

Cofton Irish Investments Limited

Report and Financial Statements

◆ *Year ended 30 September 1997* ◆



Company No: 2398604

COFTON IRISH INVESTMENTS LIMITED

CONTENTS

| | Page |
|---|------|
| Company information | 1 |
| Report of the directors | 2-3 |
| Report of the auditors | 4 |
| Profit and loss account | 5 |
| Statement of total recognised gains and losses | 6 |
| Reconciliation of movement in shareholders' funds | 6 |
| Balance sheet | 7 |
| Notes to the financial statements | 8-12 |

COFTON IRISH INVESTMENTS LIMITED

COMPANY INFORMATION

| | |
|-------------------|---|
| Directors | T E Barnsdall A J Stanton P Postlethwaite |
| Secretary | P Postlethwaite |
| Registered office | Cofton House Firwood Road Garretts Green Birmingham B33 0ST |
| Registered number | 2398604 |
| Auditors | Robson Rhodes Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU |
| Bankers | Industrial Credit Corporation PLC 32-34 Harcourt Street Dublin 2 Ireland Bank of Ireland 188-190 Stratford Road Shirley Solihull West Midlands B90 3AQ |

COFTON IRISH INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 September 1997.

Principal activity

The principal activity of the company is that of property investment.

Business review and future developments

The directors have entered into negotiations with Bumalda Holdings to sell the entire share capital of the company on 21 November 1997. Subject to contract Bumalda Holdings will also repay all monies owed to Cofton Land and Property Limited at 21 November 1997 and the outstanding bank loan with ICC Bank and related interest at that date.

If the sale does not proceed, the directors believe that the company could continue to trade profitably as Cofton Irish Investments Limited within ongoing bank facilities.

Results and dividends

The directors do not recommend the payment of a dividend (1996 - £Nil).

Directors

The directors of the company are set out on page 1. All of the directors served throughout the period.

None of the directors have a beneficial interest in the shares of the company as defined by the Companies Act 1985.

The interests of the directors in the shares of the ultimate holding company, Cofton Group Limited, are disclosed in the financial statements of that company.

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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

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. 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.

COFTON IRISH INVESTMENTS LIMITED

REPORT OF THE DIRECTORS
(Continued)

Auditors

The auditors, Robson Rhodes are willing to continue in office, and a resolution to reappoint them will be proposed at the Annual General Meeting.

The report of the directors was approved by the Board on 20 November 1997 and signed on its behalf by:



PHILIP POSTLETHWAITE
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF COFTON IRISH INVESTMENTS LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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. 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 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 30 September 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robson Rhodes
Chartered Accountants and Registered Auditor

Birmingham
20 November 1997

COFTON IRISH INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT**for the year ended 30 September 1997**

| | Note | 1997 £ | 1996 £ |
|---|-------------|-------------------|-------------------|
| Turnover - continuing operations | 2 | 180,948 | 261,423 |
| Cost of sales | | - | - |
| | | <hr/> | <hr/> |
| Gross profit | | 180,948 | 261,423 |
| Administrative expenses | | (43,925) | (18,769) |
| | | <hr/> | <hr/> |
| Operating profit - continuing operations | 3 | 137,023 | 242,654 |
| Interest receivable and similar income | 4 | 61 | 119 |
| Interest payable | 5 | (434,573) | (184,861) |
| Other income | | 13,977 | 488 |
| | | <hr/> | <hr/> |
| (Loss)/profit on ordinary activities before taxation | | (283,512) | 58,400 |
| Tax on profit on ordinary activities | 8 | - | (6,000) |
| | | <hr/> | <hr/> |
| Retained (loss)/profit for the financial year | 15 | (283,512) | 52,400 |
| | | <hr/> <hr/> | <hr/> <hr/> |

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the years stated above and their historical cost equivalents.

