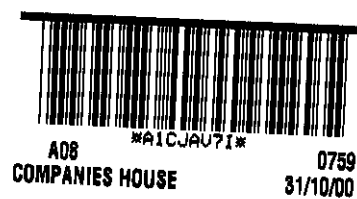


A&PA Property Limited
Annual Report and Accounts
1999

Registered number: 3015482



A&PA Property Limited
Annual Report and Accounts
for the year ended 31 December 1999

Registered number: 3015482

A&PA Property Limited

Contents

	Pages
Directors and Advisers	1
Directors' Report	2 - 3
Directors' Responsibilities Statement	4
Report of the Auditors	5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 - 12

A&PA Property Limited

Directors and Advisers

Directors

T Astley (resigned 7 June 2000)
M Holding FCMA
K P Thompson (appointed 7 June 2000)

Secretary

K P Thompson

Registered Office

A&PA Property Limited
Western Avenue
Western Docks
Southampton
SO15 0HH

Registered number: 3015482

Solicitors

Dickinson Dees
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 1SB

Registered Auditors

PricewaterhouseCoopers
89 Sandyford Road
Newcastle upon Tyne
NE99 1PL

Bankers

Bank of Scotland
London Chief Office
38 Threadneedle Street
London
EC2P 2EH

A&PA Property Limited

Directors' Report

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 1999.

Principal activities and business review

The company acts as an investment company and will continue to do so for the foreseeable future. The results for the year are set out on page 6.

The directors are satisfied with the result for the year and the state of affairs at the year end.

Dividends

The directors do not recommend the payment of a dividend for the year.

Directors and their interests

The names of the directors who held office during the year and at the date of this report, except where indicated, were as follows:

M Holding

T Astley (resigned 7 June 2000)

K P Thompson (appointed 7 June 2000)

None of the directors have any interests in the company. The interests of the directors in the shares of the ultimate parent company A&P Group Holdings Limited are disclosed in the financial statements of that company.

Year 2000

A project team, reporting directly to the Chief Executive, was appointed in early 1998, to review the operations of the company and identify any potential problems that could be caused by the Year 2000. Working in accordance with the A&P Group Year 2000 Strategy and Policy, the team has considered both IT and non-IT related issues. At 30 April 1999 the directors considered that the company systems and operations were Year 2000 ready and as at the date of this report no Year 2000 failures have been experienced.

All Year 2000 costs, which have not been quantified as they are immaterial to the results of the company, have been treated as expenditure in the period incurred.

A&PA Property Limited

Directors' Report (continued)

Auditors

A resolution to reappoint PricewaterhouseCoopers will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'H. J. ...', written over a horizontal line.

A&PA Property Limited

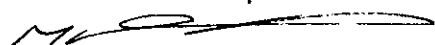
Directors' Responsibilities Statement

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 period 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 1999. 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

A handwritten signature in black ink, appearing to be 'M. J. ...', is written over a horizontal line.

A&PA Property Limited

Report of the Auditors to the Members of A&PA Property Limited

We have audited the financial statements on pages 6 to 12 which have been prepared under the historic cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 4 the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

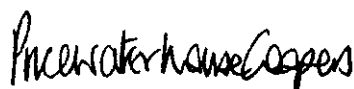
Basis of audit opinion

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne

30 October 2000

A&PA Property Limited

Profit and Loss Account for the year ended 31 December 1999

	Notes	1999 £	1998 £
Gross rental income		2,600,000	2,600,000
Net property expenses		(130,320)	(130,320)
Operating profit		2,469,680	2,469,680
Interest payable and similar charges	2	(2,442,405)	(2,442,405)
Profit on ordinary activities before Taxation	3	27,275	27,275
Tax on profit on ordinary activities	4	-	-
Retained profit for the period	9	27,275	27,275

All of the activities of the company are continuing.

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

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

A&PA Property Limited

Balance Sheet at 31 December 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	5	<u>22,597,477</u>	<u>22,727,797</u>
Current assets			
Cash at bank and in hand		<u>8,926</u>	<u>-</u>
Creditors: amounts falling due within one Year	6	<u>-</u>	<u>(148,669)</u>
Net current assets/(liabilities)		<u>8,926</u>	<u>(148,669)</u>
Total assets less current liabilities		<u>22,606,403</u>	<u>22,579,128</u>
Creditors: amounts falling due after more Than one year	7	<u>(23,260,998)</u>	<u>(23,260,998)</u>
Net liabilities		<u>(654,595)</u>	<u>(681,870)</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	<u>(654,597)</u>	<u>(681,872)</u>
Equity shareholders' deficit	10	<u>(654,595)</u>	<u>(681,870)</u>

The financial statements on pages 6 to 12 were approved by the board of directors on 30/10/00 and were signed on its behalf by:



A&PA Property Limited

Notes to the Financial Statements for the year ended 31 December 1999

1 Principal accounting policies

The financial statements are 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 under the historical cost convention.

