

2757229 (England and Wales)

Evenvyne Limited
Directors' Report and Financial Statements
for the year ended 30 November 1996



Evenvyne Limited

Company Information

Directors	N T Wolstenholme (resigned 31.1.97) P.R.C. Mason Mrs S W Wolstenholme (resigned 31.1.97) Mrs S.J. Mason
Secretary	P.R.C. Mason
Company Number	2757229 (England and Wales)
Registered Office	4 Scotgate Mews Scotgate Stamford Lincolnshire PE9 2FX
Auditors	Cuthbert Ward Clarendon House Hyde Street Winchester Hampshire SO23 7DX
Business Address	4 Scotgate Mews Scotgate Stamford Lincolnshire PE9 2FX
Bankers	Svenska Handelsbanken Svenska House 3 - 5 Newgate Street London EC1A 7DA

Evenvyne Limited

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Evenvyne Limited

Directors' Report for the year ended 30 November 1996

The directors present their report and the financial statements for the year ended 30 November 1996.

Principal Activities

The company's principal activity continued to be that of property investment.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

		Number of shares	
		1996	1995
Class of share			
N.T. Wolstenholme	Ordinary shares	-	-
P.R.C. Mason	Ordinary shares	-	-
Mrs S.W. Wolstenholme	Ordinary shares	-	-
Mrs S.J. Mason	Ordinary shares	-	-

Directors' interests in the ultimate holding company:

N.T. Wolstenholme	Ordinary shares	2	2
P.R.C. Mason	Ordinary shares	2	2
Mrs S.W. Wolstenholme	Ordinary shares	-	-
Mrs S.J. Mason	Ordinary shares	-	-

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Cuthbert Ward be reappointed as auditors of the company will be put to the Annual General Meeting.

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 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

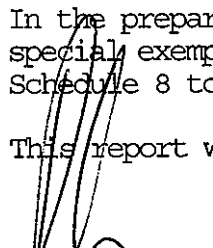
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Evenvyne Limited

Directors' Report for the year ended 30 November 1996

In the preparation of the directors' report advantage has been taken of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

This report was approved by the Board on 3. Dec. 97..


P.R.C. Mason
Secretary

Evenvyne Limited
Auditors' Report
to the shareholders of Evenvyne Limited

We have audited the financial statements on pages 4 to 14 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 7.

Respective responsibilities of directors and auditors

As described on page 1 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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the inherent uncertainty as to the company's ability to continue as a going concern. Details of the circumstances relating to this uncertainty are described in note 2. In view of the significance of the matters raised in note 2, we consider that this should be drawn to your attention. However, our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 1996 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


Cuthbert Ward

Chartered Accountants
Registered Auditor


4 June 1997

Clarendon House
Hyde Street
Winchester
Hampshire SO23 7DX

Evenvyne Limited

Profit and Loss Account
for the year ended 30 November 1996

	Notes	1996 £	1995 £
Turnover		296,258	428,854
Administrative expenses		(219,999)	(368,661)
Other operating income		3,848	2,317
Operating profit	3	80,107	62,510
Loss on sale of investment property		-	(5,032)
Loss on sale of unlisted investment		(100,000)	-
Loss on ordinary activities before interest		(19,893)	57,478
Other interest receivable and similar income	4	1,636	3,901
Interest payable and similar charges		(455,653)	(482,973)
Loss on ordinary activities before taxation		(473,910)	(421,594)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation		(473,910)	(421,594)

Evenwyne Limited

Statement of Total Recognised Gains and Losses
for the year ended 30 November 1996

	1996 £	1995 £
Loss for the financial year	(473,910)	(421,594)
Unrealised deficit on revaluation of properties	<u>(10,725)</u>	<u>1,618,836</u>
Total recognised gains and losses relating to the year	<u>£ (484,635)</u>	<u>£ 1,197,242</u>