COFTON IRISH INVESTMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 30 September 1997

| | 1997 | 1996 |
|---------------------------------------|-------------|-------------|
| | £ | £ |
| (Loss)/profit for the financial year | (283,512) | 52,400 |
| Foreign currency exchange differences | (43,393) | 74,211 |
| Property revaluation | 90,171 | - |
| | <hr/> | <hr/> |
| Total recognised (losses)/gains | (236,734) | 126,611 |
| | <hr/> | <hr/> |

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the period ended 30 September 1997

| | 1997 | 1996 |
|---------------------------------|-------------|-------------|
| | £ | £ |
| Total recognised (losses)/gains | (236,734) | 126,611 |
| Opening shareholders' funds | 241,839 | 115,228 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 5,105 | 241,839 |
| | <hr/> | <hr/> |

COFTON IRISH INVESTMENTS LIMITED**BALANCE SHEET**
at 30 September 1997

| | Note | 1997 £ | 1996 £ |
|--|------|-------------|-------------|
| Fixed assets | | | |
| Investment properties | 9 | 1,893,597 | 2,049,180 |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Debtors | 10 | 13,977 | 23,531 |
| Cash at bank and in hand | | 5,021 | 19,038 |
| | | <hr/> | <hr/> |
| | | 18,998 | 42,569 |
| Creditors: Amounts falling due within one year | 11 | (1,914,430) | (406,601) |
| | | <hr/> | <hr/> |
| Net current liabilities | | (1,895,432) | (364,032) |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | (1,835) | 1,685,148 |
| Creditors: Amounts falling due after more than one year | 12 | - | (1,443,309) |
| Provisions for liabilities and charges | 13 | 6,940 | - |
| | | <hr/> | <hr/> |
| Net assets | | 5,105 | 241,839 |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 14 | 100 | 100 |
| Investment revaluation reserve | 15 | 339,538 | 249,367 |
| Profit and loss account | 15 | (331,560) | (48,048) |
| Other reserves | 15 | (2,973) | 40,420 |
| | | <hr/> | <hr/> |
| Equity shareholders' funds | | 5,105 | 241,839 |
| | | <hr/> | <hr/> |

The financial statements were approved by the Board on 20 November 1997 and signed on its behalf by:



ANDREW JOHN STANTON
Director

NOTES TO THE FINANCIAL STATEMENTS

30 September 1997

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of certain land and buildings.

Foreign currencies

Assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date. The trading results are translated into sterling at the average exchange rate for the period. Exchange differences arising in respect of the revenue transactions in the accounting period are included in the profit and loss account. Other exchange differences are taken to reserves.

Turnover

Turnover comprises rent and charges to clients and the invoiced value of properties sold, excluding valued added tax.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

Investment properties

Investment properties are revalued annually and the surplus or deficit is transferred to Revaluation Reserve. In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold investment properties and leasehold properties with over 20 years to run.

The directors consider that this accounting policy results in the accounts giving a true and fair view. 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

| | 1997 | 1996 |
|------------------|-------------|-------------|
| | £ | £ |
| Rents receivable | 180,948 | 261,423 |
| | <hr/> | <hr/> |

COFTON IRISH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS**30 September 1997****3. OPERATING PROFIT**

Operating profit is arrived at after charging:

| | 1997 | 1996 |
|------------------------|-------------|-------------|
| | £ | £ |
| Auditors' remuneration | 1,500 | 1,533 |
| | <hr/> | <hr/> |

4. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 1997 | 1996 |
|--------------------------|-------------|-------------|
| | £ | £ |
| Bank interest receivable | 61 | 119 |
| | <hr/> | <hr/> |

5. INTEREST PAYABLE

| | 1997 | 1996 |
|---------------------|-------------|-------------|
| | £ | £ |
| Bank loan interest | 91,573 | 184,861 |
| Group loan interest | 343,000 | - |
| | <hr/> | <hr/> |
| | 434,573 | 184,861 |
| | <hr/> | <hr/> |

6. EMPLOYEES

The company had no employees during the period other than the directors on page 1.

7. DIRECTORS

The directors did not receive any emoluments during the year (1996 - £Nil).

