

BLACKBERRY LIMITED

DIRECTORS' REPORT AND

FINANCIAL STATEMENTS

for the year ended 30 September 1994

BINDER HAMLYN

Company number 2329963



## **FINANCIAL STATEMENTS**

The directors present their annual report and financial statements for the year ended 30 September 1994.

## **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 and 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; and
- 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.

## **RESULTS AND DIVIDENDS**

The results for the year are shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend.

## **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company is property investment.

The directors are currently in negotiations to either sell the company or its principal asset. These negotiations have not yet been concluded.

## **INVESTMENT PROPERTY**

The company's investment property was revalued at £10,800,000 as at 30 September 1994 at its realisable value.

## **DIRECTORS**

The directors during the year were as follows:

JE Bradley  
JAC Lorimer

None of the directors had an interest in the share capital of the company.

BLACKBERRY LIMITED

DIRECTORS' REPORT  
for the year ended 30 September 1994

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AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 13 July 1995

Director

Registered office:

7 Old Park Lane  
London  
W1Y 3LY

## **AUDITORS' REPORT**

**to the members of Blackberry Limited**

We have audited the financial statements on pages 5 to 10 which have been prepared on the basis of the accounting policies set out on page 7.

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

As described on page 1, the company's directors are responsible for the preparation of 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 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.

### **Going concern**

The company incurred a loss of £468,248 during the period ended 30 September 1994 and, at that date, its liabilities exceeded its assets by £14,396,586. The company is dependent, in the absence of other funding, on the continued financial support of its bankers. The amount of the required support has not been quantified.

We consider that, in view of the matters referred to above, there is a significant level of concern as to whether the company will be able to continue in operational existence in the foreseeable future. Our opinion is not qualified in this respect since, at the balance sheet date, all assets are stated at the directors' estimate of their realisable value and the directors believe that no further liabilities would arise if continued financial support of sufficient amount were not to be forthcoming from the bank.

# BINDER HAMLYN

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17 Lansdowne Road  
Croydon CR9 2PL

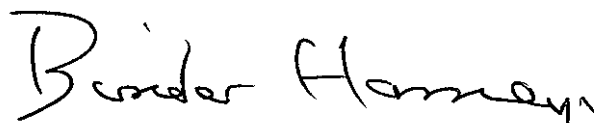
**AUDITORS' REPORT** *continued*  
to the members of Blackberry Limited

**Fundamental uncertainty: Investment property valuation**

In forming our opinion, we have considered the adequacy of the disclosures made in note 6 to the financial statements concerning the value of the company's sole investment property. The value of the investment property, £10,800,000, is based on a valuation made by the directors. Given the current state of the UK property market in which the company operates there is a fundamental uncertainty in estimating the open market value of the property as at 30 September 1994 and whether an adjustment to the valuation made by the directors might be required. 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 30 September 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditors

13 July 1995

**BLACKBERRY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 30 September 1994

	Notes	1994	1993
		£	£
Turnover		1,459,000	1,459,000
Operating costs		(28,535)	(28,445)
Operating profit	3	1,430,465	1,430,555
Facility fee		(55,000)	-
Revaluation of investment property		-	(4,200,000)
Interest receivable		2,093	3,733
Interest payable	5	(1,845,806)	(2,172,706)
Loss on ordinary activities before taxation		(468,248)	(4,938,418)
Tax on loss on ordinary activities		-	-
Loss for the financial year	11	(468,248)	(4,938,418)

**CONTINUING OPERATIONS**

The results for both years, as stated above, represent the continuing activities of the company.

**STATEMENT OF RECOGNISED GAINS AND LOSSES**

All the company's gains and losses have been recognised in arriving at the loss for the financial year.

## BLACKBERRY LIMITED

BALANCE SHEET  
as at 30 September 1994

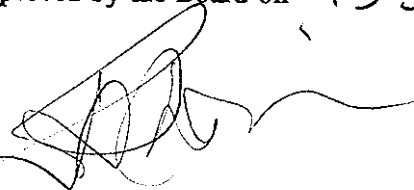
	Notes	1994	1993
		£	£
<b>FIXED ASSETS</b>			
Investment property	6	10,800,000	10,800,000
<b>CURRENT ASSETS</b>			
Debtors	7	193,824	123,131
Cash at bank		365,185	1,941
		559,009	125,072
<b>CREDITORS: amounts falling due within one year</b>	8	(25,755,595)	(24,853,410)
<b>Net current liabilities</b>		(25,196,586)	(24,728,338)
<b>Net liabilities</b>		(14,396,586)	(13,928,338)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100	100
Reserves	11	(14,396,686)	(13,928,438)
<b>Shareholders' funds</b>	12	(14,396,586)	(13,928,338)

