

# **Le Meridien Piccadilly Limited**

**Directors' report and financial statements**

**Registered number SC 074783**

**Year ended 31 December 2004**



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## Directors' report

The directors present their annual report and audited financial statements for Le Meridien Piccadilly Limited ("the Company") for the year ended 31 December 2004.

### Principal activities

The Company operates a prestige hotel called "Le Meridien Piccadilly" in London.

### Trading results and dividends

The profit on ordinary activities for the year before taxation was £1,504,805 (2003: loss of £575,901).

The directors do not recommend the payment of a dividend (2003: £ nil).

### Directors and directors' interests

The directors who were appointed and held office during the year and up to date of signing these accounts were as follows:

R.E. Riley (appointed 14 January 2004)

I.D. Ferguson

L.M. Mackenzie (resigned 28 May 2004)

Additionally, on 9 May 2005, A.N. Mahon was appointed as an alternate director to R.E. Riley.

The directors who held office at the end of the financial year had the following interests in the Ordinary B shares of £0.01 of Meridien Services Company Plc, a group company, according to the register of directors' interests:

	Interest at end of year	Interest at start of year
I.D. Ferguson	500	500

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company. According to the register of director's interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them during the financial year.

### Going Concern

The directors believe that there are sufficient funds for issuing financial statements prepared on the going concern basis as disclosed more fully in note 1, basis of preparation.

### Political and charitable contributions

The Company made no political or charitable contributions during the year or the prior year.

### Disabled employees

The Company's policy and practice is to encourage employment applications from all sections of the community including disabled people and to support and assist retention through training, development and career progression.

### Creditor payment policy

The Company's policy and practice regarding the payment of creditors is to pay in accordance with the agreed supplier terms, provided that the relevant invoice is presented in a timely fashion and is completed. It is the Company's ongoing policy to settle the terms of payments with those suppliers when agreeing the terms of each transaction.

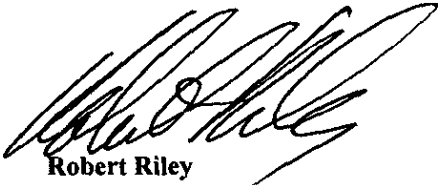
**Elective resolutions**

The Company has passed elective resolutions to dispense with the laying of the annual report and accounts before the Company in general meeting, the appointment of the auditors annually and the holding of annual general meetings, pursuant to sections 252, 386 and 366A respectively of the Companies Act 1985.

By order of the board

6 July 2005

50 Lothian Road  
Festival Square  
Edinburgh EH3 9WJ



Robert Riley  
Director

### **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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have responsibility for taking such steps as are reasonable open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent auditors' report to the members of Le Meridien Piccadilly Limited**

We have audited the financial statements on pages 5 to 17.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board 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 1985. 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 with the Company is not disclosed.

### **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.

### *Fundamental uncertainty - going concern*

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the fundamental uncertainty concerning the use of the going concern basis. The appropriateness of this basis assumes the successful renegotiation of the Newgate Capital Limited group's funding arrangements which is referred to in note 1, which is fundamentally uncertain. In view of the significance of this fundamental uncertainty we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



6 July 2005

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## Profit and loss account

*for the year ended 31 December 2004*

	Note	2004 £	2003 £
Turnover	2	17,476,668	17,004,054
Cost of sales		(6,152,236)	(6,313,664)
Gross profit		11,324,432	10,690,390
Administrative expenses	3	(10,364,818)	(11,242,960)
Other operating income	4	311,063	394,726
Operating profit / (loss)	5	1,270,677	(157,844)
Interest receivable and similar income		247,606	-
Interest payable and similar charges		(13,478)	(418,057)
Profit/(loss) on ordinary activities before tax		1,504,805	(575,901)
Tax on profit/(loss) on ordinary activities	8	(691,375)	275,531
Profit/(loss) on ordinary activities after tax and retained profit/(loss) for the year		813,430	(300,370)

The profit/loss for the year arose from continuing activities.

The notes on pages 8 to 17 form part of these financial statements.

