

**Hillsdown International Limited**  
**(Registered Number 1943509)**

**Directors' Report and Accounts**

**For the Period Ended 31 December 2000**



# Hillsdown International Limited

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# Hillsdown International Limited

## Report of the Directors

The directors present their report together with the audited accounts of the company for the period ended on 31 December 2000.

### Principal activities and review of business

The principal activity is that of an investment company.

### Results and dividends

The profit before taxation for the year amounts to £17,088,718 (1999: profit of £407,246,192). The directors do not recommend the payment of a dividend (1999:£nil).

### Directors and their interests

The directors who held office during the period are listed below.

#### Name

K M Buchanan  
R I Campbell  
P A Leach  
G P Tyley

No directors received emoluments in respect of their services to the company during the period ended 31 December 2000.

No directors had any beneficial interests in the shares or debentures of the company or in any other companies of the group except as listed below at 31 December 2000.

Particulars of directors' interests in Hillsdown Holdings Limited at 31 December 2000 were as follows:

Options for Ordinary Shares of £0.20p each under the terms of the Hillsdown Holdings Limited Unapproved Executive Share Option Scheme

Name	Options at the start of the year	Options granted during the year	Options at the end of the year
K M Buchanan	-	575,523	575,523
R I Campbell	-	75,000	75,000
P A Leach	-	75,000	75,000
G P Tyley	-	35,000	35,000

# Hillsdown International Limited

## Report of the Directors (Continued)

### 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 of the company 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 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 irregularities.

### Auditors

PricewaterhouseCoopers have signified their willingness to continue in office and a resolution is to be proposed at the forthcoming Annual General Meeting that they be re-appointed as auditors for the ensuing period.

By Order of the Board



K M Buchanan  
Director

16 October 2001

## **Auditors' Report to the Members of Hillsgdown International Limited**

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



### **PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors

1 Embankment Place

London WC2N 6RH

16 October 2001

# Hillsdown International Limited

## Profit and Loss Account for the Year Ended 31 December 2000

	Note	2000 £	1999 £
Rental income		54,532	20,756
Provision against investments		-	(48,619,988)
Write off of inter company creditor balances		23,099,859	500,217,323
Exchange differences		2,338	(16,307)
Administration expenses		(145,862)	(167,270)
Dividends received		-	13,630,193
Other income		3,223	42,235
<b>Operating profit</b>	<b>2</b>	<b>23,014,090</b>	<b>465,106,942</b>
Exceptional items	3	(5,915,195)	(57,907,116)
<b>Profit on ordinary activities before interest and taxation</b>		<b>17,098,895</b>	<b>407,199,826</b>
Net interest (payable)/ receivable	4	(10,177)	46,366
<b>Profit on ordinary activities before taxation</b>		<b>17,088,718</b>	<b>407,246,192</b>
Taxation	5	28,914	22,452
<b>Profit on ordinary activities after taxation</b>		<b>17,117,632</b>	<b>407,268,644</b>
<b>Retained profit for the financial year</b>	<b>11</b>	<b>17,117,632</b>	<b>407,268,644</b>

There were no recognised gains and losses other than those passing through the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

The notes on pages 6 to 10 form part of these accounts.

# Hillsdown International Limited

## Balance Sheet as at 31 December 2000

	Note	2000 £	1999 £
<b>Fixed assets</b>			
Investments	6	-	-
<b>Current assets</b>			
Investments	7	565,180	3,962,438
Debtors	8	507,811,588	509,652,163
Cash at bank and in hand		-	-
		<b>508,376,768</b>	<b>513,614,601</b>
<b>Creditors – amounts falling due within one year</b>	9	<b>(71,323,520)</b>	<b>(93,678,985)</b>
<b>Net current assets</b>		<b>437,053,248</b>	<b>419,935,616</b>
<b>Net assets</b>		<b>437,053,248</b>	<b>419,935,616</b>
<b>Capital and reserves</b>			
Called up share capital	10	150,000,000	150,000,000
Profit and loss account	11	287,053,248	269,935,616
<b>Shareholders' funds</b>	12	<b>437,053,248</b>	<b>419,935,616</b>

The financial statements on pages 4 to 10 were approved by the Board of Directors on 16 October 2001 and signed on its behalf by:



**K M Buchanan**  
Director

The notes on pages 6 to 10 form part of these accounts.

