

MAINSCE NE LIMITED  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 1998

REGISTERED NUMBER 2484861



**MAINSCENE LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 1998**

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## MAINSCENE LIMITED

### REPORT OF THE DIRECTORS

#### FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 1998

The directors present their report and audited financial statements for the fifteen months ended 31 December 1998.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year was property investment from which it derives rental income. The results for the year are set out on page 4. A dividend of £4,000,000 has been paid for the fifteen months ended 31<sup>st</sup> December 1998. (1997: Nil)

#### DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who held office during the period and who had no direct beneficial interest in the issued ordinary share capital of the company were as follows:

J Esfandi  
W A Oliver

The interests of the directors in the shares of Winglaw Group Limited, the ultimate holding company are disclosed in the accounts 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 the 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; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### TANGIBLE FIXED ASSETS

Information concerning tangible fixed assets is set out in note 8 to the accounts.

#### YEAR 2000

The directors have considered the risk and uncertainties associated with the year 2000 and have undertaken reviews of the systems and procedures sufficient to safeguard the Group's assets and activities.

**MAJNSCENE LIMITED**

**REPORT OF THE DIRECTORS – Continued**

**FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 1998**

**DIRECTORS AND OFFICERS LIABILITY INSURANCE**

During the year the company's ultimate holding company maintained insurance to indemnify directors and officers against liability arising from negligence, breach of duty and breach of trust in relation to the group as permitted under Section 310(3) of the Companies Act 1985.

BY ORDER OF THE BOARD



W A Oliver  
Director

21<sup>st</sup> June 1999

40 Park Street  
London  
W1Y 3PF

**MAINSCENE LIMITED**

**REPORT OF THE AUDITORS**

**TO THE MEMBERS OF MAINSCENE LIMITED**

We have audited the financial statements on pages 4 to 12.

**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. 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 circumstance, 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 affairs of the company as at 31 December 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

21 June 1999

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
8 Salisbury Square  
London EC4Y 8BB

**MAINSCENE LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE FIFTEEN MONTHS ENDING 31 DECEMBER 1998**

	<u>Note</u>	15 months to 31/12/98 £	Year to 30/9/97 £
Turnover		1,228,444	2,358,934
Direct property costs		(6,355)	(205,996)
Gross profit		<u>1,222,089</u>	<u>2,152,938</u>
Administrative expenses		(400)	3,570
Operating profit		<u>1,221,689</u>	<u>2,156,508</u>
Realised deficit on sale of investment property		(334,327)	-
Profit on ordinary activities before interest		<u>887,362</u>	<u>2,156,508</u>
Net interest payable and similar charges	5	(1,140,244)	(1,333,797)
(Loss)/Profit on ordinary activities before taxation	2	(252,882)	822,711
Tax on profit on ordinary activities	7	-	-
(Loss)/Profit for the period		<u>(252,882)</u>	<u>822,711</u>
Dividends	6	<u>4,000,000</u>	-
Retained (Loss)/Profit for the period		<u>(4,252,882)</u>	<u>822,711</u>

No activities were discontinued during the year.

The notes on page 7 to 12 form part of these accounts.

**MAINSCENE LIMITED****FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 1998****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	1998 £	1997 £
(Loss)/Profit for the financial period	(252,882)	822,711
Unrealised surplus on revaluation of investment properties	138,583	-
Total (losses)/gains for the period	<u>(114,299)</u>	<u>822,711</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

(Loss)/Profit on ordinary activities before tax	(252,882)	822,711
Realisation of investment properties revaluation gains of previous years	4,778,899	-
Historical cost profit on ordinary activities before tax	<u>4,526,017</u>	<u>822,711</u>
Historical cost profit for the period retained after taxation and dividends	<u>526,017</u>	<u>822,711</u>

**RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS**

Brought forward	8,077,889	7,255,178
Retained (Loss)/Profit for the period after taxation	(4,252,882)	822,711
Other recognised gains in the period	138,583	-
Carried forward	<u>3,963,590</u>	<u>8,077,889</u>


