

**OWENGATE KEELE (HOLDINGS)  
LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

for the year ended

31 July 2001



# OWENGATE KEELE (HOLDINGS) LIMITED

## DIRECTORS AND OFFICERS

---

### DIRECTORS

P Minoprio  
M McDermott

### SECRETARY

SPV Management Limited

### COMPANY NUMBER

3840094 (England and Wales)

### REGISTERED OFFICE

78 Cannon Street  
London EC4P 5LN

### AUDITORS

Baker Tilly  
5th Floor, Exchange House,  
446 Midsummer Boulevard  
Central Milton Keynes  
Bucks MK9 2EA

# OWENGATE KEELE (HOLDINGS) LIMITED

## DIRECTORS' REPORT

---

The directors submit their report and the group financial statements of OWENGATE KEELE (HOLDINGS) LIMITED for the year ended 31 July 2001.

### PRINCIPAL ACTIVITIES

The principal activity of the group during the period was that of the collection of rental income from student accommodation located on the campus of Keele University.

### REVIEW OF THE BUSINESS

The results of the group for the year and the financial position at the year-end are consistent with financial projections prepared. The lease of the student accommodation was taken out for a period of 30 years and it is anticipated that the future results of the group will continue to be in accordance with these projections.

### INTRODUCTION OF THE EURO

All relevant parts of the group will be able to handle euro transactions when required.

### CREDITOR PAYMENT POLICY

It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, providing that all trading terms and conditions have been complied with.

Trade creditor days based on creditors at 31 July 2001 were 8 days (2000: Nil days).

### RESULTS AND DIVIDENDS

The group trading loss for the year was £2,093,717.

The directors do not recommend payment of an ordinary dividend.

### DIRECTORS

The following directors have held office since 1 August 2000:

P Minoprio  
M McDermott

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

Directors' interests in the shares of the company, including family interests, were as follows:

	<i>A Ordinary shares of £1 each</i>	
	31.7.01	31.7.00
P Minoprio	-	-
M McDermott	-	-
	<i>B1 Ordinary shares of £1 each</i>	
	31.7.01	31.7.00
P Minoprio	-	-
M McDermott	-	-

# OWENGATE KEELE (HOLDINGS) LIMITED

## DIRECTORS' REPORT

---

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(continued)*

	<i>B2 Ordinary shares of £1 each</i>	
	31.7.01	31.7.00
P Minoprio	-	-
M McDermott	-	-

	<i>C Ordinary shares of £1 each</i>	
	31.7.01	31.7.00
P Minoprio	-	-
M McDermott	-	-

### AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

### CORPORATE GOVERNANCE

The group has claimed exemption from providing disclosures relating to corporate governance as the group has only fixed interest guaranteed bonds listed.

### GOING CONCERN

The directors confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future. For this reason they have adopted the going concern basis in preparing these accounts.

By order of the board



FOR SPV MANAGEMENT LIMITED.

Secretary

# OWENGATE KEELE (HOLDINGS) LIMITED

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

---

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 the group and of the profit or loss of the group for that period. 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;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d. 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUDITORS' REPORT TO THE MEMBERS OF OWENGATE KEELE (HOLDINGS) LIMITED

We have audited the financial statements on pages 6 to 16.

### **Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by 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 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 or the Listing rules regarding directors' remuneration and transactions with the company is not disclosed.

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

### **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 affairs of the company and the group at 31 July 2001 and of the group loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor  
Chartered Accountants  
5th Floor, Exchange House  
446 Midsummer Boulevard  
Central Milton Keynes  
Bucks  
MK9 2EA

10<sup>th</sup> December, 2001

**OWENGATE KEELE (HOLDINGS) LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 31 July 2001

	Notes	Year ended 31 July 2001 £	Period ended 31 July 2000 £
TURNOVER	1	5,721,846	3,288,352
Cost of sales		1,655,625	1,979,018
Gross profit		<u>4,066,221</u>	<u>1,309,334</u>
Other operating expenses	2	1,950,270	1,026,241
OPERATING PROFIT		<u>2,115,951</u>	<u>283,093</u>
Investment income	3	544,118	265,241
		<u>2,660,069</u>	<u>548,334</u>
Interest payable	4	4,753,786	2,369,881
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>(2,093,717)</u>	<u>(1,821,547)</u>
Taxation	7	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u>(2,093,717)</u>	<u>(1,821,547)</u>

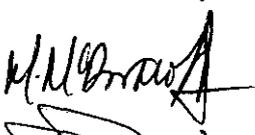
The operating profit for the year arises from the group's continuing operations.