The going concern assumption has been adopted in the preparation of these financial statements as the ultimate parent undertaking has indicated its willingness to provide financial support for the foreseeable future.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition, including the cost of own work capitalised where appropriate.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of fixed assets, on a straight-line basis over their estimated useful lives. The annual rate of depreciation is as follows:

Leasehold and freehold buildings	2%
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Freehold land is not depreciated.

Cash flow statement

The company is a wholly owned subsidiary and is exempt under the terms of Financial Reporting Standard No 1 revised from publishing a cash flow statement.

Gross rentals

Gross rentals, which exclude Value Added Tax, represent rentals receivable from fellow subsidiary companies.

Deferred tax

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.

A&PA Property Limited

Notes to the Financial Statements for the year ended 31 December 1999

2 Interest payable and similar charges

	1999 £	1998 £
On loans due to parent company	<u>2,442,405</u>	<u>2,442,405</u>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1998 £	1998 £
Depreciation of owned tangible fixed assets	<u>130,320</u>	<u>130,320</u>

Auditors' remuneration is borne by other group undertakings and there were no fees for non-audit services.

The company had no employees except for its directors.

The emoluments of the directors, who are also directors of a number of group companies, are borne in full by the principal employing company. Accordingly no recharge is made as these directors provide services primarily to the principal employer. These directors' emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the principal employer.

4 Taxation

The tax liability for the year has been reduced by the availability of group relief received at no cost to the company, together with the availability of brought forward tax losses.

A&PA Property Limited

Notes to the Financial Statements for the year ended 31 December 1999

5 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Total £
Cost			
At 1 January and at 31 December 1999	23,237,170	113,963	23,351,133
Depreciation			
At 1 January 1999	614,188	9,148	623,336
Charge for the year	128,041	2,279	130,320
At 31 December 1999	742,229	11,427	753,656
Net book amount			
At 31 December 1999	22,494,941	102,536	22,597,477
Net book value			
At 31 December 1998	22,622,982	104,815	22,727,797

Freehold land and buildings includes freehold land which is not depreciated amounting to £2,217,944 (1998: £2,217,944). Freehold land and buildings also include assets held for resale that in the directors' opinion will realise their net book value of £3,240,000.

6 Creditors: amounts falling due within one year

	1999 £	1998 £
Overdraft	-	148,669

7 Creditors: amounts falling due after more than one year

	1999 £	1998 £
Loans owed to group undertakings	23,260,998	23,260,998

A&PA Property Limited

Notes to the Financial Statements for the year ended 31 December 1999

8 Called up share capital

	1999 £	1998 £
Authorised Equity		
1,000 (1998: 1,000) Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid Equity		
2 (1998: 2) Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

9 Reserves

	Profit and loss account £
At 1 January 1999	(681,872)
Profit for year	<u>27,275</u>
At 31 December 1999	<u>(654,597)</u>

10 Reconciliation of movements in shareholders' deficit

	1999 £	1998 £
Opening shareholders' deficit	(681,870)	(709,145)
Profit for the financial year	<u>27,275</u>	<u>27,275</u>
Closing shareholders' deficit	<u>(654,595)</u>	<u>(681,870)</u>

11 Contingent liabilities

The company has entered into cross guarantees in favour of the Bank of Scotland plc regarding amounts borrowed by A&P Group Holdings Limited group companies, which at 31 December 1999 amounted to £35,467,108 (1998: £38,924,763).

The company has also entered into a guarantee with Lombard North Central plc regarding finance lease commitments payable by other A&P Group Holdings Limited group companies, which at 31 December 1999 amounted to £179,225 (1998: £438,892).

A&PA Property Limited

Notes to the Financial Statements for the year ended 31 December 1999

12 Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the A&P Group Holdings Limited group of companies. There are no other transactions requiring disclosure under this standard.

13 Parent companies and controlling parties

The immediate parent undertaking is A&P Group Limited. The directors regard A&P Group Holdings Limited, which is incorporated in England and Wales as the ultimate parent company and immediate controlling party. Copies of the parent's consolidated financial statements may be obtained from:

Registrar of Companies
Crown Way
Maindy
Cardiff
CF4 3UZ

For the purpose of Financial Reporting Standard No 8 "Related Party Disclosures", Royal Bank of Scotland Group plc is regarded as the ultimate controlling party by reason of its share holding in A&P Group Holdings Limited through its subsidiary Royal Bank Investments Limited. Royal Bank Investments Limited is an investment company and neither Royal Bank of Scotland Group plc nor Royal Bank Investments Limited direct the financial and operating policies of this Company.