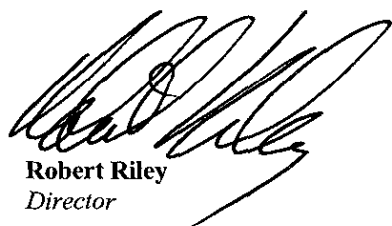
## Balance sheet

at 31 December 2004

	Note	2004		2003	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		49,989,132		50,830,000
<b>Current assets</b>					
Stocks	10		83,379		115,984
Debtors	11		7,785,353		6,181,072
			<u>7,868,732</u>		<u>6,297,056</u>
<b>Creditors: amounts falling due within one year</b>	12		<u>(20,546,035)</u>		<u>(20,518,657)</u>
<b>Net current liabilities</b>			<u>(12,677,303)</u>		<u>(14, 221,601)</u>
<b>Total assets less current liabilities</b>			<u>37,311,829</u>		<u>36,608,399</u>
Provision for liabilities and charges	13		<u>(1,280,000)</u>		<u>(1,390,000)</u>
<b>Net assets</b>			<u>36,031,829</u>		<u>35,218,399</u>
<b>Capital and reserves</b>					
Called up share capital	14		9,189,177		9,189,177
Revaluation reserve	15		36,791,464		36,791,464
Profit and loss account	15		(9,948,812)		(10,762,242)
<b>Shareholders' funds</b>					
Equity			<u>26,851,829</u>		<u>26,038,399</u>
Non equity			<u>9,180,000</u>		<u>9,180,000</u>
<b>Total shareholders' funds</b>	15		<u>36,031,829</u>		<u>35,218,399</u>

The notes on pages 8 to 17 form part of these financial statements.

These financial statements were approved by the board of directors on 6 July 2005 and were signed on its behalf by:

  
 Robert Riley  
 Director



**Statement of total recognised gains and losses**

*for year ended 31 December 2004*

	2004 £	2003 £
Profit/(loss) for the financial year	813,430	(300,370)
Unrealised deficit on revaluation of properties	-	(12,080,328)
<b>Total recognised gains and losses relating to the financial year</b>	<b>813,430</b>	<b>(12,380,698)</b>

**Note of historical cost profits and losses**

*for the year ended 31 December 2004*

	2004 £	2003 £
Reported profit/(loss) on ordinary activities before taxation	1,504,805	(575,901)
Difference between historical cost depreciation and the actual depreciation charge	(262,152)	304,413
Historical cost profit/(loss) on ordinary activities before taxation	1,242,653	(271,488)
<b>Historical cost profit after taxation and retained profit</b>	<b>551,278</b>	<b>4,043</b>

## Notes

*(forming part of the financial statements)*

### 1 Statement of accounting policies

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

#### ***Basis of preparation***

The Company is part of the group headed by Newgate Capital Limited (the "Group"). The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The financial statements are prepared on a going concern basis, which the directors believe to be appropriate following discussions with the Board of Directors of Meridien Intermediate Holding Company I Limited ("MIHC1"), a wholly owned subsidiary of the Group and whose directors are engaged in discussions with the Senior, Senior Mezzanine and Junior Mezzanine lenders referred to below. The MIHC1 directors have summarised the situation as follows:

"During the year ended 31 December 2004, the Group remained in breach of the terms of certain of its borrowing facilities, under which a total of approximately £1,174 m was drawn as at 28 February 2005.

Mable Commercial Funding Limited or affiliates of theirs ("Mable") are the lenders of record of junior mezzanine debt in the principal amount of £180m being 100% of the principal amount outstanding under the Junior Mezzanine Facility Agreement dated 29 June 2001 (as amended, restated or supplemented from time to time) and constitute the Majority Lenders for the purposes of the Junior Mezzanine Facility Agreement.

Mable are the lender of record of senior debt in the principal amount of approximately £698 m being 100% of the principal amount outstanding under the Senior Facility Agreement dated 25 May 2001 (as amended, restated or supplemented from time to time). Mable constitute the Majority Lenders under the Senior Facility Agreement.

On 12 March 2004, Mable became the lender of record of senior mezzanine debt in the principal amount of €21m. On 4 March 2005, Mable became the lender of record of additional senior mezzanine debt in the principal amount of €21m. These amounts together constitute 33.8% of the principal amount outstanding under the Senior Mezzanine Facility Agreement dated 25 May 2001 (as amended, restated or supplemented from time to time). Any decision being made which requires the consent of the Majority Lenders under the Senior Mezzanine Facility Agreement, also requires the consent of Mable.

