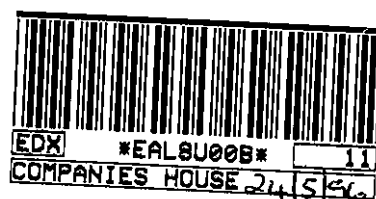


Registered no: 2693876

Vector Investments Limited  
Annual report  
for the year ended 31 December 1994



# **Vector Investments Limited**

## **Annual report for the year ended 31 December 1994**

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*Signed*

## Directors and advisers

### Executive directors

**J D Beverton, FCA**  
(Managing director)

**M A Moore, BA M.Sc(Econ) MRTPI**

### Non-executive directors

**T J Thomas, FCIB FRSA**  
(Chairman)

**Councillor R C Leese**

**N P Turner**

### Registered Auditors

**Coopers & Lybrand**  
Abacus Court  
6 Minshull Street  
Manchester  
M1 3ED

### Solicitors

**Slaughter & May**  
35 Basinghall Street  
London  
EC2V 5DB

### Secretary and registered office

**A E W Hudson MA MBA FCIS**  
Arena Point  
1 Hunts Bank  
Manchester  
M3 1AP

### Bankers

**The Co-operative Bank plc**  
P O Box 101  
1 Balloon Street  
Manchester  
M60 4EP

### Secretaries

**Hudson Administration**  
Princess House  
105-107 Princess Street  
Manchester  
M1 6DD

**Directors' report  
for the year ended 31 December 1994**

The directors present their report and the audited financial statements for the year ended 31 December 1994.

**Principal activities**

The principal activity of the company is the development and ownership of an arena complex at Victoria Station, Manchester.

**Review of business and future developments**

The company has been engaged in the construction and letting of the arena and related developments during the financial year and subsequently.

The arena was completed on schedule in June 1995.

**Changes in presentation of the financial statements**

Following the introduction of Financial Reporting Standard No 3, 'Reporting Financial Performance', the presentation of the financial statements has been amended to conform with the new requirements. The operating loss has been analysed as arising from continuing operations.

**Dividends and transfers to reserves**

The directors do not recommend the payment of a dividend. The loss for the year of £1,247,815 will be added to the accumulated deficit on profit and loss account.

**Post balance sheet events**

On 29 December 1995, the company entered into a sale and leaseback agreement with NWS Corporate Finance Plc. Under the terms of the agreement, plant and machinery with a value of £17.5 million was sold to NWS Corporate Finance Plc and is to be leased back over a 20 year term.

On the same date, the company agreed a banking facility of £9.75 million with the Co-Operative Bank Plc,

The directors are confident that the above transactions, along with continued financial support from Bovis Limited, will provide sufficient working capital for the company to continue its operation for the foreseeable future.

**Directors**

The directors of the company at 31 December 1994, all of whom have been directors for the whole of the year ended on that date, are listed on page 1.

C D Mackie and D A Johnson resigned as directors of the company on 27 April 1994.

N P Turner ceased to be managing director on 1 November 1994, but remains a director in a non-executive capacity,

On 1 November 1994, J D Beverton and M A Moore were appointed executive directors.

On 18 December 1995, T J Thomas resigned as a director of the company.

On 9 February 1996, Ms P A Aluisi, R C D Reames, R Waddington and Sir David Trippier were appointed directors of the company.

**Directors' interests in shares of the company**

The interests of the directors in the shares of the company at 31 December 1994 were:

	31 December 1994	1 January 1994
Ordinary shares of £1 each		
N P Turner	249	1

**Directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1994. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Changes in fixed assets**

The movements in fixed assets during the year are set out in note 7 to the financial statements.

**Close company provisions**

The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988. There has been no change in this respect since the end of the financial year.

**Auditors**

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the next general meeting at which the company's financial statements are received.

**By order of the board**

A handwritten signature in cursive script, appearing to read 'A E W Hudson'.

**A E W Hudson**  
**Company Secretary**  
15 March 1996

## **Report of the auditors to the members of Vector Investments Limited**

We have audited the financial statements on pages 6 to 13.

### **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 at 31 December 1994 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Coopers & Lybrand', with a large, stylized loop at the end.

