

Registration number 2314954

Fairgate Estates Ltd

Directors' report and financial statements

for the year ended 31 December 2002



Fairgate Estates Ltd

Company information

Directors	Sir (Chief) L.O. Akindele Oluwatoyin Omobola Akindele Rosaline Atema Akindele
Secretary	Mr S.M. Saeed
Company number	2314954
Registered office	68 Great Eastern Street London EC2A 3JT
Auditors	Siddiqi & Co 68 Great Eastern Street London EC2A 3JT
Business address	78 New Oxford Street London WC1A 1AH
Bankers	National Westminster Bank Plc PO Box 34 15 Bishopsgate London EC2P 2AP

Fairgate Estates Ltd

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Fairgate Estates Ltd

Directors' report for the year ended 31 December 2002

The directors present their report and the financial statements for the year ended 31 December 2002.

Principal activity

The principal activity of the company throughout the year continued to be that of property developers and dealers in properties.

Results and dividends

The results for the year are set out on page 4.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31/12/02	01/01/02
Sir (Chief) L.O. Akindele	-	-
Oluwatoyin	-	-
Omobola Akindele	-	-
Rosaline Atema Akindele	-	-

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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 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 Companies Act 1985. They 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

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Siddiqi & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

The directors recommend that Siddiqi & Co remain in office until further notice.

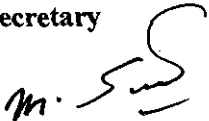
This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Fairgate Estates Ltd

**Directors' report
for the year ended 31 December 2002**

This report was approved by the Board on 28 October 2003 and signed on its behalf by

Mr S.M. Saeed
Secretary

A handwritten signature in black ink, appearing to be 'M. Saeed', written over the printed name and title.

Fairgate Estates Ltd

Independent auditors' report to the shareholders of Fairgate Estates Ltd

We have audited the financial statements of Fairgate Estates Ltd for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

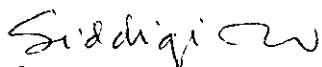
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Siddiqi & Co
Chartered Accountants &
Registered Auditors
28 October 2003

68 Great Eastern Street
London
EC2A 3JT

Fairgate Estates Ltd

**Profit and loss account
for the year ended 31 December 2002**

		2002	2001
	Notes	£	£
Turnover	2	1,075,000	-
Cost of sales		(1,100,000)	(350,000)
Gross loss		(25,000)	(350,000)
Administrative expenses		(290,793)	(543,602)
Other operating income		806,013	769,661
Operating profit/(loss)	3	490,220	(123,941)
Other interest receivable and similar income		3,333	-
Interest payable and similar charges		(273,919)	(428,837)
Profit/(loss) on ordinary activities before taxation		219,634	(552,778)
Tax on profit/(loss) on ordinary activities 4		(65,932)	-
Retained profit/(loss) for the year		153,702	(552,778)
Accumulated loss brought forward		(5,087,473)	(4,534,695)
Accumulated loss carried forward		(4,933,771)	(5,087,473)

There are no recognised gains or losses other than the profit or loss for the above two financial years.

All activities are continuing.

The notes on pages 6 to 8 form an integral part of these financial statements.