Note of historical cost profits and losses

	1996 £	1995 £
Reported loss on ordinary activities before taxation	(473,910)	(421,594)
Realisation of property revaluation gains of previous years	<u>-</u>	<u>(750,000)</u>
Historical cost loss on ordinary activities before taxation	<u>£ (473,910)</u>	<u>£ (1,171,594)</u>
Historical cost loss for the year retained after taxation, extraordinary items and dividends	<u>£ (473,910)</u>	<u>£ (1,171,594)</u>

Evenvyne Limited

Balance Sheet
as at 30 November 1996

	Notes	1996 £	1995 £
Fixed Assets			
Tangible assets	6 and 7	4,607,899	4,608,633
Investments	8	15,632	15,745
		<u>4,623,531</u>	<u>4,624,378</u>
Current Assets			
Debtors	9	49,473	92,562
Cash at bank and in hand		38,877	14,070
		<u>88,350</u>	<u>106,632</u>
Creditors: amounts falling due within one year	10	(1,054,279)	(903,842)
Net Current Liabilities		<u>(965,929)</u>	<u>(797,210)</u>
Total Assets Less Current Liabilities		3,657,602	3,827,168
Creditors: amounts falling due after more than one year	11	(5,622,641)	(5,307,572)
		<u>£(1,965,039)</u>	<u>£(1,480,404)</u>
Capital and Reserves			
Called up share capital	13	2	2
Revaluation reserve	14	744,680	755,405
Profit and loss account	15	(2,709,721)	(2,235,811)
Shareholders' Funds (equity interests)	16	<u>£(1,965,039)</u>	<u>£(1,480,404)</u>

In preparing these financial statements:

- Advantage has been taken of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985, and
- In the directors' opinion the company is entitled to these exemptions as a small company.

The financial statements were approved by the Board on 2 June 97.



Director

Evenvyne Limited

Notes to the Financial Statements for the year ended 30 November 1996

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of VAT.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets, other than investment properties, are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25% Reducing balance
Fixtures, fittings and equipment	-	15% Reducing balance
Computer equipment	-	25% Reducing balance

Investment properties are revalued annually by the directors and at least every fifth year by independent Chartered Surveyors on the basis of open market value for existing use. Depreciation is one of many factors reflected in the annual valuations and accordingly no depreciation is provided on freehold investment properties or on leasehold investment properties where the unexpired lease term exceeds 20 years. The directors consider that this departure from the requirements of the Companies Act is necessary in order that the financial statements show a true and fair view. The accounting treatment adopted for investment properties is in accordance with Statement of Standard Accounting Practice number 19.

Net surpluses on revaluation of investment properties are credited to revaluation reserves. Defecits arising on revaluation that are expected to be permanent are written off to the profit and loss account. Other defecits not expected to be permanent are taken to the statement of total recognised gains and losses.

Evenvyne Limited

Notes to the Financial Statements for the year ended 30 November 1996

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.6 Group Accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it and its subsidiaries comprise a small group.

2. Going Concern

The company's balance sheet shows a potential shortfall of the carrying value of its secured assets against the outstanding loans in excess of £1 million. These loan facilities are subject to renegotiation within the next twelve months. The company's bankers have the right to call in the charges over the assets and if this were to happen it is likely that this company would not be a going concern. The directors are confident that these facilities will be renewed. However, inherently there can be no certainty in relation to these matters.

Should the going concern basis cease to be appropriate, adjustments would need to be made to record assets at their recoverable amounts, to provide for any additional liabilities that might arise, and to reclassify long term creditors as current.

3. Operating Profit

	1996 £	1995 £
Operating profit is stated after charging:		
Depreciation of tangible assets	845	1,085
Hire of plant and machinery	2,413	2,368
Exceptional item	58,000	-
Auditors' remuneration	2,600	3,500
Directors' emoluments	-	15,000
Loss on sale of properties	-	5,032
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Directors' remuneration paid by subsidiaries	25,225	59,711
	<hr/>	<hr/>

The exceptional relates to a payment made to a tenant as compensation for surrendering a lease.

