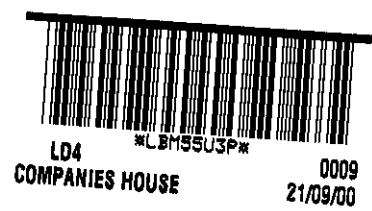


**ESTATES & MANAGEMENT LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**



# **ESTATES & MANAGEMENT LIMITED**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

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**DIRECTORS AND OFFICERS**

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**DIRECTORS**

W K Procter

**SECRETARY**

L Thomas

**REGISTERED OFFICE**

Euro House  
131/133 Ballards Lane  
London N3 1GR

**AUDITORS**

Baker Tilly  
Chartered Accountants  
The Clock House  
140 London Road  
Guildford  
Surrey  
GU1 1UW

**DIRECTORS' REPORT**

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The directors submit their report and the financial statements for the year ended 31 December 1999.

**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 of the company for that year. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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 enable them ensure that the financial statements comply with the Companies Act 1985. The directors 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.

**Principal activity**

The principal activity of the company during the financial year was property management.

**Business review and future developments**

The directors are satisfied with the year's results and the financial position at the year end given the support of the United Kingdom holding company. They consider the company's future prospects to be sound.

**Dividends**

The directors propose the payment of a dividend of £78.50 (1998:£68.00) per ordinary share.

**Directors and their interests**

The directors who served during the year together with their dates of appointment and resignation were as follows:

D R Green	(resigned 26 October 1999)
W K Procter	
R M Spiro	(resigned 25 August 1999)
M S J Harden	(resigned 2 December 1999)
R S Carlowe	(appointed 21 October 1999, resigned 14 March 2000)
N D Lawton	(appointed 21 October 1999, resigned 17 March 2000)

None of the directors had any interest in the shares of the Company at any point during the year.

W K Procter, is also a director of the United Kingdom holding company, Owners Provident plc, and his interest therein is shown in that company's directors report.

**DIRECTORS' REPORT (continued)**

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**Year 2000**

A centrally managed and co-ordinated programme was undertaken to address the impact on the business of the Year 2000 and this was completed before the end of 1999. All computer systems, telecommunication and other technical systems were assessed. The incremental cost of this programme was not material.

Subsequent to this review, it appears that the Company's systems and processes are Year 2000 compliant, and the directors anticipate that this will continue to be the case.

**Auditors**

Pursuant to an elective resolution the company has elected not to re-appoint its auditors annually and Messrs Baker Tilly will continue in office in accordance with the provisions of Section 386 of the Companies Act 1985.

By order of the Board



W K Procter  
Director

14/9/ 2000

**AUDITORS' REPORT TO THE MEMBERS OF ESTATES & MANAGEMENT LIMITED**

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We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies as set out on page 7.

**Respective responsibilities of directors and auditors**

As described in the directors' report, 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 financial statements and to report our opinion to you.

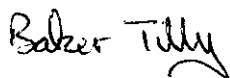
**Basis of opinion**

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, are consistently applied and are 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 31 December 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BAKER TILLY**

Chartered Accountants  
and Registered Auditors

The Clock House  
140 London Road  
Guildford  
Surrey GU1 1UW

14/9/2000

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
Turnover	1	590,883	532,016
Administrative expenses		(457,378)	(409,788)
<b>Operating profit</b>		<b>133,505</b>	<b>122,228</b>
Interest receivable		5,219	1,703
Interest payable and similar charges	2	(1,008)	(1,159)
<b>Profit on ordinary activities before taxation</b>	3	<b>137,716</b>	<b>122,772</b>
Tax on profit on ordinary activities	5	(45,381)	(42,294)
<b>Profit for the financial year</b>		<b>92,335</b>	<b>80,478</b>
Dividends	6	(78,500)	(68,000)
<b>Retained profit</b>	12	<b>£ 13,835</b>	<b>£ 12,478</b>

All amounts relate to continuing activities.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

