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# Ardea Twelve Limited

## Accounts

31 March 1995

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# Ardea Twelve Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1995

	<i>Notes</i>	<i>1995</i> £	<i>1994</i> £
OPERATING LOSS	3	(1,998)	—
Provision for liabilities under Heron Group cross-guarantees	8	1,998	(2,000)
RETAINED RESULT/(LOSS) FOR THE YEAR	6	<u>—</u>	<u>(2,000)</u>

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

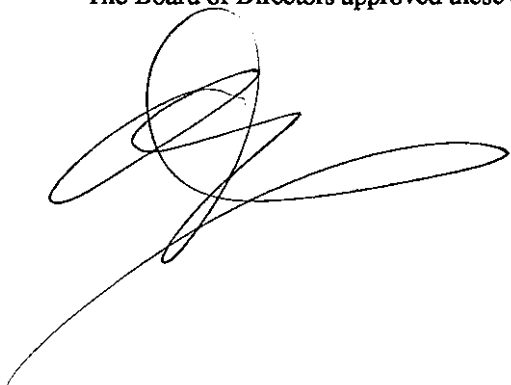
# Ardea Twelve Limited

## BALANCE SHEET

at 31 March 1995

	<i>Notes</i>	<i>1995</i> £	<i>1994</i> £
<b>FIXED ASSET INVESTMENTS</b>	4	—	1,998
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		2	2
		2	2,000
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Provision for cross-guarantee	8	(2)	(2,000)
		—	—
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	2,000	2,000
Profit and loss account	6	(2,000)	(2,000)
		—	—

The Board of Directors approved these accounts on



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NOTES TO THE ACCOUNTS

at 31 March 1995

1. GROUP FINANCE

*Group debt restructuring*

In September 1993, the company's ultimate parent undertaking at that time, Heron International N.V. ("Heron") and its subsidiary undertakings (together the "Group") implemented various debt restructuring arrangements, which included the conversion of a proportion of the Group's debt into equity, the issuance of new debt instruments amounting to some £377 million ("Senior Debt" and "Junior Debt") and the adoption of a seven year Business Plan. Achievement of this plan was intended to generate sufficient funds to service and repay debt obligations. As a result of the continued deterioration of certain property markets the Business Plan position envisaged at 31 March 1994 was not achieved and certain debt interest and principal payments due on that date were not met.

*Acquisition of the Group*

The Group undertook a further review of its Business Plan and concluded that it was unlikely that sufficient funds could be raised to repay Senior Debt by its due date of March 1997. Accordingly, the Group decided to seek investors interested in acquiring a controlling interest in the Group. As a result of this process, offers were made by Heron International Limited ("HIL"), formerly HNV Acquisition Limited, to acquire the Senior Debt, Junior Debt and voting shares in Heron. Following acceptance, the offers were declared unconditional on 5 January 1995 and were implemented on 26 January 1995.

*Going concern*

As a member of the Head Office Division of the Group, the company has entered into certain guarantee and cross guarantee arrangements, particularly in relation to Senior Debt and Junior Debt.

These guarantees remain in place although the benefit of them is held by the company's new ultimate parent undertaking, HIL. However, HIL has given no formal undertaking that it will support financially the various companies within the Group.

The directors of the company believe that HIL has no intention of taking action which would cause the company to fail to meet its obligations as they fall due. Specifically, HIL has confirmed that it is not their current intention to either:

- demand payment of capital or interest in respect of the Senior and Junior Debt (including Bonds) all of which is currently in default; or
- require the repayment of intercompany loans;

where to do so would compromise the company's ability to continue as a going concern. On this basis the directors have prepared these accounts on a going concern basis. However, HIL retains the right to change its stated current intention, and so an uncertainty over the future of the company remains.

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

2. ACCOUNTING POLICIES

*Accounting convention*

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.

# Ardea Twelve Limited

## NOTES TO THE ACCOUNTS

at 31 March 1995

### 2. ACCOUNTING POLICIES (continued)

#### *Foreign currency translations*

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Foreign currency translation and exchange adjustments are included in determining profit before taxation for the year (except for those arising from the translation of overseas net assets less related foreign currency borrowings, which are taken directly to reserves).

### 3. OPERATING LOSS

	1995	1994
	£	£
Operating profit includes:		
Provision for permanent diminution in value of fixed asset investment	1,998	—
	<u>1,998</u>	<u>—</u>
No directors received any remuneration for services to the company.		

### 4. FIXED ASSET INVESTMENTS

	1995	1994
	£	£
Fixed asset investments:		
At cost	1,998	1,998
Less provision for permanent diminution in value	(1,998)	—
	<u>—</u>	<u>1,998</u>

The company has a 4.7 per cent beneficial interest in the issued share capital of Areca BV, a company incorporated in The Netherlands, and thus holds an effective 4.7 per cent interest in Heron Inversiones S.A., a property trading and investment company incorporated in Spain.

### 5. SHARE CAPITAL

	1995	1994
	£	£
2,000 Ordinary shares of £1 each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

The shares have been issued, allotted and fully paid.

### 6. PROFIT AND LOSS ACCOUNT

	£
Balance at 31 March 1994	(2,000)
Result for the year	—
Balance at 31 March 1995	<u>(2,000)</u>

NOTES TO THE ACCOUNTS

at 31 March 1995

**7. PARENT UNDERTAKING**

The company's ultimate parent undertaking is Heron International Limited, a company incorporated in the Cayman Islands.

**8. 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.