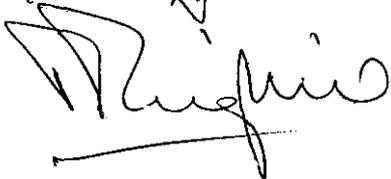
No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

**OWENGATE KEELE (HOLDINGS) LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**31 July 2001**

	<i>Notes</i>	2001 £	2000 £
<b>FIXED ASSETS</b>			
Tangible assets	8	52,641,705	54,488,781
<b>CURRENT ASSETS</b>			
Debtors	10	1,410,938	7,068
Cash at bank and in hand		5,936,354	7,462,474
		<u>7,347,292</u>	<u>7,469,542</u>
<b>CREDITORS: Amounts falling due within one period</b>	11	310,002	310,417
<b>NET CURRENT ASSETS</b>		<u>7,037,290</u>	<u>7,159,125</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		59,678,995	61,647,906
<b>CREDITORS: Amounts falling due after more than one period</b>	12	(63,544,259)	(63,419,453)
		<u>(3,865,264)</u>	<u>(1,771,547)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	50,000	50,000
Profit and loss account	14	(3,915,264)	(1,821,547)
<b>SHAREHOLDERS' FUNDS</b>	15	<u>(3,865,264)</u>	<u>(1,771,547)</u>

Approved by the board on 4 DECEMBER, 2001

Director 

Director 

# OWENGATE KEELE (HOLDINGS) LIMITED

## COMPANY BALANCE SHEET

31 July 2001

	<i>Notes</i>	2001 £	2000 £
<b>FIXED ASSETS</b>			
Investments	9	50,000	50,000
		<u>50,000</u>	<u>50,000</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	50,000	50,000
Profit and loss account		-	-
<b>SHAREHOLDERS' FUNDS</b>	15	<u>50,000</u>	<u>50,000</u>

Approved by the board on 4 DECEMBER, 2001

Director



Director



**OWENGATE KEELE (HOLDINGS) LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31 July 2001

	Notes	Year ended 31 July 2001 £	Period ended 31 July 2000 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	2,433,936	1,509,980
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		544,118	265,241
Interest paid		(4,628,980)	(2,213,310)
Net cash outflow for returns on investments and servicing of finance		(4,084,862)	(1,948,069)
CAPITAL EXPENDITURE			
Payments to acquire tangible assets		-	(55,412,319)
Net cash outflow for capital expenditure		-	(55,412,319)
Net cash outflow before management of liquid resources and financing		(1,650,926)	(55,850,408)
FINANCING			
Issue of ordinary share capital		-	50,000
New debenture loan		-	63,262,882
		-	63,312,882
(DECREASE)/INCREASE IN CASH IN THE PERIOD		(1,650,926)	7,462,474

# OWENGATE KEELE (HOLDINGS) LIMITED

## ACCOUNTING POLICIES

---

### BASIS OF ACCOUNTING

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

The group has adopted the provisions of Financial Reporting Standard No 4, 'Capital Instruments'. Accordingly the direct costs incurred in connection with the issue of capital instruments have been deducted from the proceeds of the issue and the finance costs associated with debt have been allocated to periods at a constant rate based on the carrying amount. The carrying value of the debt in the balance sheet represents the proceeds of the issue less the proportion of finance costs as yet unallocated to the profit and loss account.

### BASIS OF CONSOLIDATION

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 July 2001. The results of subsidiaries sold or acquired during the period are included in the profit and loss account up to, and from the date control passes. Intra-group rates and profits are eliminated fully on consolidation.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold land and buildings	Over 30 years
------------------------------	---------------

### DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2001

### 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The group's turnover and loss before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

### 2 OTHER OPERATING EXPENSES (NET)

	2001 £	2000 £
--	-----------	-----------

Administration expenses	1,950,270	1,026,341
-------------------------	-----------	-----------

### 3 INVESTMENT INCOME

	2001 £	2000 £
--	-----------	-----------

Bank interest	544,117	264,292
---------------	---------	---------

Other interest	1	949
----------------	---	-----

	<u>544,118</u>	<u>265,241</u>
--	----------------	----------------

### 4 INTEREST PAYABLE

	2001 £	2000 £
--	-----------	-----------

On loans repayable after 5 years including finance charges allocated to the year	4,753,786	2,369,881
--	-----------	-----------

### 5 LOSS ON ORDINARY ACTIVITIES

	2001 £	2000 £
--	-----------	-----------

Loss on ordinary activities before taxation is stated after charging/(crediting):

Depreciation of tangible assets:

Charge for the period

owned assets

	1,847,076	923,538
--	-----------	---------

Auditors' remuneration

	8,106	12,688
--	-------	--------

### 6 EMPLOYEES

There were no employees during the year other than the directors who received no remuneration for their services.