# **Hillsdown International Limited**

## **Notes to the Financial Statements**

### **1 Accounting policies**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the company are set out below.

#### **Group accounts**

The company has not prepared group accounts as it is a wholly owned subsidiary undertaking of a parent undertaking established under the law of a member state of the European Community, as permitted by Section 228 of the Companies Act 1985.

#### **Exceptional items**

Exceptional items are those that need to be disclosed by virtue of their size or incidence. Such items are included within operating results unless they represent profits or losses on the sale or termination of an operation, costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the company's business, or profits or losses on the disposal of fixed assets.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a currency swap. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the contracted rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, which are taken directly to reserves to the extent that they are used to finance or provide a hedge against foreign equity investments.

#### **Cash flow statement**

The company is a wholly-owned subsidiary of HMTF Premier Limited and is included in the consolidated financial statements of Hillsdown Holdings Limited. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).



# Hillsdown International Limited

## Notes to the Financial Statements

### 2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2000 £	1999 £
Auditors		
-audit services	-	-
-non audit services	-	-

The company did not have any employees during the financial year (1999:nil) and did not incur any employee expenses (1999:nil).

### 3 Exceptional items

The components of the non-operating exceptional charges/(credits) are as follows:

	2000 £	1999 £
Loss on disposal of investments	4,257,239	58,286,207
Loss/(gain) on disposal of property	1,657,956	(379,091)
	<b>5,915,195</b>	<b>57,907,116</b>

### 4 Interest and similar items

	2000 £	1999 £
Bank interest payable	10,177	770
Bank interest receivable	-	(47,136)
Net interest payable/(receivable)	<b>10,177</b>	<b>(46,366)</b>

### 5 Tax on profit on ordinary activities

The current tax (credit) is based on the profit for the year and comprises:

	2000 £	1999 £
Tax credit		
United Kingdom corporation tax at 30.25% (1999: 30.25% )	(28,914)	(22,452)
	<b>(28,914)</b>	<b>(22,452)</b>

# Hillsdown International Limited

## Notes to the Financial Statements

### 6 Investments in fixed assets

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2000	121,433,988
Disposals	(32,553)
At 31 December 2000	121,401,435
<b>Provisions</b>	
At 1 January 2000	(121,433,988)
Movement on disposals	32,553
At 1 January 2000	(121,401,435)
<b>Net book value</b>	
At 31 December 2000	-
At 31 December 1999	-

The company owns 100% of the issued ordinary share capital of many mostly dormant unlisted companies, which are registered in England:

### 7 Current asset investments

	2000 £	1999 £
Freehold Property	565,180	3,962,438

### 8 Debtors

	2000 £	1999 £
Amounts owed by parent and group undertakings	507,783,382	509,611,561
Other debtors	28,206	40,602
	507,811,588	509,652,163

# Hillsdown International Limited

## Notes to the Financial Statements

### 9 Creditors - amounts falling due within one year

	2000 £	1999 £
Bank overdraft	44,429	371,561
Corporation tax payable	271,889	79,179
Accruals	891,923	13,103
Amounts owed to group undertakings	70,115,279	93,215,142
	<b>71,323,520</b>	<b>93,678,985</b>

### 10 Called up share capital

	2000 £	1999 £
<b>Authorised</b>		
150,000,000 ordinary shares of £1 each	150,000,000	150,000,000
<b>Allotted, issued and fully paid</b>		
150,000,000 ordinary shares of £1 each	150,000,000	150,000,000

### 11 Profit and loss account

	2000 £	1999 £
Balance brought forward	269,935,616	407,268,644
Retained profit for the year	17,117,632	(137,333,028)
Balance carried forward	<b>287,053,248</b>	<b>269,935,616</b>

### 12 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Opening shareholders' funds	419,935,616	407,268,644
Profit for the financial year	17,117,632	12,666,972
	<b>437,053,248</b>	<b>419,935,616</b>

# **Hillsdown International Limited**

## **Notes to the Financial Statements**

### **13 Ultimate parent undertaking and related party transactions**

The immediate parent undertaking is Premier Financing Limited.

The ultimate parent company is HMTF Premier Limited, which is registered in the Cayman Islands.

The parent company of the largest group into which the financial statements of this company are consolidated, is Hillsdown Holdings Limited which is incorporated in Great Britain and registered in England and Wales. Copies of the financial statements of Hillsdown Holdings Limited can be obtained from the Company Secretary at Hillsdown House, 32 Hampstead High Street, London NW3 1QD.

The company has taken advantage of an exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the Hillsdown Holdings Limited group.