

DOLLAR LAND INVESTMENTS LIMITED

Financial Statements

for the year ended 31st December 1993



DOLLAR LAND INVESTMENTS LIMITED

Company Information

Company No: 1992910

Chairman

Mr. J-A. Favre

Registered Office

Lanmor House
370-386 High Road
Wembley
Middlesex HA9 6AX

Directors

Mr. J-A. Favre
Mr. C. Herzka

Joint Secretaries

Ms. A. Coughlan
Ms. M. Taylor

Auditors

Landau Morley
Lanmor House
370-386 High Road
Wembley
Middx
HA9 6AX

DOLLAR LAND INVESTMENTS LIMITED

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DOLLAR LAND INVESTMENTS LIMITED

Report of the Directors

for the year ended 31st December 1993

The directors submit their report together with the audited financial statements for the year ended 31st December 1993.

Directors' Statement

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 year. 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 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.

Results and Dividends

The trading loss for the year after taxation and dividends was £3,973,787 and it has been transferred from reserves.

The company paid a dividend of £2,250,000 (£2,250 per ordinary share) on 12th March 1993.

Principal Activity

The principal activity of the company continued to be that of Property Investment.

Fixed Assets

The significant changes in fixed assets are shown in the notes to the financial statements.

Post Balance Sheet Events

On 10th August 1995, a scheme was approved whereby the company entered into a Company Voluntary Arrangement "CVA" pursuant to Part 1 of the Insolvency Act 1986. This involves no major changes to the existing management of the company. However Buchler Phillips, Chartered Accountants, have been appointed to act as supervisors to the "CVA". It is anticipated that unsecured creditors as at 10th August 1995, will receive at best between 15p and 31p in the £ but this proportion cannot be fully quantified at present.

DOLLAR LAND INVESTMENTS LIMITED

Report of the Directors

for the year ended 31st December 1993

Future Development of the Business

The directors believe that there is scope for the further development of the existing activities of the company.

Directors

The directors, none of whom is beneficially interested in the shares of the company, who served during the year were as follows:

Mr. J-A. Favre

Mr. C. Herzka

Mr. R. Guiger - died 27th June 1996

The Auditors

The Auditors, Landau Morley Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board:



Ms. A. Coughlan
Secretary

13th June 1997

DOLLAR LAND INVESTMENTS LIMITED

Auditors' Report to the Shareholders

on the Accounts for the year ended 31st December 1993

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

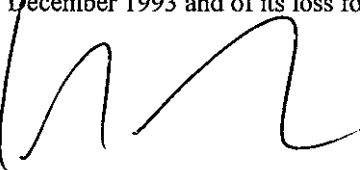
An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which are 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. However, whilst Note 1 to the Financial Statements states "Dollar Land Holdings PLC an intermediate parent undertaking has indicated its willingness to provide financial support to the company for the foreseeable future so as to meet its liabilities, as affected by the "CVA", as they fall due. These Financial Statements have been drawn up on a going concern basis which assumes that adequate financial assistance will continue to be provided" the intermediate parent undertaking Dollar Land Holdings PLC entered into a Company Voluntary Arrangement on 12th December 1996 and no evidence supporting the ability of the intermediate parent undertaking to continue to provide such financial assistance or to repay its debt due to the company has been produced. If the intermediate parent undertaking failed to continue to provide support or was unable to repay its debt due to the company, this would have a fundamental effect on the ability of the Company to remain as a going concern.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion: disclaimer on view given by financial statements

Because of the uncertainty as to the outcome of the Company's "CVA" and of the possible effect of the limitation of evidence available to us, we are unable to form an opinion as to whether the Financial Statements give a true and fair view as to whether the Company is a going concern. In all other respects, save that should the Company be unable to continue operating adjustments would have to be made to reduce the value of assets to their recoverable amount and to provide for any further liabilities which might arise, in our opinion the Financial Statements give a true and fair view of the state of affairs of the Company as at 31st December 1993 and of its loss for the year ended and have been properly prepared in accordance with the Companies Act 1985.



