

# HA Leasing Limited

## FINANCIAL STATEMENTS

for the year ended

31 May 2003



Company Registration No. 03462658

# HA Leasing Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

R Tchenguiz  
V A Tchenguiz

### SECRETARY

M H P Ingham

### COMPANY NUMBER

03462658 (England)

### REGISTERED OFFICE

18 Upper Grosvenor Street  
London  
W1K 7PW

### AUDITORS

Baker Tilly  
The Clock House  
140 London Road  
Guildford  
Surrey  
GU1 1UW

### SOLICITORS

Julian Holy  
Emperor's Gate  
114A Cromwell Road  
London  
SW7 4ES

# HA Leasing Limited

## DIRECTORS' REPORT

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The directors submit their report and financial statements of HA Leasing Limited for the year ended 31 May 2003.

### PRINCIPAL ACTIVITIES

The principal activity of the company, which has remained unchanged during the financial year, was that of property investment and holding lease interests in land and buildings.

### REVIEW OF THE BUSINESS

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2003 were satisfactory given the support of the United Kingdom holding company.

### DIVIDENDS

The directors do not recommend payment of a dividend.

### DIRECTORS

The following directors have held office since 1 June 2002:

R Tchenguiz  
V A Tchenguiz

### DIRECTORS' INTERESTS IN SHARES

The directors at 31 May 2003 had no beneficial interest in the share capital of the company at any time during the year.

The interests of the directors in the share capital of the United Kingdom holding company, Rotch Property Group Limited, are set out in the directors' report of that company.

### INVESTMENT PROPERTY

The investment property held at 31 May 2003 was valued as at that date at £609,000 by the directors. The increase in value during the year amounted to £32,000 as set out in note 7.

### CHANGES IN PRESENTATION OF THE FINANCIAL STATEMENTS

The company had previously accounted for all of its property investment as investment properties. Following a review of the lease documentation two of the properties were reclassified as finance leases.

Accordingly the comparative figures in the financial statements have been restated to account for these properties as finance leases.

# HA Leasing Limited

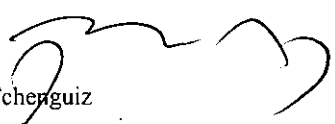
## DIRECTORS' REPORT (CONTINUED)

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### AUDITORS

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with Section 386(1) of the Companies Act 1985. Therefore, the auditors, Baker Tilly, will be deemed to be reappointed for each succeeding financial year.

On behalf of the board



R Tchenguiz  
Director

17 February 2004

# HA Leasing Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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;*
- 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 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HA LEASING LIMITED

We have audited the financial statements on pages 6 to 15 .

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to any other information.

### **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 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 the company's affairs as at 31 May 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
BAKER TILLY

Registered Auditor  
Chartered Accountants  
The Clock House  
140 London Road  
Guildford  
Surrey  
GU1 1UW

17 February 2004

HA Leasing Limited  
 PROFIT AND LOSS ACCOUNT  
 for the year ended 31 May 2003

		2003	2002
	<i>Notes</i>	£	as restated £
TURNOVER	1	260,696	254,668
Other operating expenses	2	(3,365)	(2,957)
OPERATING PROFIT		257,331	251,711
Interest payable and similar charges	3	(250,193)	(251,735)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	7,138	(24)
Taxation	6	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	14	7,138	(24)

All amounts derive from continuing activities.

# HA Leasing Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 May 2003

		2003	2002
			as restated
	<i>Notes</i>	£	£
Profit/(loss) for the financial year		7,138	(24)
Unrealised surplus on revaluation of properties	7	32,000	10,000
		<hr/>	<hr/>
Total recognised gains and losses relating to the year		39,138	9,976
Prior year adjustment	16	(170,718)	-
		<hr/>	<hr/>
Total gains and losses recognised since last financial statements		(131,580)	9,976
		<hr/> <hr/>	<hr/> <hr/>



# HA Leasing Limited

## BALANCE SHEET

31 May 2003

	Notes	2003 £	2002 as restated £
<b>FIXED ASSETS</b>			
Tangible assets	7	609,000	577,000
Investments	8	236,836	236,836
		<u>845,836</u>	<u>813,836</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	9	72,581	56,540
Debtors: amounts falling due after more than one year	9	2,909,345	2,874,109
		<u>2,981,926</u>	<u>2,930,649</u>
CREDITORS: Amounts falling due within one year	10	(452,454)	(414,627)
		<u>2,529,472</u>	<u>2,516,022</u>
<b>NET CURRENT ASSETS</b>			
		<u>3,375,308</u>	<u>3,329,858</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
CREDITORS: Amounts falling due after more than one year	11	(3,579,106)	(3,572,794)
		<u>(203,798)</u>	<u>(242,936)</u>
<b>NET LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100	100
Revaluation reserve	14	124,198	92,198
Profit and loss account	14	(328,096)	(335,234)
		<u>(203,798)</u>	<u>(242,936)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>			
	15	<u>(203,798)</u>	<u>(242,936)</u>

Approved by the board on 17 February 2004

R Tchenguiz

Director



# HA Leasing Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

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

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

The company has not prepared consolidated accounts as it is a wholly owned subsidiary of a United Kingdom registered company.

### INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No.19, investment properties are revalued annually on an open market basis and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment may be a departure from the requirements of the Companies Act concerning the 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 give 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.

### INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

### DEFERRED TAXATION

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

### TURNOVER

Turnover comprises rent receivable and finance lease income.

### CASH FLOW STATEMENT

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

### FINANCE LEASES

Finance leases are originally stated at the amount of net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in the accounting period and reduced by payments made in the period. Finance costs of finance leases are recognised in the profit and loss account so as to produce a constant rate of interest on the carrying amount.

# HA Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 May 2003

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#### 1. TURNOVER

The contributions of the various activities of the company to turnover are set out below:

	2003	2002 as restated
	£	£
Rent receivable	33,249	32,073
Finance lease income	227,447	222,595
	<u>260,696</u>	<u>254,668</u>

#### 2. OTHER OPERATING EXPENSES

	2003	2002
	£	£
Administrative expenses	3,365	3,365
Other operating income	-	(408)
	<u>3,365</u>	<u>2,957</u>

#### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
On bank loans and overdrafts	248,341	249,883
Finance charges	1,852	1,852
	<u>250,193</u>	<u>251,735</u>

#### 4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003	2002
	£	£
Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

#### 5. EMPLOYEES

There were no employees during the year apart from the directors, who received no emoluments.

# HA Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2003

6. TAXATION	2003	2002
	£	£
Current tax charge	-	-
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	7,138	(24)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002: 30.00 %)	2,141	(7)
Effects of:		
Tax losses utilised	17,353	20,117
Lease premium relief	(8,923)	(8,923)
Amortisation of finance lease premiums	(10,571)	(11,187)
	(2,141)	7
Current tax charge	-	-

The company has estimated losses of £ 610,700 (2002: £ 552,900 ) available for carry forward against future rental income.

## 7. TANGIBLE FIXED ASSETS

	<i>Investment property</i> £
Valuation	
1 June 2002	3,618,000
Prior year adjustment (see note 16)	(3,041,000)
1 June 2002 as restated	577,000
Revaluation surplus	32,000
31 May 2003	609,000

The property was valued as at 31 May 2003 at £609,000 (2002: £577,000 ) by the directors.

The original cost of the property was £484,802 (2002: £484,802).

Investment property at net book value comprises:	2003	2002 as restated
	£	£
Long leasehold	609,000	577,000

# HA Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 May 2003

### 8. FIXED ASSET INVESTMENTS

	<i>Shares in subsidiary undertaking £</i>
Cost or valuation	
1 June 2002 and 31 May 2003	236,836

In the opinion of the directors the aggregate value of the company's investment in the subsidiary undertaking is not less than the amount included in the balance sheet.

The subsidiary undertaking is Restgrove Limited which is engaged in property investment and is registered in England. The investment represents 100% of that company's allotted share capital of ordinary £1 shares. At 31 May 2003 the subsidiary company's share capital and reserves and profit for the year then ended were £466,239 (2002: £405,183) and £9,456 (2002: £6,860) respectively.

9. DEBTORS	2003	2002 as restated
	£	£
Trade debtors	23,369	-
Finance leases	2,909,345	2,874,109
Other debtors	6,312	11,787
Prepayments and accrued income	42,900	44,753
	<u>2,981,926</u>	<u>2,930,649</u>

Amounts falling due after more than one year and included in the debtors above are:

	2003	2002 as restated
	£	£
Finance leases	<u>2,909,345</u>	<u>2,874,109</u>

10. CREDITORS: Amounts falling due within one year	2003	2002 as restated
	£	£
Bank overdraft	23,304	-
Amounts owed to United Kingdom holding company	365,309	350,298
Accruals and deferred income	63,841	64,329
	<u>452,454</u>	<u>414,627</u>

# HA Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 May 2003

11. CREDITORS: Amounts falling due after more than one year	2003 £	2002 £
Bank loan	<u>3,579,106</u>	<u>3,572,794</u>
Loan maturity analysis:		
In more than one year but not more than two years	1,130	-
In more than two years but not more than five years	50,800	20,336
In more than five years	<u>3,527,176</u>	<u>3,552,458</u>

The loan is repayable by 2024, and bears interest at 6.99% per annum. It is secured by a fixed and floating charge over the company's investment property and finance leases and by cross-guarantees from, supported by the investment properties held by, certain group and affiliated undertakings. The total amount owed by these undertakings under the cross-guarantee arrangement as at 31 May 2003 amounted to £4,370,183 (2002: £4,366,865). The loan is amortised by the rent receivable and finance lease income net of interest paid. Initially the interest paid is higher than the rent and finance lease income received leading to an increase in the loan in the short term.