**MAINSCENE LIMITED****BALANCE SHEET AS AT 31 DECEMBER 1998**

	Note	1998 £	1997 £
<b><u>FIXED ASSETS</u></b>			
Tangible assets	8	34,558,583	26,893,866
<b><u>CURRENT ASSETS</u></b>			
Debtors: due within one year	9	205,845	317,524
: due after more than one year	9	42,596,454	2,489,666
Cash at bank and in hand		254,525	1,209,054
		<u>43,029,824</u>	<u>4,016,244</u>
CREDITORS: amounts falling due within one year	10	(1,082,196)	(1,794,106)
NET CURRENT ASSETS		<u>41,974,628</u>	<u>2,222,138</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		76,506,211	29,116,004
CREDITORS: amounts falling due after more than one year	10	(72,569,621)	(21,038,117)
NET ASSETS		<u>3,963,590</u>	<u>8,077,889</u>
 <b><u>CAPITAL AND RESERVES</u></b>			
Called up share capital	11	3,751,000	3,751,000
Revaluation reserve	12	138,583	4,778,899
Profit and loss account	12	74,007	(452,010)
SHAREHOLDERS' FUNDS – EQUITY		<u>3,963,590</u>	<u>8,077,889</u>

These financial statements were approved by the board of directors on 21<sup>st</sup> June 1999 and were signed on its behalf by:



J Estandi  
Director



W A Oliver  
Director



## **MAINSCENE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 1998**

#### **1. ACCOUNTING POLICIES**

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

##### **1.1 Historical cost convention**

The financial statements have been prepared under the historical cost convention modified by the inclusion of investment properties at their latest valuation and in accordance with applicable accounting standards.

##### **1.2 Investment properties**

Investment properties are stated at year end open market values determined in accordance with the Statements of Asset Valuation Practice issued by the Royal Institution of Chartered Surveyors. All properties are valued annually by the directors or independent professionals. Surpluses and temporary deficits arising on valuation are taken directly to the revaluation reserve. A deficit is considered permanent where it is reasonably certain that a loss will be crystallised upon disposal. Provision for such losses are provided in the profit and loss account. No provision for depreciation is made in respect of these properties since they are held for investment and are re-valued annually. The directors consider that this accounting policy, which is a departure from the requirements of the Companies Act concerning depreciation of fixed assets, is necessary to provide 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. All surpluses over book value on realisation of investment properties have been released to the profit and loss account.

##### **1.3 Other Fixed Assets**

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost less estimate values of these assets over their estimated useful economic lives by equal annual instalments. The rates used are:-

Motor vehicles – 25%

##### **1.4 Turnover**

Turnover represents rental and sundry income arising in the UK and is stated net of Value Added Tax.

##### **1.5 Statement of cash flows**

In accordance with the requirements of the Financial Reporting Standard No. 1 (Cash Flow Statements) the company has not prepared a cash flow statement on the basis that all of the voting rights are controlled by Winglaw Group Limited, incorporated in England, and who will publish consolidated financial statements that also include a consolidated cash flow statement.

##### **1.6 Sales of Properties**

Sales of properties are accounted for on unconditional exchange of contracts prior to the year end with completion prior to approval of the accounts by the board of directors.

##### **1.7 Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purpose. Provision is made for deferred tax to the extent that it is expected that an actual liability will crystallise.

## **MAINSCENE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 1998**

	15 months 1998 £	12 months 1997 £
2. <u>(Loss)/profit on ordinary activities before taxation</u>		
This is stated after charging/(crediting)		
Profit on disposal of fixed assets	-	(4,267)
Depreciation	2,274	4,100

The auditors' remuneration is met by the ultimate holding company.

#### 3. DIRECTORS' REMUNERATION

The directors' remuneration is met by other group undertakings.

#### 4. EMPLOYEES AND STAFF COSTS

The employment costs of staff engaged in shopping centre management are recharged to the tenants of the shopping centre by way of a service charge. The Middleton shopping centre was sold on 24/3/98. The average number of employees of the company excluding directors, during the period was 13 1/10/97 to 24/3/98 (1997:13).

#### 5. NET INTEREST PAYABLE AND SIMILAR CHARGES

Bank loans, overdrafts and other loans repayable after more than five years

1,148,265      1,367,405

Interest receivable

(8,021)      (33,608)

1,140,244      1,333,797

#### 6. DIVIDENDS

Final dividend at £1.07 a share (1997:£Nil)

4,000,000      -

## MAINSCENE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 1998

#### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

No tax is payable on profit on ordinary activities due to surplus management expenses brought forward from prior years.