The financial statements on pages 5 to 10 were approved by the Board on 13 July 1995

Director



Director



**1 GOING CONCERN**

The company incurred a loss of £468,248 during the year ended 30 September 1994 and, at that date, its liabilities exceeded its assets by £14,396,586. The company meets its day to day working capital requirements through the loans described in note 9. The company is dependent on the continued financial support of its bankers. On the assumption that further support will continue to be made available by the bankers to the company, these financial statements have been prepared on a going concern basis.

**2 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

**Turnover**

Turnover represents rental income derived from properties held for investment.

**Investment property**

In accordance with SSAP 19, the investment property is revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve and profit and loss account, and no depreciation is provided in respect of freehold or leasehold investment properties with over 20 years to run. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**Deferred taxation**

Provision is made for deferred taxation to the extent that it is likely to crystallise in the foreseeable future.

**Compliance with accounting standards**

The financial statements have been prepared in accordance with applicable accounting standards.



# BLACKBERRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

3	OPERATING PROFIT is stated after charging:	1994	1993
		£	£
	Auditors' remuneration	2,950	2,750

### 4 INFORMATION REGARDING EMPLOYEES

The directors are the only employees of the company. None of the directors received remuneration from the company in respect of the year ended 30 September 1994 (1993: £Nil).

### 5 INTEREST PAYABLE

On bank loans repayable within five years not by instalments	1,774,903	2,089,284
On other loans repayable within five years not by instalments	70,903	83,422
	1,845,806	2,172,706

### 6 INVESTMENT PROPERTY

	Freehold land and buildings £
Valuation 1 October 1993 and 30 September 1994	10,800,000

The investment property was revalued by the directors on 30 September 1994 at its realisable value. The investment property had an original cost of £18,388,121.

On disposal of the investment property, or on maturity of the loans:

- (1) Charterhouse Bank Limited will receive a fee equal to 25% of the amount calculated by deducting costs from income.
- (2) Bilston Estates Limited, a connected company, will receive a fee equal to 10% of the amount calculated by deducting costs from income.

Based on the valuation included in these financial statements, there would be no fees payable.

On maturity of the facility, or on disposal of the property Charterhouse Bank Limited will receive a facility fee of £55,000. This has been provided in these financial statements.

If the investment property was sold at the valuation in these financial statements no taxation liability would arise.

BLACKBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7 DEBTORS

	1994 £	1993 £
Other debtors	193,824	123,131

8 CREDITORS: amounts due within one year

Bank loans repayable (note 9)	23,308,183	22,820,785
Amount owed to connected company	38,989	40,378
Connected company loan (note 9)	950,000	950,000
Other creditors	55,000	-
Accruals and deferred income	1,403,423	1,042,247
	25,755,595	24,853,410

9 LOANS

The bank loans are secured as follows:

- (1) by a first legal mortgage over the company's investment property;
- (2) by a first legal charge over the rental income account held at Charterhouse Bank Limited;
- (3) by a debenture over the remaining assets of the company.

The connected company loan repayable within five years is secured by a second fixed charge over the company's investment property.

10 CALLED UP SHARE CAPITAL

	1994 £	1993 £
<b>Authorised</b>		
Ordinary shares of £1 each	10,000	10,000
<b>Allotted, issued and fully paid</b>		
Ordinary shares of £1 each	100	100

# BLACKBERRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 11 RESERVES

	Profit and loss account £
1 October 1993	(13,928,438)
Loss for the year	(468,248)
30 September 1994	(14,396,686)

### 12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Loss for the financial year	(468,248)	(4,938,418)
Opening shareholders' funds	(13,928,338)	(8,989,920)
Closing shareholders' funds	(14,396,586)	(13,928,338)

### 13 PARENT UNDERTAKING

The directors regard Candle Line International Incorporated, a company registered in Panama, as the company's ultimate parent undertaking.

### 14 POST BALANCE SHEET EVENT

The directors are currently in negotiations to either sell the company or its principal asset. These negotiations have not as yet been concluded.