investments Ltd.

On 24th May 1999 the entire share capital of the company's immediate parent company, Northacre Holdings Ltd, was acquired by Northacre plc (formerly Property Asset Holdings plc).

The Year 2000

Assuring the ongoing operation of our business and computer systems into the next millennium is a key focus of the directors. A comprehensive review of all the systems has been carried out to ensure that:

- (1) all business and computer systems will correctly process future dates; and
- (2) our trading relationships with suppliers and customers will continue to operate without disruption.

The total estimated costs of these reviews have not been quantified but are not expected to be material.

Auditors

Baker Tilly resigned as auditors in October 1999 and Kingston Smith were appointed in their place.

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 1985 it is proposed that they be re-appointed auditors to the company for the ensuing year.

By Order of the Board



K.B. Nilsson
Secretary

The Inner Court
48 Old Church Street
London SW3 5BY

Date: 2/11/99

Waterloo Investments Ltd

Directors' Responsibilities and Report of the Auditors

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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 Waterloo Investments Ltd

We have audited the financial statements on pages 3 to 12 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described above, 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 state of the company's affairs as at 28th February 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Kingston Smith
Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date:21/11/99.....

Waterloo Investments Ltd
Profit and Loss Account
For the period ended 28th February 1999

	Note	7 Months to 28th February 1999 £	12 Months to 31st July 1998 £
Turnover- continuing activities	2	495,499	884,028
Administrative expenses		(761,268)	(1,241,300)
Other income	3	44,680	65,383
Operating loss - continuing activities	4	(221,089)	(291,889)
Interest receivable and similar income	5	8,286	458
Interest payable and similar charges	6	(63,654)	(73,884)
Loss on ordinary activities before taxation		(276,457)	(365,315)
Taxation	8	-	(1,047)
Retained loss transferred from reserves	14	(276,457)	(366,362)

Waterloo Investments Ltd
Total Recognised Gains and Losses
For the period ended 28th February 1999

	7 Months to 28th February 1999 £	12 Months to 31st March 1998 £
Statement of Total Recognised Gains and Losses		
Loss for the financial period	(276,457)	(366,362)
Unrealised deficit on revaluation of properties	<u>-</u>	<u>(50,000)</u>
Total losses recognised since last Annual Report	<u>(276,457)</u>	<u>(416,362)</u>

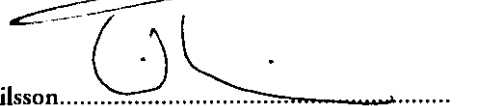
Waterloo Investments Ltd

Balance Sheet at 28th February 1999

	Note	28th February 1999		31st July 1998	
		£	£	£	£
Fixed Assets					
Tangible assets	9		659,629		662,543
Current Assets					
Debtors	10	812,433		586,460	
Cash at bank and in hand		4,393		110,851	
		<u>816,826</u>		<u>697,311</u>	
Creditors: Amounts falling due within one year	11	<u>(1,389,826)</u>		<u>(723,044)</u>	
Net Current (Liabilities)			<u>(573,000)</u>		<u>(25,733)</u>
Total Assets Less Current Liabilities			86,629		636,810
Creditors: Amounts falling due after more than one year	12		<u>(726,938)</u>		<u>(1,000,662)</u>
Net (Liabilities)			<u><u>(640,309)</u></u>		<u><u>(363,852)</u></u>
Capital and Reserves					
Called up share capital - equity interests	14		100		100
Revaluation reserve	14		260,625		260,625
Profit and loss account	14		<u>(901,034)</u>		<u>(624,577)</u>
Shareholders' Funds			<u><u>(640,309)</u></u>		<u><u>(363,852)</u></u>

Approved by the board on 2/11/99

J.R.G. Hunter.....

K.B. Nilsson..... Directors

Waterloo Investments Ltd

Notes to the Financial Statements

For the period ended 28th February 1999

1 Principal Accounting Policies

Accounting basis and standards

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold property, and in accordance with applicable accounting standards. In preparing the financial statements on the going concern basis, the directors have taken into account the support of the enlarged group and have prepared cash flow projections which are based on assumptions as to the timing of the sale of fixed assets of the enlarged group and future income from projects under development.

Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:

Freehold property	Nil
Computer equipment	33 1/3% straight line
Motor vehicles	25% straight line
Fixtures and fittings	25% straight line

It is the company's practice to maintain its freehold property in a continual state of sound repair and to make improvements thereto from time to time. Accordingly the directors' assessment of the lives of these assets and their residual values is such that any depreciation relating thereto would be immaterial. Consequently no charge for depreciation is made.

Deferred taxation

Deferred tax is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Pension scheme arrangements

The company makes contributions to private pension schemes. The pension cost charge represents contributions payable to the schemes. The company operates a money purchase scheme on behalf of two of its directors.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease (and represents a constant proportion of the balance of capital repayments outstanding).

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

2 Turnover

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom.