Notwithstanding the various events of default, since 27 January 2004, Mable have permitted further drawings to be made of undrawn facilities under the Senior Facility Agreement in an aggregate amount of £41m for the purpose of meeting the Group's liquidity needs and have confirmed their present intention to consider favourably further requests to provide additional liquidity to the Group on an as needed basis pending a consensual recapitalisation and refinancing of the Group. A new "C" term loan facility for this purpose has been put in place. This facility is capable of extension until 31 December 2006. The current operational cash flow forecasts of the Group do not envisage a need to draw on that facility in the period to 31 December 2005.

On 28 April 2005, the Group announced they had been advised that Mable, or affiliates of theirs, had entered into non binding agreements with Starwood Capital Group Global LLC to form a joint venture which it is proposed will acquire the owned and leased hotel portfolio of the Le Meridien Group (excluding Forte Village in Sardinia which would be separately acquired by Mable or an affiliate of theirs). The Group was also advised that Starwood Hotels & Resorts Worldwide Inc had entered into non binding heads of terms with the joint venture parties above to acquire the Le Meridien Brand and management and franchise business from the Group. The proposals above are expected to be presented to the Board of Directors of the Group as part of a recapitalisation plan for the Group following, amongst other things, the execution of definitive agreements, regulatory approvals and confirmatory due diligence by the respective parties.

## **Notes (continued)**

### **1 Statement of accounting policies (continued)**

Notwithstanding the various breaches and events of default and the current intention of Mable, which is now the lender of record of approximately 94% of principal amounts outstanding under the above mentioned Senior, Senior Mezzanine and Junior Mezzanine Facility Agreements, to continue to support the Group, the Directors of MIHCl believe it is appropriate that the Group financial statements are prepared on a going concern basis. The use of the going concern basis assumes that there will be a solvent recapitalisation of the Group which will place the Group on a viable footing for the future. The Directors having considered all the circumstances and having made due enquiry, including taking professional advice, have concluded that the prospects of a solvent recapitalisation remain good."

The directors of both Le Meridien Piccadilly Limited and MIHCl acknowledge that the probability of achievement of a solvent recapitalisation, although good, remains uncertain. In the event that it was not achieved, and consequently the going concern basis of accounting was no longer appropriate, adjustments would be required to the financial statements to reflect these different circumstances. It is not possible to estimate the amounts of such adjustments.

#### **Cash flow statement**

Under Financial Reporting Standard 1 (revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent company includes the Company's cash flows in its own published consolidated financial statements.

#### **Turnover**

Turnover represents sales to outside customers at invoiced amount less Value Added Tax.

#### **Tangible fixed assets**

Fixed assets are stated at cost or subsequent revaluation less depreciation and any provision for impairment.

Assets are depreciated to their residual values on a straight-line basis over their estimated useful economic lives as follows:

Leasehold improvements	Equal annual instalments over the life of the lease
Plant and machinery	8% per annum
Furniture, fixtures and equipment	14% per annum
Office equipment	25% per annum

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value.

#### **Deferred taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised without discounting in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

#### **Foreign currency**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

## Notes (continued)

### 1 Statement of accounting policies (continued)

#### *Leased assets*

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Pension costs*

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

### 2 Turnover and result

The Company has a single class of business and operates in a single geographical region, the United Kingdom.

### 3 Administrative expenses

Included within administrative expenses is an exceptional bad debt expense of £nil (2003: £465,632).

### 4 Other operating income

	2004 £	2003 £
Rental income from land and buildings	-	154,054
Profit on exchange	9,609	10,657
Other	301,454	230,015
	<u>311,063</u>	<u>394,726</u>

### 5 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2004 £	2003 £
Depreciation on owned assets	959,846	1,603,847
Auditors' remuneration		
- audit services	15,000	16,000
- non audit services	4,000	6,500
Operating lease rentals		
- property rent payable	2,886,835	3,162,208
- plant and machinery	36,243	149,748
	<u></u>	<u></u>

## Notes (continued)

### 6 Employees

The average monthly number of employees, including directors, during the year was as follows:

	2004 Number	2003 Number
Office and management	24	21
Hotel operating staff	200	204
	<u>224</u>	<u>225</u>

Staff costs consist of:

	£	£
Wages and salaries	3,669,080	3,446,526
Social security costs	290,127	303,794
Other pension costs	47,235	59,850
	<u>4,006,442</u>	<u>3,810,170</u>

### 7 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the Company (2003: £ nil).

## Notes (continued)

### 8 Taxation

#### Analysis of charge/(credit) in the year

	2004 £	2003 £
<i>UK corporation tax</i>		
Group relief payable/(receivable) at 30%	505,640	(58,010)
Adjustments to tax charge in respect of previous periods		
Group relief payable	699,482	-
Corporation tax credit	(403,747)	(521)
Total current tax charge/(credit)	<u>801,375</u>	<u>(58,531)</u>
Deferred tax		
Origination and reversal of timing differences	(110,000)	(217,000)
Tax on profit on ordinary activities	<u>691,375</u>	<u>(275,531)</u>

#### Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2003: credit lower) than the standard rate of corporation tax in the UK 30%, (2003: 30%). The difference is explained below.

	2004 £	2003 £
<b>Current tax reconciliation</b>		
Profit/(loss) on ordinary activities before tax	<u>1,504,805</u>	<u>(575,901)</u>
Current tax at 30% (2003: 30%)	451,442	(172,770)
<b>Effects of:</b>		
Adjustment to tax charge in respect of previous periods		
Group relief	699,482	-
Corporation tax	(403,747)	(521)
Depreciation in excess of capital allowances	(76,362)	38,500
Other short-term timing differences	148,484	-
Expenses not deductible for tax purposes	151,580	76,260
Utilisation of brought forward tax losses	(169,504)	-
Total current tax charge/(credit) (see above)	<u>801,375</u>	<u>(58,531)</u>

**Notes** (continued)

**9 Tangible fixed assets**

	Long leasehold Improvements	Plant and Machinery	Furniture, fittings and equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
As at 1 January 2004	46,130,000	3,332,000	1,368,000	50,830,000
Disposals	-	(4,225)	(42,170)	(46,395)
Additions	-	-	118,978	118,978
As at 31 December 2004	46,130,000	3,327,775	1,444,808	50,902,583
<b>Depreciation</b>				
As at 1 January 2004	-	-	-	-
Disposals	-	(4,225)	(42,170)	(46,395)
Charge for the Year	542,724	266,560	150,562	959,846
As at 31 December 2004	542,724	262,335	108,392	913,451
<b>Net book value</b>				
At 31 December 2004	45,587,276	3,065,440	1,336,416	49,989,132
At 31 December 2003	46,130,000	3,332,000	1,368,000	50,830,000

The carrying amounts that would have been included had fixed assets been included at historical cost less depreciation are as follows:

	Long Leasehold	Plant and Machinery	Furniture, Fittings and Equipment	Total
	£	£	£	£
<b>Historical cost net book value</b>				
At 31 December 2004	9,727,496	1,967,448	2,844,957	14,539,901
At 31 December 2003	9,852,024	2,272,633	3,015,458	15,140,115

**Notes** *(continued)*

<b>10 Stocks</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Goods held for resale	<b>12,413</b>	65,819
Consumable items in store	<b>70,966</b>	50,165
	<b>83,379</b>	<b>115,984</b>
<b>11 Debtors: due within one year</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>1,335,251</b>	1,609,847
Other debtors	<b>239,323</b>	192,728
Prepayments and accrued income	<b>378,844</b>	478,933
Corporation tax recoverable	<b>464,352</b>	887,883
Amounts owed by other group undertakings	<b>5,367,583</b>	3,011,681
	<b>7,785,353</b>	<b>6,181,072</b>
<b>12 Creditors: amounts falling due within one year</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>279,886</b>	602,172
Trade creditors	<b>145,679</b>	299,663
Amounts owed to other group undertakings	<b>17,490,448</b>	17,312,073
Other taxation and social security	<b>715,015</b>	651,510
Other creditors	<b>205,327</b>	234,789
Accruals and deferred income	<b>1,328,993</b>	1,418,450
Group relief payable	<b>380,687</b>	-
	<b>20,546,035</b>	<b>20,518,657</b>



**Notes** *(continued)*

**13 Provision for liabilities and charges**

	<b>Deferred taxation £</b>
At beginning of year	<b>1,390,000</b>
Net credit to profit and loss	<b>(110,000)</b>
At end of year	<b><u>1,280,000</u></b>