Evenwyne Limited

Notes to the Financial Statements
for the year ended 30 November 1996

4.	Other Interest Receivable and Similar Income	1996 £	1995 £
	Bank interest received	1,636	3,901

5. Taxation

The company had carry forward losses of £230,529 (1995 - £1,022,988) at the balance sheet date.

No charge to taxation arises as a result of the loss made in the year.

6. Tangible Assets

	Plant and Fixtures, machinery fittings & equipment		Total
	£	£	£
Cost or valuation			
At 1 December 1995	630	5,062	5,692
Additions	-	111	111
At 30 November 1996	630	5,173	5,803
Depreciation			
At 1 December 1995	236	1,823	2,059
Charge for year	99	746	845
At 30 November 1996	335	2,569	2,904
Net book values			
At 30 November 1996	£ 295	£ 2,604	£ 2,899
At 30 November 1995	£ 394	£ 3,239	£ 3,633

Evenvyne Limited

Notes to the Financial Statements for the year ended 30 November 1996

7. Tangible Assets

	Investment properties £
Cost or valuation	
At 1 December 1995	4,605,000
Additions	10,725
Revaluation	(10,725)
	<hr/>
At 30 November 1996	4,605,000
	<hr/>
Net book values	
At 30 November 1996	£ 4,605,000
	<hr/>
At 30 November 1995	£ 4,605,000
	<hr/>

Of the above investment properties, £550,000 relates to a long leasehold investment property. The balance relates to freehold investment properties.

The company's investment properties were revalued in May 1993, on behalf of the company's bankers, by an independent firm of Chartered Surveyors on the basis of open market value for existing use. These valuations are still considered appropriate by the directors for all but two of the properties held by the company at the balance sheet date. One of the company's investment properties was substantially improved over the last few years so the directors accordingly revalued the property in the year ended 30 November 1995. This value is still considered to be appropriate.

Another property was revalued in the year ended 30 November 1995 based on a 'worst case' value for the site that was prepared by independent Chartered Surveyors prior to, but on the assumption that full planning consent would be granted. This consent was subsequently achieved and the directors still consider the valuation to be appropriate.

The directors do not consider that the net deficits to date on property valuations represent a permanent diminution in value.

On an historical cost basis these would have been included at an original cost of £4,763,949 (1995 £4,753,224).

Evenvyne Limited

Notes to the Financial Statements for the year ended 30 November 1996

8. Fixed Asset Investments

Shares in group undertakings and participating interests

	£
Cost	
At 1 December 1995	15,745
Additions	100,000
Disposals	(100,113)
	<hr/>
At 30 November 1996	15,632
	<hr/>
Net Book Values	
At 30 November 1996	£ 15,632
	<hr/>
At 30 November 1995	£ 15,745
	<hr/>

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 10%

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertaking			
Yorkshire & Humberside Est. Ltd	England and Wales	Ordinary	99

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
	£	£
Yorkshire & Humberside Est. Ltd (40,346)	(40,346)	(31,396)

The company's subsidiary is a property investment company.

In order to obtain vacant possession of one of the company's units, the company acquired 100% of the share capital of a tenant company for £100,000. The lease was then terminated and the tenant company, having nil value, was sold at a loss.

9. Debtors

	1996 £	1995 £
Trade debtors	45,022	76,037
Amounts owed by group undertakings	4,254	5,642
Others	197	10,883
	<hr/>	<hr/>
	£ 49,473	£ 92,562
	<hr/>	<hr/>

Evenvyne Limited

Notes to the Financial Statements
for the year ended 30 November 1996

10.	Creditors: amounts falling due within one year	1996 £	1995 £
	Trade creditors	9,997	3,796
	Amounts owed to group undertakings	481,326	350,308
	Other creditors	562,956	549,738
		<u>£ 1,054,279</u>	<u>£ 903,842</u>

11.	Creditors: amounts falling due after more than one year	1996 £	1995 £
	Loans		
	Wholly repayable within five years	<u>5,622,641</u>	<u>5,307,572</u>

The aggregate amount of creditors for which security has been given amounted to £5,622,641 (1995 - £5,307,572).