3 Other Income

	7 Months to 28th February 1999 £	12 Months to 31st July 1998 £
Rent receivable	44,680	65,383

Waterloo Investments Ltd
Notes to the Financial Statements
For the period ended 28th February 1999

4	Operating Loss	7 Months to 28th February 1999 £	12 Months to 31st July 1998 £
	The operating loss is stated after charging/(crediting):		
	Auditors' remuneration	4,000	6,500
	Depreciation - owned tangible fixed assets	31,803	51,964
	Depreciation - assets held under finance leases	16,581	26,669
	Operating lease rentals - land and buildings	70,000	100,000
	Operating lease rentals - plant and machinery	4,949	8,484
	Profit on sale of fixed assets	(745)	-
		<hr/> <hr/>	<hr/> <hr/>
5	Interest Receivable and Similar Income	7 Months to 28th February 1999 £	12 Months to 31st July 1998 £
	Bank interest receivable	8,286	458
		<hr/> <hr/>	<hr/> <hr/>
6	Interest Payable and Similar Charges	7 Months to 28th February 1999 £	12 Months to 31st July 1998 £
	Bank overdraft and loan interest	60,617	69,783
	Finance leases and hire purchase contracts	3,037	4,101
		<hr/> <hr/>	<hr/> <hr/>
		63,654	73,884

Waterloo Investments Ltd
Notes to the Financial Statements
For the period ended 28th February 1999

7 Directors and Employees	7 Months to 28th February 1999 £	12 Months to 31st July 1998 £
Staff costs during the period were as follows:		
Wages and salaries	326,786	572,802
Social security costs	34,170	54,059
Pension costs - money purchase scheme	10,354	9,487
	<u>371,310</u>	<u>636,348</u>

The average monthly number of persons employed by the company, including directors, during the period was as follows:

	Number	Number
Office and management	<u>8</u>	<u>9</u>

Directors' Emoluments:

Emoluments (including benefits in kind)	<u>250,978</u>	<u>389,829</u>
-----------------------------------------	----------------	----------------

The division of directors' emoluments, excluding pension contributions, is as follows:-

Highest paid director	<u>135,365</u>	<u>202,201</u>
-----------------------	----------------	----------------

The number of directors to whom relevant benefits are accruing under:

	Number	Number
Money purchase pension schemes	<u>2</u>	<u>2</u>

8 Taxation	7 Months to 28th February 1999 £	12 Months to 31st July 1998 £
Underprovision in prior year	<u>-</u>	<u>1,047</u>

There is no charge to corporation tax in the current period due to the availability of losses.

Waterloo Investments Ltd
Notes to the Financial Statements
For the period ended 28th February 1999

9 Tangible Assets

	Freehold Land and Buildings	Computer Equipment	Motor Vehicles	Fixtures and Fittings	Total
Cost	£	£	£	£	£
At 1st August 1998	500,000	32,010	106,679	172,623	811,312
Additions	-	3,100	64,115	139	67,354
Disposals	-	-	(47,750)	-	(47,750)
At 28th February 1999	500,000	35,110	123,044	172,762	830,916
Depreciation					
At 1st August 1998	-	12,569	60,052	76,148	148,769
Charge for the period	-	6,617	16,581	25,186	48,384
Eliminated on disposal	-	-	(25,866)	-	(25,866)
At 28th February 1999	-	19,186	50,767	101,334	171,287
Net Book Value					
At 28th February 1999	500,000	15,924	72,277	71,428	659,629
At 31st July 1998	500,000	19,441	46,627	96,475	662,543

The net book value of the company's fixed assets include £72,277 (1998 - £46,627) in respect of assets held under finance leases and hire purchase contracts.

The freehold property was revalued at open market value on an existing use basis at 31st July 1997 by the directors. The directors do not believe the value of these properties to be significantly different at the period end. The historical cost of these properties is £239,375.

10 Debtors

	28th February 1999	31st July 1998
	£	£
Trade debtors	8,791	10,604
Amounts owed by group undertakings - parent and fellow subsidiaries	21,309	-
Other debtors	167,167	140,856
Prepayments and accrued income	615,166	435,000
	812,433	586,460

Included in other debtors is £80,799 (1998 - £60,685) owed by J.R.G. Hunter and £29,100 (1998 - £Nil) owed by K.B. Nilsson who are both directors of the company. These are the maximum amounts that were outstanding throughout the period.

Waterloo Investments Ltd
Notes to the Financial Statements
For the period ended 28th February 1999

11 Creditors: Amounts Falling Due Within One Year	28th February 1999 £	31st July 1998 £
Bank loans and overdrafts	255,083	-
Trade creditors	225,021	208,730
Amounts owed to group undertakings - fellow subsidiaries	496,901	280,618
Social security and other taxes	28,713	52,617
Other creditors	246,937	150,000
Obligations under hire purchase and finance lease contracts	44,044	21,079
Accruals and deferred income	93,127	10,000
	<u>1,389,826</u>	<u>723,044</u>

Obligations under hire purchase contracts are secured on related assets. Bank loans and overdrafts are secured by a mortgage over the company's freehold properties, by a debenture over the group's assets and a composite guarantee across all fellow group companies.