## BALANCE SHEET

AT 31 DECEMBER 1999

	Notes	1999		1998	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		46,121		56,939
Intangible assets	8		12,402		16,537
			<u>58,523</u>		<u>73,476</u>
<b>Current assets</b>					
Debtors	9	1,044,506		392,654	
Cash at bank and in hand		370,618		170,772	
		<u>1,415,124</u>		<u>563,426</u>	
<b>Creditors: Amounts falling due within one year</b>	10	(1,442,007)		(619,097)	
<b>Net current liabilities</b>			<u>(26,883)</u>		<u>(55,671)</u>
<b>Net assets</b>			<u>£ 31,640</u>		<u>£ 17,805</u>
<b>Capital and reserves</b>					
Called up share capital	11		1,000		1,000
Profit and loss account	12		30,640		16,805
<b>Shareholders' funds</b>	12		<u>£ 31,640</u>		<u>£ 17,805</u>

Approved by the Board on 14/9/2000 and signed on its behalf by



W K Procter  
Director



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

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**1. Accounting policies**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

In preparing the accounts on the going concern basis the directors have highlighted the Company's deficiency of current assets. The United Kingdom holding company, Owners Provident plc, has directed its other subsidiary undertakings not to demand repayment of the amounts due to them if to do so would be to the detriment of the Company's other creditors. On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis.

**Goodwill**

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and amortised over the useful life of those assets.

**Turnover**

Turnover comprises fees charged and commissions received in respect of property management.

**Tangible fixed assets**

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Fixtures & fittings	-	15% straight line
Office equipment	-	25% straight line
Motor vehicles	-	50% straight line

**Deferred taxation**

Deferred taxation is calculated on the liability method. It is provided to the extent that it is considered, with reasonable probability, that a liability will become payable within the foreseeable future.

**Cash flow statement**

The company is exempt from the requirement to prepare a cash flow statement as it qualifies as a small company.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

**1. Accounting policies (continued)**

**Leases**

Assets held under finance leases or hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreements. The excess of the payments over the recorded obligations are treated as finance charges which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases.

<b>2. Interest payable and similar charges</b>	<b>1999</b>	<b>1998</b>
	£	£
Bank overdraft	-	221
Finance charges on finance leases and hire purchase obligations	<b>1,008</b>	924
On late payment of tax	-	14
	<u>£ 1,008</u>	<u>£ 1,159</u>
	<u><u>£ 1,008</u></u>	<u><u>£ 1,159</u></u>
<b>3. Profit on ordinary activities before taxation</b>	<b>1999</b>	<b>1998</b>
	£	£
This is stated after charging:		
Auditors' emoluments	2,350	2,350
Depreciation	27,645	24,416
Amortisation of goodwill	4,134	4,134
Operating lease rentals:		
Land and buildings	47,485	49,076
Other	3,909	-
	<u>£ 224,971</u>	<u>£ 195,638</u>
	<u><u>£ 224,971</u></u>	<u><u>£ 195,638</u></u>
<b>4. Employees and directors</b>	<b>1999</b>	<b>1998</b>
	£	£
Staff costs during the year amounted to:		
Wages and salaries	204,519	177,853
Social security costs	20,452	17,785
	<u>£ 224,971</u>	<u>£ 195,638</u>
	<u><u>£ 224,971</u></u>	<u><u>£ 195,638</u></u>
	No.	No.
Average monthly number of employees:		
Office and management	14	11
	<u>14</u>	<u>11</u>
Directors' emoluments:		
Fees	£ -	£ -
	<u>£ -</u>	<u>£ -</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