## 12. DEFERRED TAXATION

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 £609,000 (2002: £577,000). It is estimated that if this property were to be sold at that valuation the tax liability would amount to £Nil (2002: £Nil).

The company has non trading losses carried forward that have not been recognised as a deferred tax asset. At the corporation tax rate of 30% this amounts to £183,200 (2002: £165,900). The deferred tax asset has not been recognised as its utilisation in the near future is considered remote.

13. SHARE CAPITAL	2003 £	2002 £
Authorised:		
100 ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
Allotted, issued and fully paid:		
100 ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

# HA Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 May 2003

### 14 . STATEMENT OF MOVEMENT ON RESERVES

	<i>Revaluation reserve</i>	<i>Profit and loss account</i>
	£	£
1 June 2002	369,942	(442,260)
Prior year adjustment (see note 16)	(277,744)	107,026
1 June 2002 as restated	92,198	(335,234)
Retained profit for the year	-	7,138
Revaluation during the year	32,000	-
31 May 2003	124,198	(328,096)

The prior year adjustment arises due to the reclassification of two of the company's property investments, previously included as a tangible fixed asset, as finance leases.

### 15 . RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit/(Loss) for the financial year	7,138	(24)
Other recognised gains and losses	32,000	10,000
Net addition to shareholders' funds	39,138	9,976
Opening shareholders' funds as restated	(242,936)	(252,912)
Closing shareholders' funds	(203,798)	(242,936)

Opening shareholders' funds were originally (£72,218) before deducting prior year adjustments of £170,718.

# HA Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 May 2003

### 16 PRIOR YEAR ADJUSTMENT

The company had previously accounted for all its property investments as investment properties. Following a review of the lease documentation two of the properties were reclassified as finance leases. The correction of this error has been made by way of a prior year adjustment in view of the significance of the amounts involved.

This adjustment has had the following effect on the 2002 figures:

	£
Decrease in fixed assets	(3,041,000)
Increase in debtors	2,874,109
Increase in creditors	(3,827)
	(170,718)
Decrease in revaluation reserve	277,744
	107,026
Increase in P&L reserve as at 31 May 2002	
Increase in P&L reserve as at 31 May 2001	(73,561)
	33,465
Effect on profit and loss account for year ended 31 May 2002	

### 17 OWNERSHIP AND CONTROL

The company's immediate holding company is Waxford Limited, which is registered in England.

The company's closest intermediate holding company for which group accounts are drawn up is Rotch Property Group Limited, which is registered in England. This parent undertaking is the holding company of both the largest and the 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 net assets, this holding company has agreed to provide financial support as and when required in order for the company to meet its external obligations.

The directors regard the ultimate holding company to be Vin-Rotch Properties Limited Inc., a company incorporated in the Republic of Panama.

The ultimate controlling party is the Tchenguiz Family Trust.

### 18 RELATED PARTY TRANSACTIONS

The company is exempt from disclosing intra-group related party transactions under Financial Reporting Standard 8 by virtue of it being a wholly owned subsidiary undertaking of Rotch Property Group Limited, for which group accounts are prepared.



# HA Leasing Limited

## DETAILED PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2003

	<i>Schedule</i>	2003 £	2002 £
Turnover		260,696	254,668
Other operating income	1	-	408
Administration expenses	2	(3,365)	(3,365)
Interest payable	3	(250,193)	(251,735)
Profit/(loss) on ordinary activities before taxation		<u>7,138</u>	<u>(24)</u>

The detailed profit and loss account is supplementary to, but does not form part of, the statutory financial statements.

# HA Leasing Limited

## DETAILED PROFIT AND LOSS ACCOUNT (CONTINUED)

for the year ended 31 May 2003

SCHEDULE	2003 £	2002 £
1. Other operating income		
Other operating income	-	(408)
	<u>-</u>	<u>(408)</u>
	<u>-</u>	<u>(408)</u>
2. Administrative expenses		
Audit fees	1,000	1,000
Management fees	2,350	2,350
Fees and fines	15	15
	<u>3,365</u>	<u>3,365</u>
	<u>3,365</u>	<u>3,365</u>
3. Interest payable		
Bank interest payable	248,341	249,883
Finance charges	1,852	1,852
	<u>250,193</u>	<u>251,735</u>
	<u>250,193</u>	<u>251,735</u>