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# Ardea Twelve Limited

## Accounts

31 December 1999



**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 1999

	<i>Notes</i>	<i>1999</i> £	<i>1998</i> £
Release of provision in investment		—	1,998
Profit for the year		—	1,998

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

Other than the result for the year, there are no recognised gains or losses.

BALANCE SHEET  
at 31 December 1999

	Notes	1999 £	1998 £
<b>FIXED ASSET INVESTMENTS</b>	4	734,315	726,294
<b>CURRENT ASSETS</b>			
Debtors: Amounts falling due within one year		134	134
		<u>734,449</u>	<u>726,428</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	2,000	2,000
Revaluation reserve		732,317	724,256
Profit and loss account	6	132	132
		<u>734,449</u>	<u>726,428</u>

Approved by the Board on 30 October 2000

Director

Notes to the accounts  
at 31 December 1999

## 1. GROUP FINANCE AND GOING CONCERN

The company and certain of its parent and fellow subsidiary undertakings together comprise the Head Office division of the Heron Group. These companies are co-guarantors of the debt totalling some £377 million ("the Debt") issued by Head Office division companies and held by the ultimate parent undertaking of the Heron Group, Heron International Limited ("HIL"). At 31 December 1999 the Head Office division had a significant net asset deficit.

The directors of the company believe that HIL has no intention of taking any action which would cause the company and Group to fail to meet its obligations as they fall due. Whilst HIL has given no formal undertaking that it will support financially the various companies within the Group, the directors of HIL have stated that it is their intention to do so. This statement was given for a period of at least 30 June 2001 and the directors of the company have no reason to believe that this intention will not be reaffirmed at the end of that period.

The accounts do not reflect any adjustments that may have to be made if such support were not available. The directors do not consider it possible to determine the effects of any such adjustments with reasonable accuracy, but they would include reducing the book value of the assets to their more immediately recoverable amounts, providing for any further liabilities which may arise and reclassifying all fixed assets and long term liabilities as current assets and liabilities respectively.

## 2. ACCOUNTING POLICIES

### *Basis of preparation*

The accounts have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards.

### *Investments*

Investments are stated at cost less provisions.

### *Related party transactions*

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Heron International Limited group.

## 3. PROFIT AND LOSS ACCOUNT

No directors received any remuneration for the year (1998 – £nil)

## 4. FIXED ASSET INVESTMENTS

	1999 £	1998 £
Fixed asset investments at valuation		
At 31 January 1999	726,294	1,998
Revaluation	8,021	724,296
At 31 December 1999	<u>734,315</u>	<u>726,294</u>

The company has a 4.2 per cent beneficial interest in the issued share capital of Areca BV, a company incorporated in The Netherlands, and thus holds an effective 4.2 per cent interest in Heron Inversiones S.A. a property trading and investment company incorporated in Spain.

Notes to the accounts  
at 31 December 1999

**5. DEBTORS**

	1999 £	1998 £
Amounts due from parent undertaking	134	134

**6. SHARE CAPITAL**

Authorised and issued share capital

	1999 £	1998 £
2,000 Ordinary shares of £1 each	2,000	2,000

The shares have been issued, allotted and fully paid.

**7. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	Share capital £	Revaluation Reserve £	Profit and loss account £	Total £
At 1 January 1998	2,000	—	(1,866)	134
Revaluation	—	724,296	—	724,296
Profit for the year	—	—	1,998	1,998
At 31 December 1998	2,000	724,296	132	726,428
Revaluation	—	8,015	—	8,015
At 31 December 1999	2,000	734,315	132	732,317

There was no movement in shareholders funds in the year ended 31 December 1998 other than the result for the year.

**8. PARENT UNDERTAKING**

The company's ultimate parent undertaking is Heron International Limited, a company registered in the Cayman Islands, and which prepares group accounts.

Copies of the group accounts of Heron International Limited are filed with the Registrar of Companies, Tower Building, Grand Cayman, Cayman Islands, British West Indies.

**9. CONTINGENT LIABILITIES**

As described in note 1 to the accounts, the company is a guarantor of the Senior Debt and Junior Debt issued by the Head Office Division of the Group. Since that Division has a deficit of net assets, any surplus of the company's assets over its liabilities is likely to be utilised to assist in the servicing and repayment of that debt. Accordingly, provision has been made in these accounts to reduce the company's net assets to nil.