

WYN-RO DEVELOPMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 1997



WYN-RO DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

CONTENTS

	Pages
Officers and advisers	1
Directors' report	2 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes forming part of the financial statements	7 - 10
Detailed trading and profit and loss account	11

WYN-RO DEVELOPMENTS LIMITED

OFFICERS AND ADVISERS

Directors R Tchenguiz BS
V A Tchenguiz BSc, MBA

Secretary M H P Ingham FCA

Auditors Baker Tilly
Hobson House
155 Gower Street
London WC1E 6BJ

Solicitors Julian Holy
31 Brechin Place
London SW7 4QD

Registered Office Leconfield House
Curzon Street
London W1Y 7FB

WYN-RO DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the year ended 31st May 1997.

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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 enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors 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.

Activity and business review

The principal activity of the Company is property investment. A freehold investment property in Livingston, Scotland, was acquired during the year. The Directors consider that the financial position at the year end was satisfactory given the support of the ultimate holding company.

Dividends

The Directors do not recommend the payment of a dividend.

Investment properties

The investment properties held at 31st May 1997 were valued as at that date at £695,000 by the Directors, which resulted in a revaluation surplus for the year of £115,525 as set out in note 6.

Directors and their interests

The Directors who served during the year were:-

R Tchenguiz
V A Tchenguiz

The Directors had no beneficial interest in the share capital of the Company or in that of its ultimate holding company at any time during the year.


WYN-RO DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

Auditors

On 1st November 1997, the partners of Casson Beckman, Chartered Accountants, merged their practice with that of Baker Tilly, Chartered Accountants. Pursuant to an elective resolution the Company has elected not to re-appoint its auditors annually and Baker Tilly will therefore continue in office in accordance with the provisions of section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD



R Tchengtüz

Director

30th March 1998

WYN-RO DEVELOPMENTS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF WYN-RO DEVELOPMENTS LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies as set out on page 7.

Respective responsibilities of Directors and auditors

As described in the Directors' report, 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 financial statements and to report our opinion to you.

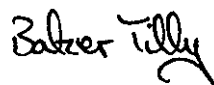
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. 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, are consistently applied and are 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 affairs of the Company as at 31st May 1997 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Chartered Accountants
and Registered Auditors

Hobson House
155 Gower Street
London WC1E 6BJ

30th March 1998

WYN-RO DEVELOPMENTS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST MAY 1997**

	Notes	1997 £	1996 £
Turnover		9,705	-
Administrative expenses	3	(6,169)	-
Interest payable	4	(6,542)	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(3,006)	-
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
Loss for the financial year	12	£(3,006)	£ -
		<hr/>	<hr/>

The loss for the financial year all derives from continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Loss for the financial year	(3,006)	-
Unrealised surplus on valuation of properties	115,525	-
	<hr/>	<hr/>
Total recognised gains and losses for the year	£112,519	£ -
	<hr/>	<hr/>

WYN-RO DEVELOPMENTS LIMITED

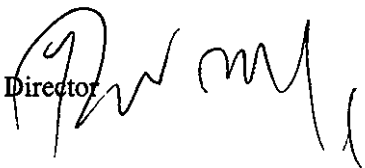
BALANCE SHEET

AT 31ST MAY 1997

	Notes	£	1997 £	£	1996 £
Fixed assets					
Tangible fixed assets	6		695,000		-
Current assets					
Debtors	7	9,990		2	
Cash at bank		22,031		-	
		<u>32,021</u>		<u>2</u>	
Creditors: Amounts falling due within one year	8	(110,014)		-	
Net current (liabilities)/assets			<u>(77,993)</u>		<u>2</u>
Total assets less current liabilities			<u>617,007</u>		<u>2</u>
Creditors: Amounts falling due after more than one year	9		<u>(504,486)</u>		<u>-</u>
Net assets			<u><u>£112,521</u></u>		<u><u>£ 2</u></u>
Capital and reserves					
Called up share capital	11		2		2
Revaluation reserve	12		115,525		-
Profit and loss account	12		(3,006)		-
Shareholders' funds			<u><u>£112,521</u></u>		<u><u>£ 2</u></u>

Approved by the Board on 30th March 1998 and signed on its behalf by

R Tchenguiz - Director



WYN-RO DEVELOPMENTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

1. Accounting policies

The financial statements have been prepared in accordance with statements of standard accounting practice issued by UK accounting bodies.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention with the exception of land and buildings which are stated at revalued amounts.

Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking.

Investment properties

In accordance with Statement of Standard Accounting Practice No 19:

- investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets.

However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to show a true and fair view. Depreciation or amortisation 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

Deferred taxation is calculated on the liability method. It is provided to the extent that it is considered, with reasonable probability, that a liability will become payable within the foreseeable future.

No provision is made for any liability to tax that would arise in the event of the sale of the investment property at the value at which it is stated in the financial statements. However, an estimate of this liability is disclosed in note 10.

2. Employees and Directors

There were no employees other than the Directors, who received no emoluments.

3. Administrative expenses	1997	1996
Administrative expenses include		
Auditors' emoluments	£500	£ -
	=====	=====

WYN-RO DEVELOPMENTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

4. Interest payable	1997	1996
Loans from related party	£6,542	£ -
	<u> </u>	<u> </u>

5. Tax on loss on ordinary activities

No charge for corporation tax arises for the year ended 31st May 1997 as a result of the loss incurred.

6. Tangible fixed assets	Freehold investment property £
Cost or valuation	
Addition during the year at cost	579,475
Revaluation surplus (note 12)	115,525
	<u> </u>
At 31st May 1997 - at valuation	£695,000
	<u> </u>

The investment property held at 31st May 1997 was valued as at that date at £695,000 by the Directors. The original cost of the property was £579,475.

The property is used as part security for the loans made to a fellow subsidiary described in note 9.

7. Debtors	1997	1996
	£	£
Due within one year:		
Trade debtors	9,988	-
Amount owed by holding company	2	2
	<u> </u>	<u> </u>
	£9,990	£ 2
	<u> </u>	<u> </u>

8. Creditors: Amounts falling due within one year	1997	1996
	£	£
Amounts owed to related parties	73,139	-
Other taxes and social security	3,030	-
Accruals and deferred income	33,845	-
	<u> </u>	<u> </u>
	£110,014	£ -
	<u> </u>	<u> </u>

WYN-RO DEVELOPMENTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

9. Creditors: Amounts falling due after more than one year

	1997	1996
Amounts owed to related party	£504,486	£ -

This represents amounts owed to a related party, Rotch Financial Limited a subsidiary of Rotch Property Group Limited, which has procured this finance to acquire the Company's investment property. The loan is to be amortised by rents receivable net of interest payable by July 2020.

The Company's investment property is subject to cross guarantees and is cross collateralised with other properties owned by the Rotch Property Group Limited group of companies and which are used as security for loans to that group. The total value of the loans subject to this cross collateralisation of the underlying securities, including this Company's loan, amounted to £42,313,112.

10. Provision for liabilities and charges

No provision for deferred taxation has been made in respect of the property held as an investment, which is included in these financial statements at a valuation of £695,000. It is estimated that if the property were to be sold at that valuation the tax liability would amount to £34,000.

11. Share capital

	1997	1996
Authorised, allotted, called up and fully paid: 1,000 ordinary shares of £1 each	£1,000	£1,000
Authorised, allotted, called up and fully paid: 2 ordinary shares of £1 each	£ 2	£ 2

12. Reserves and reconciliation of movements in shareholders' funds

	Share capital £	Revaluation reserve £	Profit and loss account £	Total shareholders' funds £
Opening shareholders' funds	2	-	-	2
Loss for the year	-	-	(3,006)	(3,006)
Revaluation in year (note 6)	-	115,525	-	115,525
Closing shareholders' funds	£ 2	£115,525	£(3,006)	£112,521

13. Ultimate holding company

The Company's closest intermediate holding company for which group accounts are drawn up is Wyn-Ro Properties Limited which is registered in England and Wales. This parent undertaking is the holding company of both the largest and smallest group for which group accounts are prepared and of which the Company is a member. Copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

In view of the Company's deficiency of current assets this holding company has agreed to provide financial support as and when required in order for the Company to meet its external obligations.

WYN-RO DEVELOPMENTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

14. Related party transactions

The Company is exempt from financial reporting standard 8 by the virtue of it being a wholly owned subsidiary undertaking of Wyn-Ro Properties Ltd for which group accounts are prepared.

15. Ultimate controlling party

The Company's ultimate controlling party is the Tchenguiz Family Trust.