### 7 TAXATION

On the basis of these accounts the company is not liable to corporation tax. There are taxation losses of approximately £10,698,092 (2000: £8,544,667) available to carry forward and offset against future trading profits.

Additionally excess management expenses of £34,217 (2000: £21,201) are available to carry forward

# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2001

### 8 TANGIBLE FIXED ASSETS

	GROUP Land and buildings Leasehold £
Cost	
1 August 2000 and 31 July 2001	55,412,319
Depreciation	
1 August 2000	923,538
Charged in the year	1,847,076
31 July 2001	2,770,614
Net book value	
31 July 2001	52,641,705
31 July 2000	54,488,781

### 9 FIXED ASSET INVESTMENTS

	COMPANY Shares in subsidiary undertakings £			
Cost				
1 August 2000 and 31 July 2001				50,000
	Country of Registration	Class of holding	Shares held	Result in year £
Owengate Keele plc	UK	Ordinary	100%	(2,093,717)

The principle activity of Owengate Keele Plc is that of the collection of rental income from student accommodation located on the campus of Keele University.

### 10 DEBTORS

	Group 2001 £	Group 2000 £
Due within one year:		
Prepayments and accrued income	1,410,938	7,068

# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2001

11	CREDITORS: Amounts falling due within one year	Group 2001 £	Group 2000 £
	Trade creditors	10,611	-
	Accruals and deferred income	299,391	310,417
		<u>310,002</u>	<u>310,417</u>
12	CREDITORS: Amounts falling due in more than one year	Group 2001 £	Group 2000 £
	Debenture loans	63,544,259	63,419,453
	Loans		
	Not wholly repayable within five years by instalments:		
	Debenture loans	63,544,259	63,419,453
	Loan maturity analysis:		
	In more than two years and less than five years	60,857	-
	In more than five years	63,483,402	63,419,453

The above liability is secured by a charge created between Owengate Keele plc and Citicorp Trustee Company Limited, as trustee for the beneficiaries, in order to secure all obligations which the company may at any time have to the security trustee, on its own account or as trustee to the beneficiaries, or any other beneficiaries, including obligations under the terms of the debenture loan detailed above.

A second charge was also created between Owengate Keele plc, Citicorp Trustee Company Limited and Financial Security Assurance (UK) Limited (FSA), the amount secured being all obligations which the subsidiary may at any time have to Citicorp (whether on its own account or as trustee for the beneficiaries) or any other beneficiaries under or pursuant to finance documents including those relating to the issue of the above bonds, which shall include without limitation any obligations of the company to FSA which may from time to time arise by way of subrogation.

The balance shown above represents guaranteed secured bonds of £69,400,000 on which interest is payable at a fixed rate of 6.67%. The principle is repayable by instalments in accordance with issue documents, the final amounts to be repaid in 2030.

# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2001

13	SHARE CAPITAL	2001 £	2000 £
	Authorised:		
	49,850 A Ordinary shares of £1 each	49,850	49,850
	25 B1 Ordinary shares of £1 each	25	25
	25 B2 Ordinary shares of £1 each	25	25
	100 C Ordinary shares of £1 each	100	100
		<u>50,000</u>	<u>50,000</u>
	Allotted, issued and fully paid:		
	49,850 A Ordinary shares of £1 each	49,850	49,850
	25 B1 Ordinary shares of £1 each	25	25
	25 B2 Ordinary shares of £1 each	25	25
	100 C Ordinary shares of £1 each	100	100
		<u>50,000</u>	<u>50,000</u>

With the exception of the rights listed below, the four classes of authorised share capital rank *pari passu* to each other in all respects.

### Income

Any income that is distributed by the company will be allocated between the classes of shares on the basis of a non cumulative dividend in the following percentages: 9.5%, 40%, 50.5% to A, B and C Ordinary shareholders respectively with B1 Ordinary and B2 Ordinary shares taken as 1 class for this purpose.

### On winding up

The assets and retained profits of the company available for distribution among the members following the payment of any arrears of dividends and amounts credited as paid up on the relevant shares will be allocated on the basis of the percentages detailed above.

### Votes

A Ordinary shares, B1 Ordinary shares and B2 Ordinary shares are classed as non-voting shares and the holders of these classes of shares do not have any entitlement to vote on any matters.