	1999	1998		
5. Taxation				
United Kingdom corporation tax at 31% (1998:31%)	45,381	40,606		
Under-provision in previous year	20,302	1,688		
Consortium relief 1998	(20,302)	-		
Consortium relief 1999	(22,690)	-		
Payment for consortium relief	22,690			
	<hr/>	<hr/>		
	£ 45,381	£ 42,294		
	<hr/>	<hr/>		
	1999	1998		
6. Dividends				
Ordinary final proposed - £78.50 per share (1998: £68.00 per share)	£ 78,500	£ 68,000		
	<hr/>	<hr/>		
7. Tangible fixed assets				
	Fixtures & fittings £	Motor vehicles £	Office equipment £	Total £
Cost				
As at 1 January 1999	17,893	2,000	93,243	113,136
Additions	2,529	-	14,298	16,827
Disposals	-	-	-	-
At 31 December 1999	<hr/> 20,422	<hr/> 2,000	<hr/> 107,541	<hr/> 129,963
Depreciation				
As at 1 January 1999	3,477	1,913	50,807	56,197
Charge for the year	5,340	87	22,218	27,645
Disposals	-	-	-	-
At 31 December 1999	<hr/> 8,817	<hr/> 2,000	<hr/> 73,025	<hr/> 83,842
Net book value				
At 31 December 1999	<hr/> 11,605	<hr/> -	<hr/> 34,516	<hr/> £ 46,121
Net book value				
At 31 December 1998	<hr/> 14,416	<hr/> 87	<hr/> 42,436	<hr/> £ 56,939

The net book value of office equipment held by the group includes £1,078 (1998: £7,162) in respect of assets held under finance leases and hire purchase contracts and the related depreciation charge for the year in respect of these assets is £6,084 (1998: £3,418).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

<b>8. Intangible fixed assets</b>		<b>Goodwill</b>
		<b>£</b>
<b>Cost</b>		
At 1 January 1999		20,670
Additions		-
At 31 December 1999		<u>20,670</u>
<b>Amortisation</b>		
At 1 January 1999		4,133
Charge for the year		4,135
At 31 January 1999		<u>8,268</u>
<b>Net book value</b>		
At 31 December 1999		<u><u>£ 12,402</u></u>
At 31 December 1998		<u><u>£ 16,537</u></u>
<b>9. Debtors</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Amounts owed by group undertakings	1,038,327	380,317
Other debtors & prepayments	6,179	10,224
Amounts owed by related parties	-	2,113
	<u>£ 1,044,506</u>	<u>£ 392,654</u>
<b>10. Creditors: Amounts falling due within one year</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Corporation tax	39,937	37,549
Obligations under finance leases and hire purchase contracts	1,265	5,719
Amounts owed to related parties	1,095,343	423,994
Other taxation and social security	9,166	5,555
Other creditors and accruals	149,796	78,280
Proposed dividend	146,500	68,000
	<u>£ 1,442,007</u>	<u>£ 619,097</u>

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 1999

11. Share capital	1999	1998
Authorised, allotted, issued and fully paid:		
501 A shares of £1 each	501	501
499 B shares of £1 each	499	499
	<u>          </u>	<u>          </u>
	£ 1,000	£ 1,000
	<u>          </u>	<u>          </u>

All the shares have the same voting rights and rank pari passu for all other purposes.

## 12. Reserves and reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 January 1999	1,000	16,805	17,805
Profit for the financial year	-	13,835	13,835
	<u>          </u>	<u>          </u>	<u>          </u>
Balance at 31 December 1999	1,000	30,640	£ 31,640
	<u>          </u>	<u>          </u>	<u>          </u>

## 13. Operating lease commitments

At 31 December 1999 the company was committed to pay £36,580 in the next year in respect of a land and buildings operating lease expiring in 2 to 5 years.

At 31 December 1999 the Company was committed to pay £5,172 in the next year in respect of office equipment expiring in 2 to 5 years.

## 14. Related party transactions

The Company provides funding to, and receives funding from, certain companies controlled by the Tchenguiz Family Trust. The sums are disclosed as amounts owed to/by related parties and by group undertakings. Management fees totalling £539,620 were charged during the year.

## 15. United Kingdom holding company

The company's closest intermediate holding company for which group accounts are drawn up is Owners Provident plc which is registered in England and Wales. This parent undertaking is the holding company of both the largest and smallest group for which group accounts are prepared and of which the company is a member. Copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

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**16. Ultimate holding company**

The directors regard the ultimate holding company to be Euro Investments Overseas Inc., a company incorporated in the British Virgin Islands.

**17. Controlling party**

The ultimate controlling party is the Tchenguiz Family Trust.

**18. Introduction of the Euro**

All relevant parts of the Group will be able to handle Euro transactions when required, the Euro has had no effect on the Company as at 31 December 1999.