The bank loans are secured by fixed charges over the company's investment properties, by fixed charges on the book debts and the rental deposit account, and by floating charges over the other assets of the company.

Analysis of debt due after more than one year

Repayable between one and two years	5,622,641	-
Repayable between two and five years	-	5,307,572
	<u>5,622,641</u>	<u>5,307,572</u>

12. Provisions for Liabilities and Charges

Deferred tax is provided at 33% (1995 - 33%) analysed over the following timing differences:

	Not provided		Provided	
	1996	1995	1996	1995
	£	£	£	£
Other timing differences	871	1,575	-	-
Tax losses available	(871)	(1,575)	-	-
	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>

Evenvyne Limited

Notes to the Financial Statements
for the year ended 30 November 1996

13.	Share Capital	1996 £	1995 £
	Authorised		
	100 Ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each	2	2
		<u> </u>	<u> </u>
14.	Revaluation Reserve	1996 £	1995 £
	Balance brought forward at 1 December 1995	755,405	(1,613,431)
	Revaluation during the year	(10,725)	1,618,836
	Depreciation written back	-	750,000
		<u> </u>	<u> </u>
	Balance carried forward at 30 November 1996	£ 744,680	£ 755,405
		<u> </u>	<u> </u>
15.	Profit And Loss Account	1996 £	1995 £
	Accumulated losses at 1 December 1995	(2,235,811)	(1,064,217)
	Retained loss for the year	(473,910)	(421,594)
	Transfer from reserves	-	(750,000)
		<u> </u>	<u> </u>
	Accumulated losses at 30 November 1996	£ (2,709,721)	£ (2,235,811)
		<u> </u>	<u> </u>
16.	Reconciliation of Movements in Shareholders' Funds	1996 £	1995 £
	Loss for the financial year	(473,910)	(421,594)
	Other recognised gains and losses	(10,725)	1,618,836
		<u> </u>	<u> </u>
	Net depletion in shareholders' funds	(484,635)	1,197,242
	Opening shareholders' funds	(1,480,404)	(2,677,646)
		<u> </u>	<u> </u>
	Closing shareholders' funds	£ (1,965,039)	£ (1,480,404)
		<u> </u>	<u> </u>

Evenwyne Limited

Notes to the Financial Statements
for the year ended 30 November 1996

17. Contingent Liabilities

The company guarantees a £1,500,000 loan facility on behalf of Maroncrest Limited.

The company is subject to group registration for value added tax and as such is jointly liable for the value added tax owed by the group. At the balance sheet date the groups liability was £22,690 (1995: Nil).

18. Transactions With Directors

During the year, the company paid property management and planning consultancy fees totalling £15,000 to Frobisher Limited, a company of which Mr N.T. Wolstenholme is a director and holds a material beneficial interest.

19. Ultimate Parent Company

The ultimate parent company is Matchshire Limited, a company registered in England and Wales.

20. Post Balance Sheet Events

Since the balance sheet date the company, and its fellow subsidiary Maroncrest Ltd, have entered into an agreement with Masterbrook Ltd, a company in which N T Wolstenholme declares he has a beneficial interest. This agreement provides for the following to be payable to Masterbrook Ltd:-

- i) consultancy fees of £55,000 in instalments by 1 September 1997;
- ii) consultancy fees of £20,000 on the release (or unconditional agreement to grant the release) of the existing second charges and all other security held by Svenska Handelsbanken over the assets of fellow subsidiaries Chartdell (Investments) Ltd and Yorkshire and Humberside Industrial Estates Ltd;
- iii) a profit sharing fee payable and calculated when the debt to the company's bankers has been discharged or refinanced in full.

Masterbrook Ltd has taken out a second legal charge and debenture over the assets of the company. However the company's bankers security ranks at all times in priority to the Masterbrook security.

On 7 April 1997 the shares held in Yorkshire and Humberside Industrial Estates Ltd were transferred to Matchshire Ltd, the holding company, at par.