8. TAXATION

| | 1997 | 1996 |
|---------------------------------------|-------------|-------------|
| | £ | £ |
| Corporation tax at 22.5% (1996 - 33%) | 6,940 | - |
| Group relief payable at 25% | - | 6,000 |
| Transfer from deferred taxation | (6,940) | - |
| | <hr/> | <hr/> |
| | NIL | 6,000 |
| | <hr/> | <hr/> |

COFTON IRISH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS**30 September 1997****9. INVESTMENT PROPERTIES**

| | 1997 | 1996 |
|----------------------|-------------|-------------|
| | £ | £ |
| At 1 October 1996 | 2,049,180 | 2,002,002 |
| Exchange differences | (245,754) | 47,178 |
| Revaluation | 90,171 | - |
| | <hr/> | <hr/> |
| At 30 September 1997 | 1,893,597 | 2,049,180 |
| | <hr/> | <hr/> |

The company's investment property has been valued by the directors of the company during the year. The directors consider that the carrying value at 30 September 1997 fairly represents its open market value.

10. DEBTORS

| | 1997 | 1996 |
|--|-------------|-------------|
| | £ | £ |
| Amounts owed by fellow subsidiary undertakings | - | 6,477 |
| Group relief receivable | - | 17,054 |
| Other debtors | 13,977 | - |
| | <hr/> | <hr/> |
| | 13,977 | 23,531 |
| | <hr/> | <hr/> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1997 | 1996 |
|---|-------------|-------------|
| | £ | £ |
| Bank loan | 1,240,948 | - |
| Amounts owed to parent and fellow subsidiary undertakings | 605,326 | 369,682 |
| Corporation tax | 6,940 | - |
| Accruals and deferred income | 61,216 | 30,919 |
| Group relief payable | - | 6,000 |
| | <hr/> | <hr/> |
| | 1,914,430 | 406,601 |
| | <hr/> | <hr/> |

The bank loan is secured by a fixed charge over the company's freehold investment property and a floating charge over the company's remaining assets.

COFTON IRISH INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 September 1997****12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

| | 1997 £ | 1996 £ |
|--|-----------|-----------|
| Bank loans repayable otherwise than by instalments and due between one and two years | NIL | 1,443,309 |

13. PROVISIONS FOR LIABILITIES AND CHARGES

As stated in note 1, provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

| | Amounts provided | | Amounts not provided | |
|--|------------------|-----------|----------------------|-----------|
| | 1997 £ | 1996 £ | 1997 £ | 1996 £ |
| Revaluation surplus on investment property | - | - | - | 20,000 |
| Short term timing differences | (6,940) | - | (39,343) | - |
| | (6,940) | NIL | (39,343) | 20,000 |

14. SHARE CAPITAL

| | 1997 £ | 1996 £ |
|------------------------------------|-----------|-----------|
| Authorised | | |
| 250,000 Ordinary shares of £1 each | 250,000 | 250,000 |
| Allotted and fully paid | | |
| 100 Ordinary shares of £1 each | 100 | 100 |

15. RESERVES

| | Investment revaluation reserve £ | Profit and loss account £ | Other reserves £ | Total £ |
|--|---|---------------------------------|------------------------|------------|
| At 1 October 1996 | 249,367 | (48,048) | 40,420 | 241,739 |
| Loss for the year | - | (283,512) | - | (283,512) |
| Other foreign exchange translation differences | - | - | (43,393) | (43,393) |
| Investment property revaluation | 90,171 | - | - | 90,171 |
| At 30 September 1997 | 339,538 | (331,560) | (2,973) | 5,005 |

COFTON IRISH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 September 1997

16. BANK LOANS, OVERDRAFTS AND CONTINGENT LIABILITIES

The group's banking facilities are subject to cross guarantees entered into by the holding company and its subsidiaries. The company has created a fixed and floating charge over all its assets to secure all amounts owing to Bank of Ireland by the holding company and its subsidiaries.

17. POST BALANCE SHEET EVENT

The directors have entered into negotiations with Bumalda Holdings to sell the entire share capital of the company on 21 November 1997. Subject to contract Bumalda Holdings will also repay all monies owed to Cofton Land and Property Limited at 21 November 1997 and the outstanding bank loan with ICC Bank and related interest at that date.

If the sale does not proceed, the directors believe that the company could continue to trade profitably as Cofton Irish Investments Limited within ongoing bank facilities.

18. PARENT UNDERTAKING

The ultimate parent company is Cofton Group Limited, which is registered in England and Wales.

Its group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.