

MOHICAN NOMINEES LIMITED

Report and Accounts

13 December 2000

 ERNST & YOUNG



Mohican Nominees Limited

Registered no. 2522241

DIRECTORS

G P C Mackay
D Ward

SECRETARY

G P C Mackay

AUDITORS

Ernst & Young LLP
400 Capability Green
Luton
Beds
LU1 3LU

BANKERS

Norwich Union
P O Box 21
Surrey Street
Norwich
NR1 3NJ

SOLICITORS

Beaumont and Son
Lloyds Chambers
1 Portsoken Street
London
E1 8AW

REGISTERED OFFICE

400 Capability Green
Luton
Beds
LU1 3LU

Mohican Nominees Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 13 December 2000.

PRINCIPAL ACTIVITY

The company's principal activity is the holding of investment property.

DIRECTORS AND THEIR INTERESTS

The directors at 13 December 2000 and their interests in the share capital of the company were as follows:

	<i>At 13 December 2000</i>	<i>At 13 December 1999</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
G P C Mackay	1	1
D Ward	1	1

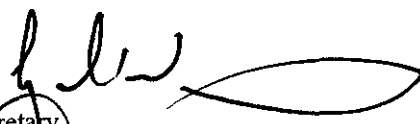
AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the members at the forthcoming Annual General Meeting.

SPECIAL PROVISIONS RELATING TO SMALL COMPANIES

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

By order of the board


Secretary

SEP 26 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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 irregularities.

REPORT OF THE AUDITORS
to the members of Mohican Nominees Limited

We have audited the accounts on pages 6 to 10, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention as modified by the revaluation of investment properties and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the accounts concerning the uncertainty over the continuing financial support of the company's bankers. In view of the significance of this 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 accounts give a true and fair view of the state of affairs of the company as at 13 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Ernst & Young LLP

Registered Auditor
Luton

26 September 2001

Mohican Nominees Limited

PROFIT AND LOSS ACCOUNT for the year ended 13 December 2000

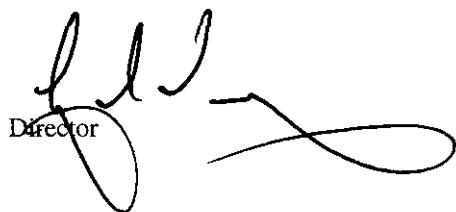
	<i>Notes</i>	<i>2000</i> £	<i>1999</i> £
TURNOVER	2	725,000	725,000
Operating costs	3	17,795	15,695
		<u> </u>	<u> </u>
OPERATING PROFIT		707,205	709,305
Bank interest receivable		5,744	6,635
Interest payable and similar charges	5	(759,000)	(759,272)
		<u> </u>	<u> </u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(46,051)	(43,332)
Tax on loss on ordinary activities		—	—
		<u> </u>	<u> </u>
LOSS FOR THE FINANCIAL YEAR	11	(46,051)	(43,332)
		<u> </u>	<u> </u>

Mohican Nominees Limited

BALANCE SHEET at 13 December 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	6	6,400,000	6,400,000
CURRENT ASSETS			
Debtors	7	248,216	256,858
Cash at bank and in hand		3,427	2,968
		251,643	259,826
CREDITORS: amounts falling due within one year	8	6,099,833	6,061,965
NET CURRENT LIABILITIES		(5,848,190)	(5,802,139)
TOTAL ASSETS LESS CURRENT LIABILITIES		551,810	597,861
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Revaluation reserve	11	1,248,864	1,248,864
Profit and loss account	11	(697,056)	(651,005)
Equity shareholders' funds		551,810	597,861

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


Director

SEP 26 2001

NOTES TO THE ACCOUNTS
at 13 December 2000

1. ACCOUNTING POLICIES

Fundamental accounting concept note

The company is dependent on continuing finance being made available to the company. Continuing finance is required both to enable the company to meet its liabilities as they fall due and to continue operating without immediate realisation of all its assets.

The directors have negotiated new facilities to replace the existing loan which was repaid in January 2001. The directors believe that it is therefore appropriate to prepare the accounts on a going concern basis. However, should continuing financing not be available, the going concern basis would be invalid and adjustments would have to be made to reduce the value of assets to their realisable amount, to provide for any further liabilities which might arise and to reclassify fixed assets as current assets.

Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of investment properties and in accordance with applicable accounting standards.

Investment properties

Investment properties are stated at their open market value. Professional valuations of properties will take place periodically and during the period between professional valuations the properties will be valued by the directors.

No depreciation is provided in respect of leasehold investment properties.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation or amortisation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties and changes in that current value are of prime importance rather than a calculation of systematic annual depreciation. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

2. TURNOVER

Turnover comprises rentals receivable on properties, all of which are continuing and all arises in the United Kingdom.

3. OPERATING COSTS

	2000	1999
	£	£
Auditors' remuneration	3,000	2,750
Other operating costs	14,795	12,945
	<u>17,795</u>	<u>15,695</u>

4. DIRECTORS' EMOLUMENTS

The directors received no remuneration from the company during the year.

Mohican Nominees Limited

NOTES TO THE ACCOUNTS at 13 December 2000

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Bank loans	759,000	759,000
Other	—	272
	<u>759,000</u>	<u>759,272</u>

6. TANGIBLE FIXED ASSETS

	2000	1999
	£	£
Investment properties:		
Long leasehold	6,400,000	6,400,000
	<u>6,400,000</u>	<u>6,400,000</u>

Investment properties were valued on an open market value for existing use basis on 7 September 1990 by Henry Davis & Company valuers. In the opinion of the directors, this is a fair value at 13 December 2000. The historical cost of the investment properties at 13 December 2000 was £5,151,136.

7. DEBTORS

	2000	1999
	£	£
Trade debtors	212,969	221,536
Other debtors	35,247	35,322
	<u>248,216</u>	<u>256,858</u>

8. CREDITORS: amounts falling due within one year

	2000	1999
	£	£
Loan (note 9)	5,500,000	5,500,000
Trade creditors	4,058	7,291
Other taxes and social security costs	157,751	158,721
Other creditors	438,024	395,953
	<u>6,099,833</u>	<u>6,061,965</u>

Mohican Nominees Limited

NOTES TO THE ACCOUNTS

at 13 December 2000

9. LOANS

	2000 £	1999 £
Bank loan at 13.8% per annum, wholly repayable on 23 January 2001	5,500,000	5,500,000

The bank loan is secured by a charge on the company's leasehold property.

10. SHARE CAPITAL

	2000 £	Authorised 1999 £	called up and fully paid 2000 £	Allotted, 1999 £
Ordinary shares of £1 each	1,000	1,000	2	2

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Revaluation reserve £	Profit and loss account £	Total shareholders' funds £
At 14 December 1998	2	1,248,864	(607,673)	641,193
Loss for the year	—	—	(43,332)	(43,332)
At 13 December 1999	2	1,248,864	(651,005)	597,861
Loss for the year	—	—	(46,051)	(46,051)
At 13 December 2000	2	1,248,864	(697,056)	551,810

12. TRANSACTIONS WITH DIRECTORS

'Other creditors' (note 8) includes £96,154 due to G P C Mackay and £46,575 due to D Ward, relating to company expenses paid by the directors which will be repaid in the future.

13. RELATED PARTIES

The following balances were due from related parties in respect of expenses paid on behalf of the other party and are included in 'other debtors' (note 7):

	2000 £	1999 £
Wortheary Limited	35,233	35,233

G P C Mackay is a director and shareholder of Wortheary Limited.