Landau Morley
Chartered Accountants
and Registered Auditors

15th July 1997

Lanmor House
370-386 High Road
Wembley
Middx.
HA9 6AX

DOLLAR LAND INVESTMENTS LIMITED

Profit and Loss Account

for the year ended 31st December 1993

	Notes	1993		1992	
		£	£	£	£
Rent and Service Charges Receivable	2		3,098,755		3,831,682
Property Outgoings			961,542		1,069,737
Gross profit			2,137,213		2,761,945
Administrative Expenses			20,674		16,529
Operating Profit	3		2,116,539		2,745,416
Interest Receivable			22,022		21,986
			2,138,561		2,767,402
Financing Charges - Exceptional	4	912,726		-	
Other	4	2,425,381		3,243,640	
			3,338,107		3,243,640
			(1,199,546)		(476,238)
Loss on Sale of Properties held for Investment					
Exceptional	5	(967,695)		-	
Other		443,920		(150,000)	
			(523,775)		(150,000)
Loss on Ordinary Activities before Taxation			(1,723,321)		(626,238)
Tax on ordinary activities	6		466		3,388
			(1,723,787)		(629,626)
Dividends - equity shares			2,250,000		-
Retained Loss transferred from reserves	15		(3,973,787)		(629,626)

All amounts relate to continuing activities.

The notes on pages 8 to 15 form part of these financial statements

DOLLAR LAND INVESTMENTS LIMITED

Total Recognised Gains and Losses

for the year ended 31st December 1993

	1993 £	1992 £
Statement of Total Recognised Gains and Losses		
Loss for the financial year	(1,723,787)	(629,626)
Unrealised surplus on revaluation of property held for Investment	200,000	34,026
	<hr/>	<hr/>
Total recognised (losses)/gains since the last financial statements	<u>(1,523,787)</u>	<u>(595,600)</u>
 Note of Historical Cost Profits and Losses		
Loss on ordinary activities before taxation	(1,723,321)	(626,238)
Realisation of Property revaluation gains of previous years	966,347	4,561,472
	<hr/>	<hr/>
Historical cost (loss)/profit before taxation	<u>(756,974)</u>	<u>3,935,234</u>
	<hr/>	<hr/>
Historical cost (loss)/profit transferred to reserves	<u>(3,007,440)</u>	<u>3,938,622</u>

DOLLAR LAND INVESTMENTS LIMITED

Balance Sheet

as at 31st December 1993

	Notes	1993 £	1993 £	1992 £	1992 £
Fixed Assets					
Properties held for Investment	7		11,369,177		16,225,677
Current Assets					
Properties held for Resale	1	-		5,000,000	
Debtors - Due within one year	8	3,484,007		8,365,711	
- Due after more than one year	8	-		1,581,902	
Cash at Bank	9	-		209,928	
		3,484,007		15,157,541	
Creditors:					
Amounts falling due within one year	10	5,016,449		(13,709,945)	
Net Current (Liabilities)/Assets			(1,532,442)		1,447,596
			9,836,735		17,673,273
Creditors:					
Amounts falling due after more than one year	11		9,214,480		12,992,797
			622,255		4,680,476
Capital and Reserves					
Share Capital	12		1,000		1,000
Capital reserve	13		387,415		387,415
Revaluation reserve	14		303,612		1,019,959
Profit and loss account	15		(69,772)		2,253,604
Minority Interest	16		-		1,018,498
Equity shareholders' funds			622,255		4,680,476

These accounts were approved by the board on
13th June 1997 and signed on its behalf by:


Mr. C. HERZKA

Director

DOLLAR LAND INVESTMENTS LIMITED

Cash Flow Statement

for the year ended 31st December 1993

		1993	1993	1992	1992
		£	£	£	£
Net Cash Inflow/(Outflow) from Operating Activities	17		8,894,346		(3,668,705)
Returns on Investments and Servicing of Finance					
Interest Received		22,022		21,986	
Financing Charges Paid		(3,338,107)		(3,243,640)	
Dividends Paid		(2,250,000)		-	
Net Cash Outflow from Returns on Investments and Servicing of Finance			(5,566,085)		(3,221,654)
Tax Paid					
Taxation paid			(466)		(38,449)
Investing Activities					
Additions to Property held for Investment		-		34,466	
Proceeds on Sale of Properties held for Investment		9,436,226		7,550,000	
Net Cash Inflow from Investing Activities			9,436,226		7,584,466
Financing					
Bank Loans		(3,875,070)		(643,221)	
Other Loans		(9,105,123)		(66,164)	
Net Cash Outflow from Financing			(12,980,193)		(709,385)
Decrease in Cash and Cash Equivalents	18		(216,172)		(53,727)

DOLLAR LAND INVESTMENTS LIMITED

Notes to the Financial Statements

for the year ended 31st December 1993

1 Principal Accounting Policies

Accounting Convention

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention, modified to include the revaluation of certain fixed assets.

Going Concern

The Financial Statements have been prepared on a going concern basis. This assumes that the terms and conditions of the "CVA" will be fulfilled. Secured creditors are not bound by these terms. However the distribution for unsecured creditors as at 10th August 1995 under the "CVA" is likely to be at cost between 15p to 31p in the £(before costs).

Dollar Land Holdings PLC an intermediate parent undertaking has indicated its willingness to continue to provide financial support to the company for the foreseeable future so as to meet its liabilities, as affected by the "CVA", as they fall due. These Financial Statements have been drawn up on a going concern basis which assumes that adequate financial assistance will be provided.

Properties held for Investment

Properties held for Investment are revalued, where feasible, annually and the aggregate surplus or deficit is transferred to revaluation reserve. Where a deficit exceeds the balance on revaluation reserve, the excess is written off to Profit and Loss Account if the diminution in value is considered to be permanent or to the revaluation reserve if the diminution in value is considered to be temporary. No depreciation is provided in respect of Properties held for Investment (except for short leasehold properties which are amortised over the period of the lease); this constitutes a departure from the statutory rules requiring Fixed Assets to be depreciated over their economic useful lives and is necessary to enable the Financial Statements to give a true and fair view.

Sale of Properties

Disposal of properties are recognised at the date of unconditional exchange of contracts.

Properties held for Resale

Properties held for resale are included at cost plus legal, professional and other related expenditure including finance charges, incurred on acquisition and development, or net realisable value where in the opinion of the Directors this is lower.

2 Rental Income

Rental Income includes £2,685,204 (1992: £3,324,636) mandated by way of legal assignment to the Company's mortgagees.

DOLLAR LAND INVESTMENTS LIMITED

Notes to the Financial Statements

for the year ended 31st December 1993

	1993	1992
	£	£
3 Operating Profit		
<i>The operating profit is stated after charging:</i>		
Amounts payable to the auditors in respect of audit services	3,000	5,000
No Directors were remunerated during the year.		
The Company has no other employees.		
4 Financing Charges		
(a) <i>Exceptional</i>		
This comprises an amount, computed as to 40% of the difference between the sale proceeds of a property held for investment and the amount of loan outstanding on the property when it was sold, which was paid to the Mortgage lender GE Capital Corporation Limited, in addition to normal interest charged, pursuant to an agreement whereby GE Capital Corporation Limited would continue to provide funding to the company and group.		
(b) <i>Other</i>		
Interest on Bank Loans and Overdrafts	1,205,227	1,470,228
Building Society Interest	550,102	912,970
Other Interest	631,868	848,086
	2,387,197	3,231,284
Finance Fees	36,030	92,531
Interest on Overdue Tax	-	(80,175)
VAT Surcharges	2,154	-
	2,425,381	3,243,640
Payable:		
Loans not wholly repayable within five years	188,623	540,496
Loans wholly repayable within five years	2,198,574	2,690,788
	2,387,197	3,231,284

DOLLAR LAND INVESTMENTS LIMITED

Notes to the Financial Statements

for the year ended 31st December 1993

5 Loss on Sale of Properties held for Investment - Exceptional

This represents the write off of unrecovered proceeds of the sale of a property held for investment, sold in a prior period on delayed terms.