#### 8. TANGIBLE FIXED ASSETS

##### Investment properties

	Freehold Land and Buildings £	Motor Vehicles £	TOTAL £
<u>Cost or valuation</u>			
At 1 October 1997	26,877,947	18,193	26,896,140
Additions	34,876,380	-	34,876,380
Disposal	(27,334,327)	(18,193)	(27,352,520)
Revaluation	138,583	-	138,583
At 31 December 1998	34,558,583	Nil	34,558,583
<u>Accumulated Depreciation</u>			
At 1 October 1997	-	2,274	2,274
Disposal	-	(4,548)	(4,548)
Charge for the period	-	2,274	2,274
At 31 December 1998	-	Nil	Nil
<u>Net Book Value</u>			
At 31 December 1998	34,558,583	Nil	34,558,583
At 30 September 1997	26,877,947	15,919	26,893,866

The historic cost to the company of the revalued investment property is:

At 31 December 1998	34,420,000
At 30 September 1997	22,096,774

At the year end the directors have considered the value of all fixed assets as disclosed above. The company's investment properties were independently valued in December 1998 on an open market existing use basis by St Quintin, for banking purposes. The directors are in agreement with these valuation figures.

**MAINSCENE LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 1998****9. DEBTORS**

	1998 £	1997 £
Due within one year:		
Rent, insurance and service charges receivable	2,435	317,524
Trade debtors	17,000	-
Prepayments and accrued income	186,410	-
	<u>205,845</u>	<u>317,524</u>
Due after more than one year:		
Amounts owed by parent company	<u>42,596,454</u>	<u>2,489,666</u>

**10. CREDITORS**

	1998 £	1997 £
Amounts falling due within one year:		
Bank loans and overdrafts	-	800,000
Trade creditors	344,534	92,902
Other creditors including taxation and social security	1,819	1,819
Accruals and deferred income	735,843	899,385
	<u>1,082,196</u>	<u>1,794,106</u>
Amounts falling due after more than one year:		
Bank loans and overdrafts	34,000,000	15,500,000
Amounts owed to group undertakings	38,569,621	5,538,117
	<u>72,569,621</u>	<u>21,038,117</u>
Repayable within 1 to 2 years	375,000	6,338,117
Repayable within 2 to 5 years	2,762,500	14,700,000
Repayable after 5 years	30,862,500	-
	<u>34,000,000</u>	<u>21,038,117</u>

The amounts owed to group undertakings are interest free and are subject to twelve months notice.

## **MAINSCENE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 1998**

##### **11. CALLED UP SHARE CAPITAL**

	1998 £	1997 £
Authorised and allotted, called up and fully paid:		
3,750,000 Ordinary shares of £1 each	3,750,000	3,750,000
25 Ordinary "A" shares of £1 each	25	25
75 Ordinary "B" shares of £1 each	75	75
900 Deferred shares of £1 each	900	900
	<u>3,751,000</u>	<u>3,751,000</u>

##### **12. RESERVES**

	Revaluation Reserve £	Profit and Loss Account £
Brought forward	4,778,899	(452,010)
Profit retained	-	(4,252,882)
Revaluation gains realised on disposal	(4,778,899)	4,778,899
Revaluation of investment property	138,583	-
	<u>138,583</u>	<u>74,007</u>

##### **13. CAPITAL COMMITMENTS**

The company had no capital commitments at 31 December 1998 (1997:£Nil).

##### **14. TRANSACTIONS WITH RELATED PARTIES**

As all of the voting rights are controlled by Winglaw Group Limited, the company has taken advantage of the exemption under Financial Reporting Standard 8, not to provide information on related party transactions with other undertakings within the Winglaw group.

**MAINSCENE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 1998**

15. **ULTIMATE PARENT COMPANY**

The immediate parent company is Dwyer Estates plc, a company registered and incorporated in England.

The ultimate holding and controlling company of Mainscene Limited is Winglaw Group Limited, a company registered and incorporated in England.