The elements of deferred taxation are as follows:

	<b>2004 £</b>	<b>2003 £</b>
Difference between accumulated depreciation and amortisation and capital allowances	<b>1,497,000</b>	<b>1,458,000</b>
Other short-term timing differences	<b>(217,000)</b>	<b>(68,000)</b>
	<b><u>1,280,000</u></b>	<b><u>1,390,000</u></b>

**14 Called up share capital**

	<b>2004 £</b>	<b>2003 £</b>
<b>Authorised</b>		
820,000 ordinary shares of £1 each	<b>820,000</b>	<b>820,000</b>
9,180,000 deferred shares of £1 each	<b>9,180,000</b>	<b>9,180,000</b>
	<b><u>10,000,000</u></b>	<b><u>10,000,000</u></b>
<b>Issued, allotted and fully paid</b>		
9,177 ordinary shares of £1 each	<b>9,177</b>	<b>9,177</b>
9,180,000 deferred shares of £1 each	<b>9,180,000</b>	<b>9,180,000</b>
	<b><u>9,189,177</u></b>	<b><u>9,189,177</u></b>

Only ordinary shareholders hold the right to dividends and voting in general meetings. On a winding up, ordinary shareholders take preference over deferred shareholders.

## Notes (continued)

### 15 Reconciliation of movements in shareholders' funds

	Share capital	Revaluation reserve	Profit and loss account	Total 2004	Total 2003
	£	£	£	£	£
At beginning of year	9,189,177	36,791,464	(10,762,242)	35,218,399	47,599,097
Unrealised deficit on revaluation	-	-	-	-	(12,080,328)
Realised profit/(loss) for the year	-	-	813,430	813,430	(300,370)
At end of year	9,189,177	36,791,464	(9,948,812)	36,031,829	35,218,399
Equity				26,851,829	26,038,399
Non equity				9,180,000	9,180,000
				36,031,829	35,218,399

### 16 Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £47,235 (2003: £59,850). £16,558 contributions were accrued for at the period end (2003: £9,775).

### 17 Commitments under operating leases

As at 31 December 2004, the Company had annual commitments under non-cancellable operating leases expiring as set out below:

	31 December 2004		31 December 2003	
	Land and Buildings	Plant and Machinery	Land and Buildings	Plant and Machinery
	£	£	£	£
Operating leases which expire:				
Within one year	-	17,813	-	21,670
In two to five years	-	18,429	-	44,537
After five years	2,886,835	-	3,162,208	-
	2,886,835	36,242	3,162,208	66,207

## **Notes** *(continued)*

### **18 Contingent liabilities**

The directors have not been notified of any litigation that they consider will result in a material liability to the company, either individually or in aggregate.

By way of an agreement dated 11 July 2001, the Company has provided cross guarantees in respect of certain parent undertaking bank facilities. The bank loans are secured by fixed and floating charges over the assets of the Company, and its fellow subsidiaries.

### **19 Related party transactions**

As 100% of the Company's voting rights are controlled within the group headed by Newgate Capital Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group, headed by Newgate Capital Limited.

### **20 Ultimate parent and controlling company and parent undertaking of largest and smallest group of which the company is a member**

The Directors regard Terra Firma Capital Partners Holding Limited, a company incorporated in Guernsey, as the ultimate controlling party and ultimate parent entity.

The immediate parent undertaking is Meridien Holdings UK Limited, a company incorporated in England, and registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by Newgate Capital Limited, the consolidated accounts of which are available to the public and may be obtained from Le Meridien Hotels & Resorts Limited, CityPoint, 1 Ropemaker Street, London EC2Y 9HT.

As at 31 December 2004, Terra Firma Capital Partners I, an English Limited Partnership, acting through its general partner Terra Firma Investments (GP) Limited, a company registered in Guernsey, had the ability to exercise a controlling influence over the company through the holding of warrants to subscribe for shares in certain subsidiaries of Newgate Capital Limited.

### **21 Post balance sheet events**

On 10 May 2005, Meridien Holdings UK Limited, the immediate parent undertaking of the Company, transferred its entire shareholding of 9,177 Ordinary shares and 9,180,000 Deferred shares in the Company to Meridien Group Limited, a fellow Group undertaking.