1993	1992
£	£

6 Tax on Loss on Ordinary Activities

Based on the loss for the year

UK income tax	466	38,449
Adjustment in respect of prior years	-	(35,061)
	<u>466</u>	<u>3,388</u>

7 Properties held for Investment

	Freehold Properties £	Long Leasehold Properties £	Short Leasehold Properties	1993 Total £	1992 Total £
At 1st January 1993	2,660,000	13,565,677	-	16,225,677	28,925,677
Additions	-	-	-	-	(34,466)
Transfer to Short Leasehold	-	(315,677)	315,677	-	-
Transfer to Properties held for Resale	-	-	-	-	(5,000,000)
Amortisation	-	-	(96,500)	(96,500)	-
Revaluation Surplus in Year	150,000	50,000	-	200,000	34,466
Disposals	(510,000)	(4,450,000)	-	(4,960,000)	(7,700,000)
At 31st December 1993	<u>2,300,000</u>	<u>8,850,000</u>	<u>219,177</u>	<u>11,369,177</u>	<u>16,225,677</u>

The properties have been valued at 31st December 1993 on an Open Market Basis by the Company's Directors. The properties have a historic cost value of £11,047,582 (1992 - £14,187,221).

Included within the historic cost value are finance charges of £64,215 (1992 - £452,107).

DOLLAR LAND INVESTMENTS LIMITED

Notes to the Financial Statements

for the year ended 31st December 1993

	1993	1992
	£	£
8 Debtors		
<i>Due within one year:</i>		
Trade Debtors	592,847	-
Other Debtors	68,772	-
Other Debtors - Disposal of Properties held for Investment	782,301	7,550,000
Amounts due from Group Undertakings	1,997,784	757,160
Prepayments and Accrued Income	42,303	58,551
	<u>3,484,007</u>	<u>8,365,711</u>
<i>Due after one year:</i>		
Other Debtors	-	1,581,902
	<u>-</u>	<u>1,581,902</u>

9 Cash at Bank

The amount of £Nil (1992 - £209,928) is held to the banks' order as security against loans granted and cannot be withdrawn.

10 Creditors

Amounts falling due within one year

Trade Creditors	842,491	-
Other Creditors	1,649,386	791,378
Accruals and deferred Income	621,664	986,261
National Insurance and Other Taxes	293,290	70,055
Bank Loans and Overdrafts	1,459,112	5,327,938
Other Loans and Advances	-	6,383,807
Taxation	150,506	150,506
	<u>5,016,449</u>	<u>13,709,945</u>

Liabilities under National Insurance and Other Taxes are secured against the Company's Properties held for Investment and other Assets.

Bank Loans and Overdrafts and Other Creditors are secured against the Company's Properties held for Investment.

DOLLAR LAND INVESTMENTS LIMITED

Notes to the Financial Statements

for the year ended 31st December 1993

	1993	1992
	£	£
11 Creditors		
<i>Amounts falling due after more than one year</i>		
<i>Repayable between two and five years</i>		
Bank Loans	4,400,000	4,400,000
Building Society Loan	2,880,000	3,080,000
Other Loans	114,480	1,154,797
	<u>7,394,480</u>	<u>8,634,797</u>
<i>Repayable after five years</i>		
Building Society Loan	<u>1,820,000</u>	<u>4,358,000</u>
Total	<u>9,214,480</u>	<u>12,992,797</u>
Bank and Building Society Loans are secured against the Company's Properties held for Investment.		
The Building Society Loan due after five years is repayable on 19th September 2004. Interest payable on the loans is at normal commercial rates.		
12 Called Up Share Capital		
<i>Authorised, Allotted and Fully Paid</i>		
1000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
13 Capital Reserve		
At 1st January 1993 and at 31st December 1993	<u>387,415</u>	<u>387,415</u>