**Coopers & Lybrand**

Chartered Accountants and Registered Auditors  
Manchester  
15 March 1996

## Profit and loss account for the year ended 31 December 1994

	Notes	1994 £	1993 £
<b>Continuing operations</b>			
Administrative expenses		(302,782)	(324,464)
Other operating income		-	20,664
<b>Operating loss</b>		<u>(302,782)</u>	<u>(303,800)</u>
Interest payable and similar charges	4	(1,024,220)	(322,445)
Interest receivable		<u>79,187</u>	<u>12,165</u>
<b>Loss on ordinary activities before taxation</b>	5	(1,247,815)	(614,080)
Tax on loss on ordinary activities	6	-	-
<b>Loss for the financial year</b>	13	<u><u>(1,247,815)</u></u>	<u><u>(614,080)</u></u>

The company has no recognised gains and losses other than those included in the losses above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

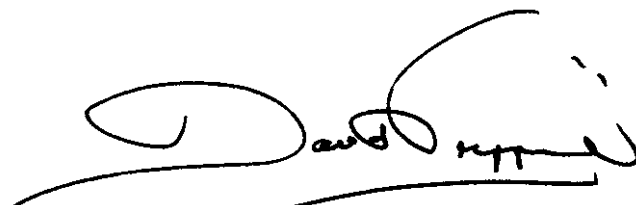
**Balance sheet  
at 31 December 1994**

	Notes	1994 £	1993 £
<b>Fixed assets</b>			
Tangible assets	7	<u>53,734,740</u>	<u>21,484,440</u>
<b>Current assets</b>			
Debtors	8	841,723	4,627,409
Cash at bank and in hand		<u>411,458</u>	<u>643,887</u>
		1,253,181	5,271,296
<b>Creditors: amounts falling due within one year</b>	9	<u>20,510,395</u>	<u>12,152,234</u>
<b>Net current liabilities</b>		<u>(19,257,214)</u>	<u>(6,880,938)</u>
<b>Total assets less current liabilities</b>		34,477,526	14,603,502
<b>Accruals and deferred income</b>	10	<u>36,500,749</u>	<u>15,379,158</u>
		<u>(2,023,223)</u>	<u>(775,656)</u>
<b>Capital and reserves</b>			
Called up share capital	11	250	2
Profit and loss account	13	<u>(2,023,473)</u>	<u>(775,658)</u>
<b>Shareholders' funds</b>	14	<u>(2,023,223)</u>	<u>(775,656)</u>

The financial statements on pages 6 to 13 were approved by the board of directors on 15 March 1996 and were signed on its behalf by:



**J D Beverton**  
Managing Director



**Sir David Trippier**  
Chairman

## **Notes to the financial statements for the year ended 31 December 1994**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

#### **Cash flow**

The company qualifies as a small company under section 247 of the Companies Act 1985. As a consequence, it is exempt from the requirement to publish a cash flow statement.

#### **Tangible fixed assets**

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Motor vehicles	25
Office equipment	25

Assets under construction are not depreciated until construction is complete.

#### **Government grants**

Grants that relate to specific capital expenditure are treated as deferred income which will be credited to the profit and loss account over the related asset's useful life.

#### **Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

## 2 Related party transaction

During the year, Intercity Development Consultants Limited, a company of which N P Turner is a director and M A Moore was an employee, and in which N P Turner has a significant shareholding, charged project management fees totalling £230,000. The transaction was completed on arms length commercial terms.

As the contract neared completion the directors decided that the services of Intercity Development Consultants Limited would no longer be required. As a result compensation of £40,000 was paid to Intercity Development Consultants Limited during the year in addition to the management fees above.

## 3 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	1994 Number	1993 Number
Directors	<u>5</u>	<u>7</u>
	1994 £	1994 £
Fees and other emoluments	<u>10,000</u>	<u>-</u>
Compensation for loss of office	<u>60,000</u>	<u>-</u>

Fees and other emoluments (excluding pension contributions and compensation for loss of office) include amounts paid to:

	1994 £	1993 £
The chairman	<u>-</u>	<u>-</u>
The highest-paid director	<u>10,000</u>	<u>-</u>

The number of directors (including the chairman and the highest-paid director) who received fees or other emoluments within the following ranges was:

	1994 Number	1993 Number
£0	3	7
£5,001 to £10,000	1	-
£60,000 compensation for loss of office	1	-
	<u>          </u>	<u>          </u>

Compensation for loss of office of £60,000 included above was paid to N P Turner on the loss of his executive directorship.