12 Creditors: Amounts Falling Due After More Than One Year	28th February 1999 £	31st July 1998 £
Bank loans and overdrafts	-	200,000
Other creditors	712,569	790,662
Obligations under finance leases and hire purchase contracts	14,369	10,000
	<u>726,938</u>	<u>1,000,662</u>

The date of repayment of the amounts included within other creditors is dependent upon future earnings from a development of which the company is the development consultant. An amount of £350,000 (1998 - £350,000) included within other creditors is secured by way of a second legal mortgage over the company's freehold property.

13 Future Financial Commitments

(a) Operating leases

At 28th February 1999 the company had annual commitments under operating leases as set out below:

	28th February 1999	1999	31st July 1998	1998
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
in the second to fifth year	-	8,484	-	8,484
after five years	100,000	-	100,000	-
	<u>100,000</u>	<u>8,484</u>	<u>100,000</u>	<u>8,484</u>

Waterloo Investments Ltd
Notes to the Financial Statements
For the period ended 28th February 1999

13 Future Financial Commitments (Continued)

1999
£ **1998**
£

(b) Obligations under hire purchase and finance leases

At 28th February 1999 the company had obligations under finance leases and hire purchase contracts as set out below:

Net amount payable:

due within one year (Note:11)

44,044 21,079

due after more than one year (Note:12)

14,369 10,000

58,413 31,079

14 Shareholders' Funds

1999	Revaluation Reserve £	Profit and Loss Account £	Share Capital £	Total £
At 1st August 1998	260,625	(624,577)	100	(363,852)
Loss for the period	-	(276,457)	-	(276,457)
At 28th February 1999	<u>260,625</u>	<u>(901,034)</u>	<u>100</u>	<u>(640,309)</u>

28th February
1999
£ **31st July**
1998
£

The share capital comprises:

Authorised:

1,000 Ordinary shares of £1 each

1,000 1,000

Called up, allotted and fully paid:

100 Ordinary shares of £1 each

100 100

The movements in shareholders' funds in the previous year are set out below:

1998	Revaluation Reserve £	Profit and Loss Account £	Share Capital £	Total £
At 1st August 1997	310,625	(258,215)	100	52,510
Loss for the year	-	(366,362)	-	(366,362)
Revaluation in the year	(50,000)	-	-	(50,000)
At 31st July 1998	<u>260,625</u>	<u>(624,577)</u>	<u>100</u>	<u>(363,852)</u>

15 Controlling Party

At 28th February 1999 the company's ultimate parent undertaking was Northacre Holdings Ltd. Copies of the group financial statements are available from Companies House, Crown Way, Cardiff CF4 3UZ. On 24th May 1999 the ultimate parent undertaking became Northacre plc (formerly Property Asset Holdings plc).

Waterloo Investments Ltd
Notes to the Financial Statements
For the period ended 28th February 1999

16 Related Party Transactions

Related Party	Nature of Relationship	28th February 1999	31st July 1998	Nature of Transaction
J.R.G. Hunter	1	80,799	60,685	Amount owed to the company by J.R.G. Hunter at 28th February 1999
K.B. Nilsson	1	29,100	-	Amount owed to the company by K.B. Nilsson at 28th February 1999
K.B. Nilsson	2	-	70,000	Advertising and publicity payable to Lewis Motorsport
Campden Estates Limited	3	12,403	8,716	Rent and services payable by Campden Estates Limited for use of office space
Northacre plc Directors' Retirement and Death Benefit Scheme	4	-	50,000	Amount payable for purchase of ground rent interest, long leasehold and freehold from the scheme by Waterloo Investments Ltd
Northacre plc Directors' Retirement and Death Benefit Scheme	4	100,000	100,000	Rent payable to the scheme
Northacre plc Directors' Retirement and Death Benefit Scheme	4	6,347	3,888	Amount owed to Waterloo Investments Ltd by the scheme at 28th February 1999
Northacre plc Directors' Retirement and Death Benefit Scheme	4	150,000	150,000	Short term loan payable to the scheme by Waterloo Investments Ltd
		13,662	9,000	Interest payable on the loan
Northacre plc Directors' Retirement and Death Benefit Scheme	4	3,500	5,000	Management fee receivable from the scheme

Nature of Relationship

1. J.R.G. Hunter and K.B. Nilsson are directors of the company.
2. K.B. Nilsson is a director of the company and his son drives a motor racing car for Lewis Motorsport.
3. Campden Estates Limited is an associated undertaking of Northacre Holdings Ltd, the company's parent company.
4. J.R.G. Hunter and K.B. Nilsson are trustees of the Northacre plc Directors' Retirement and Death Benefit Scheme.

The company has taken advantage of the exemption from disclosure of transactions with group companies available to subsidiary undertakings under Financial Reporting Standard No.8 para 3(c).