### Appointment of directors

Holders of A Ordinary shares, B1 Ordinary shares and B2 Ordinary shares do not have the right to appoint directors of the Company at any time.

14	PROFIT AND LOSS ACCOUNT	GROUP 2001 £
	1 August 2000	(1,821,547)
	Retained loss for the year	(2,093,717)
	31 July 2001	<u>(3,915,264)</u>

# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2001

15	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
	Loss for the financial year	(2,093,717)	(1,821,547)	-	-
	Proceeds from issues of shares	-	50,000	-	50,000
	Net (reduction)/addition to shareholders' funds	(2,093,717)	(1,771,547)	-	50,000
	Opening shareholders' funds	(1,771,547)	-	50,000	-
	Closing shareholders' funds	(3,865,264)	(1,771,547)	50,000	50,000
16	CASH FLOWS			2001 £	2000 £
a	Reconciliation of operating profit to net cash inflow from operating activities				
	Operating profit			2,115,951	283,093
	Depreciation of tangible assets			1,847,076	923,538
	Increase in debtors			(1,403,870)	(7,068)
	Increase in creditors within one year			(125,221)	310,417
	Net cash flow from operating activities			2,433,936	1,509,980
b	Analysis of net debt	At 1 August 2000 £	Cash flow £	Other non cash changes £	At 31 July 2001 £
	Net cash:				
	Cash at bank and in hand	7,462,474	(1,526,120)	-	5,936,354
	Debt:				
	Debts falling due after one year	(63,419,453)	(124,806)	-	(63,544,259)
	Net debt	(55,956,979)	(1,650,926)	-	(57,607,905)
c	Reconciliation of net cash flow movement in net debt			2001 £	2000 £
	(Decrease)/increase in cash in the period			(1,526,120)	7,462,474
	New finance lease			-	(63,262,882)
	Release of finance costs for the year			(124,806)	(156,571)
	Movement in net debt in the period			(1,650,926)	(55,956,979)
	Opening net debt			(55,956,979)	-
	Closing net debt			(57,607,905)	(55,956,979)

# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2001

---

### 17 CONTROL

In accordance with the rights attached to the classes of authorised share capital as detailed in note 13 above, the company is controlled by the holder of the issued C Ordinary share capital, SPV Management Limited which holds the shares on trust for the benefit of Millslade Charitable Trust.

### 18 CONTINGENT LIABILITIES

The principal activity of OWENGATE KEELE (HOLDINGS) LIMITED is to act as holding company to Owengate Keele plc and as such the company has given the following guarantees on behalf of Owengate Keele plc:

The company has guaranteed to pay on demand to each beneficiary of the bond agreement as defined under the terms of a composite debenture dated 7 February 2000 any sums which are required to indemnify the beneficiary from and against any loss incurred by the beneficiary as a result of any of the obligations of Owengate Keele plc contained in the bond documents and related agreements becoming or being void, voidable, unenforceable or ineffective as against Owengate Keele plc.

In order to meet these obligations the company has registered a debenture in favour of the beneficiaries. The property to be charged is recorded as all of the company's right title and interest to the Real Property, all the Tangible moveable Property, the Insurances, the Charged Accounts, the Intellectual Property, any goodwill and rights in relation to the uncalled capital of the company, the Investments and all Monetary Claims. The asset categories are subject to the definitions contained in a composite debenture dated 7 February 2000 between the company, Owengate Keele plc and the trustee for the beneficiaries.

### 19 RELATED PARTY DISCLOSURES

Owengate Structured Finance Limited has entered into an agreement with OWENGATE KEELE (HOLDINGS) LIMITED to provide management services to the company. PM Burton who is a shareholder of OWENGATE KEELE (HOLDINGS) LIMITED controls Owengate Structured Finance Limited. Under the terms of the agreement an annual fee is payable for these services, the payment to be made wholly by Owengate Keele plc which is also a party to the agreement.

The agreement detailed above was drawn up on an arms length basis and at full market value.

During the year £19,250 (2000: £3,714) was paid to SPV Management Limited for corporate services. At the year-end, an accrual of £Nil (2000: £7,500) was made for company secretarial services provided during the year. SPV Management Limited is a director of Owengate Keele plc and Mr P Minoprio and Mr M McDermott are both directors of SPV Management Limited.

All transactions were made on an arms length basis and at full market value.

### 20 COMPANY PROFIT AND LOSS ACCOUNT

As permitted by s230 Companies Act 1985, the company has not presented its own profit and loss account. The company did not trade during the year and consequently has no results for the year.