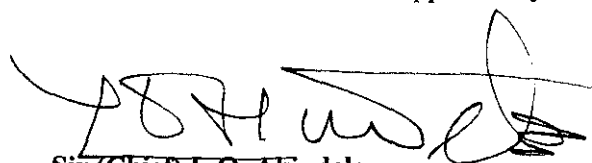
Fairgate Estates Ltd

Balance sheet as at 31 December 2002

		2002		2001	
	Notes	£	£	£	£
Fixed assets					
Investments	5		8,400,000		8,400,000
Current assets					
Stocks		550,000		1,650,000	
Debtors	6	875,386		132,740	
Cash at bank and in hand		60,523		283,971	
		<u>1,485,909</u>		<u>2,066,711</u>	
Creditors: amounts falling due within one year	7	<u>(8,836,310)</u>		<u>(8,545,529)</u>	
Net current liabilities			<u>(7,350,401)</u>		<u>(6,478,818)</u>
Total assets less current liabilities			1,049,599		1,921,182
Creditors: amounts falling due after more than one year	8		<u>(4,433,370)</u>		<u>(5,458,655)</u>
Deficiency of assets			<u>(3,383,771)</u>		<u>(3,537,473)</u>
Capital and reserves					
Called up share capital	9		100,000		100,000
Revaluation reserve	10		1,450,000		1,450,000
Profit and loss account	10		<u>(4,933,771)</u>		<u>(5,087,473)</u>
Shareholders' funds			<u>(3,383,771)</u>		<u>(3,537,473)</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements were approved by the Board on 28 October 2003 and signed on its behalf by



Sir (Chief) L.O. Akindele
Director

The notes on pages 6 to 8 form an integral part of these financial statements.

Fairgate Estates Ltd

Notes to the financial statements for the year ended 31 December 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4. Stock

Stock is valued at the lower of cost and net realisable value.

1.5. Deferred taxation

Provision is made for deferred taxation using the full provision method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes as at the balance sheet date excluding any permanent timing differences.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging:
Auditors' remuneration

2002	2001
£	£
5,635	4,700

4. Taxation

UK current year taxation

UK corporation tax @ 30% (2001: 30%)

2002	2001
£	£
65,932	-

Fairgate Estates Ltd

**Notes to the financial statements
for the year ended 31 December 2002**

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5. Fixed asset investments

	Property investments	Total
	£	£
Cost		
At 1 January 2002		
At 31 December 2002	8,400,000	8,400,000
Net book values		
At 31 December 2002	8,400,000	8,400,000
At 31 December 2001	8,400,000	8,400,000

6. Debtors

	2002	2001
	£	£
Amounts owed by group undertakings	754,923	73,089
Other debtors	110,113	35,842
Prepayments and accrued income	10,350	23,809
	<u>875,386</u>	<u>132,740</u>

7. Creditors: amounts falling due within one year

	2002	2001
	£	£
Bank loan	61,376	70,252
Amounts owed to group undertaking	8,217,677	8,061,231
Corporation tax	65,932	-
Other creditors	76,822	90,630
Accruals and deferred income	414,503	323,416
	<u>8,836,310</u>	<u>8,545,529</u>

8. Creditors: amounts falling due after more than one year

	2002	2001
	£	£
Bank loan	4,433,370	5,458,655

Fairgate Estates Ltd

Notes to the financial statements for the year ended 31 December 2002

..... continued

9.	Share capital		2002 £	2001 £
	Authorised			
	100,000 Ordinary shares of 1 each		<u>100,000</u>	<u>100,000</u>
	Allotted, called up and fully paid			
	100,000 Ordinary shares of 1 each		<u>100,000</u>	<u>100,000</u>
10.	Reserves	Revaluation reserve £	Profit and loss account £	Total £
	At 1 January 2002	1,450,000	(5,087,473)	(3,637,473)
	Retained profit/(loss) for the year		<u>153,702</u>	<u>153,702</u>
	At 31 December 2002	<u>1,450,000</u>	<u>(4,933,771)</u>	<u>(3,483,771)</u>

11. Contingent liabilities

The parent company negotiated a bank loan in 2000 of £18m for its own use and the use of its subsidiaries, Fairgate Securities Ltd., Fairgate Enterprises Ltd., and Fairgate Developments Ltd. The loan is secured on the investment properties and on the stock of properties of these companies and is guaranteed by them.

12. Ultimate parent undertaking

The company is a subsidiary undertaking of Fairgate Group Ltd. The ultimate parent company is Continental Holdings SA, a company incorporated in Luxembourg. The smaller group in which the results of Fairgate Enterprises Ltd are consolidated is Fairgate Group Ltd registered in England and Wales. The largest group in which the results of Fairgate Enterprises Ltd are consolidated is Continental Holdings SA. The consolidated accounts of Continental Holdings are available to the public at 121, avenue de la Faiencerie L-511 Luxembourg.

13. Going concern

The deficiency in net assets has been caused mainly due to the amounts owed to the group undertakings of £8,217,677. The directors consider that they have taken into account all the information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.