#### **4 Interest payable and similar charges**

	1994 £	1993 £
On bank loans, overdrafts and other loans repayable within 5 years, not by instalments	1,019,919	322,445
Other	4,301	-
	<u>          </u>	<u>          </u>
	<u>1,024,220</u>	<u>322,445</u>

#### **5 Loss on ordinary activities before taxation**

	1994 £	1993 £
Loss on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	2,893	5,245
Auditors' remuneration	2,000	1,500
	<u>          </u>	<u>          </u>

#### **6 Tax on loss on ordinary activities**

There was no taxation charge due to the loss for the year.

**7 Tangible fixed assets**

	Assets under construction £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>				
At 1 January 1994	21,473,140	9,000	6,695	21,488,835
Additions	32,247,867	2,743	2,583	32,253,193
<b>At 31 December 1994</b>	<b>53,721,007</b>	<b>11,743</b>	<b>9,278</b>	<b>53,742,028</b>
<b>Depreciation</b>				
At 1 January 1994	-	2,700	1,695	4,395
Charge for the year	-	1,643	1,250	2,893
<b>At 31 December 1994</b>	<b>-</b>	<b>4,343</b>	<b>2,945</b>	<b>7,288</b>
<b>Net book value</b>				
<b>At 31 December 1994</b>	<b>53,721,007</b>	<b>7,400</b>	<b>6,333</b>	<b>53,734,740</b>
Net book value				
At 31 December 1993	21,473,140	6,300	5,000	21,484,440

**8 Debtors**

	1994 £	1993 £
<b>Amounts falling due within one year</b>		
Trade debtors	21,035	90,056
Government grant receivable	-	4,344,204
Other debtors	811,407	183,149
Prepayments and accrued income	9,281	10,000
	<b>841,723</b>	<b>4,627,409</b>

**9 Creditors: amounts falling due within one year**

	1994 £	1993 £
Bank loans and overdraft	10,250,000	4,373,256
Other loan	5,112,526	4,198,670
Trade creditors	4,711,266	3,477,953
Other creditors	17,434	-
Accruals and deferred income	419,169	102,355
	<b>20,510,395</b>	<b>12,152,234</b>

**10 Accruals and deferred income**

	1994 £	1993 £
Deferred government grant	35,000,749	14,629,158
Deferred local authority grant	1,500,000	750,000
	<u>36,500,749</u>	<u>15,379,158</u>

**11 Called up share capital**

	1994 £	1993 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
250 (1993: 2) ordinary shares of £1 each	<u>250</u>	<u>2</u>

On 27 April 1994, 248 ordinary shares of £1 each were allotted to N P Turner at par for cash.

On 25 October 1995, 375 ordinary shares of £1 each were allotted to both Bovis Limited and The Co-Operative Bank Plc upon the exercising of share options disclosed in note 12, increasing the allotted share capital to £1,000.

On 8 February 1996, the following shares were allotted at par for cash, increasing the allotted share capital to £100,000:

	Ordinary shares of £1 each
Bovis Limited	49,500
Newmadosa Investments Limited	25,000
Manchester City Council	15,000
Hambro Group Investments Limited	9,500
	<u>99,000</u>

**12 Options in shares of Vector Investments Limited**

Options for 750 ordinary £1 shares at a subscription price of £1 per share were exercised on 25 October 1995. No further share options exist.

**13 Profit and loss account**

	£
At 1 January 1994	(775,658)
Loss for the year	(1,247,815)
	<hr/>
At 31 December 1994	<u>(2,023,473)</u>

**14 Reconciliation of movements in shareholders' funds**

	1994 £	1993 £
Loss for the financial year	(1,247,815)	(614,080)
Opening shareholders' funds	(775,656)	(161,576)
Increase in share capital	248	-
	<hr/>	<hr/>
Closing shareholders' funds	<u>(2,023,223)</u>	<u>(775,656)</u>

**15 Post balance sheet events**

Details of post balance sheet events are given in the directors' report.

**16 Capital commitments**

	1994 £	1993 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	19,244,993	43,915,000
Less: Government grants	(499,251)	(21,621,000)
	<hr/>	<hr/>
	<u>18,745,742</u>	<u>22,294,000</u>