DOLLAR LAND INVESTMENTS LIMITED

Notes to the Financial Statements

for the year ended 31st December 1993

	1993	1992
	£	£
14 Revaluation Reserve		
The Revaluation Reserve represents surpluses on the revaluation of Properties held for Investment.		
Movements in the Revaluation Reserve during the year are as follows:		
At 1st January 1993	1,019,959	4,313,444
Transfer from Minority Interest (Note 16)	50,000	684,220
Surplus on Properties held for Investment revalued in the year	200,000	34,026
Disposal of Properties held for Investment transferred to Profit and Loss Account	(966,347)	(4,561,472)
Deficit on Revaluation of Properties held for Investment transferred to Properties held for Resale	-	549,741
	<u>303,612</u>	<u>1,019,959</u>
15 Profit and Loss Account		
At 1st January 1993	2,253,604	(1,128,501)
Retained (Loss)/Profit for the year	(3,973,787)	(629,626)
Deficit on Revaluation of Properties held for Investment transferred to Properties held for Resale	-	(549,741)
Realised revaluation surplus	966,347	4,561,472
Transfer from Minority Interest (Note 16)	684,064	-
	<u>(69,772)</u>	<u>2,253,604</u>

DOLLAR LAND INVESTMENTS LIMITED

Notes to the Financial Statements

for the year ended 31st December 1993

	1993	1992
	£	£
16 Minority Interest		
Participants' Share in Revaluation Reserve		
At 1st January 1993	1,018,498	1,702,278
Transfer to Profit and Loss Account (Note 15)	(684,064)	-
Surplus on Properties held for Investment revalued in year	-	440
Transfer to Group Undertakings	(169,954)	-
Transfer to Revaluation Reserve (Note 14)	(50,000)	(684,220)
Transfer to Creditors falling due after more than one year	(114,480)	-
	<hr/>	<hr/>
At 31st December 1993	-	1,018,498
	<hr/>	<hr/>

The participants' share in the revaluation reserve of property held for investment has been reflected in creditors in the Accounts for the year ended 31st December 1993 instead of in Minority Interest as previously.

17 Reconciliation of Operating Profit to net cash inflow/(outflow) from Operating Activities

Operating Profit	2,116,539	2,745,416
Amortisation of Short Leasehold Property	96,500	-
Decrease/(Increase) in Debtors	7,704,230	(7,236,618)
Increase/(Decrease) in Creditors	387,655	(770,716)
(Increase)/Decrease in Amounts due from Group Undertakings	(1,410,578)	-
	<hr/>	<hr/>
	8,894,346	(3,668,705)
	<hr/>	<hr/>

18 Analysis of Changes in Cash and Cash Equivalents during the year

Balance 1st January 1993	203,069	256,796
Net Cash Outflow	(216,172)	(53,727)
	<hr/>	<hr/>
Balance 31st December 1993	(13,103)	203,069
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DOLLAR LAND INVESTMENTS LIMITED

Notes to the Financial Statements

for the year ended 31st December 1993

19 Contingent Liabilities

a) The Company and certain other group companies have given a debenture over their property and assets to the Commissioners of Customs and Excise for the United Kingdom to cover the Group's exposure to VAT and all associated liabilities.

At 31st December 1993 the group's liability to Customs and Excise amounted to £1,217,898.

b) The Company and certain other group companies have provided legal charges over properties held by them as cross collateralisation for loans advanced to these group companies.

At 31st December 1993 the Group's liability to these lenders was approximately £77m, which includes the company's own liability of some £0.6m. The £77m group liability will be reduced by sale proceeds realised from the disposal of the respective secured properties.

c) The Company and certain other group companies have a joint and several liability to the Commissioners of Inland Revenue for part of the outstanding debt owed to them by the Dollar Land group.

At 31st December 1993, the Group's liability to the Commissioners covered by the joint and several liability agreement, was £5.2m.

20 Transactions with Directors

Fees totalling £1,913 have been charged during the year in consideration for management and secretarial services provided in the ordinary course of business by J.A.F. Conseil, a practice in which J.A. Favre was a Partner during the year under review.

There were no other transactions in which the Directors had an interest.

21 Ultimate Parent Undertaking

The company is a subsidiary undertaking of Dollar Land Holdings PLC, which in turn is a subsidiary undertaking of Keristal Investment and Trading SA, a company incorporated in Panama.