

# HA Leasing Limited

## FINANCIAL STATEMENTS

for the period ended

31 May 2000



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  
31 Brechin Place  
London  
SW7 4QD

# HA Leasing Limited

## DIRECTORS' REPORT

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The directors submit their report and financial statements of HA Leasing Limited for the period ended 31 May 2000.

### PRINCIPAL ACTIVITIES

The principal activity of the company, which has remained unchanged during the financial period, was property investment.

### REVIEW OF THE BUSINESS

In the opinion of the directors the result for the period and the financial position of the company at 31 May 2000 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 December 1998:-

R Tchenguiz	(Appointed 29 July 1999)
V A Tchenguiz	(Appointed 4 July 1999)
RG Baker	(Resigned 29 July 1999)
P Minoprio	(Resigned 29 July 1999)
SPV Management Limited	(Resigned 29 July 1999)

### DIRECTORS' INTERESTS IN SHARES

The directors at 31 May 2000 had no beneficial interest in the share capital of the company at any time during the period.

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

In August 1999 an investment property was acquired in Manchester for £1,281,197 in addition to the investment properties already held. These investment properties held at 31 May 2000 were valued as at that date at £3,286,000 by the directors. The decrease in value during the period amounted to £271,584 as set out in note 6.

# HA Leasing Limited

## DIRECTORS' REPORT

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### AUDITORS

Messrs Ernst and Young resigned as auditors and Messrs Baker Tilly were appointed in their stead.

Pursuant to an elective resolution, the company has elected not to re-appoint its auditors annually and Baker Tilly, Chartered Accountants, will therefore continue in office in accordance with the provisions of section 386 of the Companies Act 1985.

By order of the Board



R Tchenguiz  
Director

31 January 2001

# 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.

## AUDITORS' REPORT TO THE SHAREHOLDERS OF HA LEASING LIMITED

We have audited the financial statements on pages 6 to 14.

### Respective responsibilities of directors and auditors

As described on page 4 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.

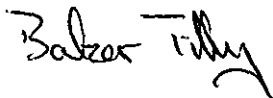
### Basis of opinion

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 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 2000 and of its result for the period 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

31 January 2001

HA Leasing Limited  
 PROFIT AND LOSS ACCOUNT  
 for the period ended 31 May 2000

		period ended 31 May 2000 £	period ended 30 November 1998 £
	<i>Notes</i>		
RENT RECEIVABLE		264,452	109,165
Other operating expenses	1	(33,384)	(37)
OPERATING PROFIT		231,068	109,128
Interest payable and similar charges	2	(570,545)	(140,599)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(339,477)	(31,471)
Taxation	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	(339,477)	(31,471)

All amounts derive from continuing activities.

The 1998 comparative figures are for the 13 month period to 30 November 1998.

# HA Leasing Limited

## PROFIT AND LOSS ACCOUNT

for the period ended 31 May 2000

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### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		period ended 31 May 2000 £	period ended 30 November 1998 £
	<i>Notes</i>		
Loss for the financial period		(339,477)	(31,471)
Unrealised deficit on revaluation of property	6	(271,584)	-
Total gains and losses recognised since last financial statements		<u>(611,061)</u>	<u>(31,471)</u>



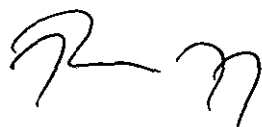
# HA Leasing Limited

## BALANCE SHEET

31 May 2000

	Notes	2000 £	30 November 1998 £
<b>FIXED ASSETS</b>			
Tangible assets	6	3,286,000	2,276,387
Investments	7	236,836	-
		<u>3,522,836</u>	<u>2,276,387</u>
<b>CURRENT ASSETS</b>			
Debtors	8	24,230	-
Cash at bank and in hand		-	264
		<u>24,230</u>	<u>264</u>
CREDITORS: Amounts falling due within one year	9	(336,374)	(37,395)
NET CURRENT LIABILITIES		<u>(312,144)</u>	<u>(37,131)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,210,692	2,239,256
CREDITORS: Amounts falling due after more than one year	10	(3,543,598)	(1,961,101)
NET (LIABILITIES)/ASSETS		<u>(332,906)</u>	<u>278,155</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	100	100
Revaluation reserve	13	37,942	309,526
Profit and loss account	13	(370,948)	(31,471)
EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS	14	<u>(332,906)</u>	<u>278,155</u>

Approved by the Board on 31 January 2001



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 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 taxation is calculated on the liability method. It is provided to the extent that it is considered, with reasonable probability, that a material 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 11.

### LEASED ASSETS

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases.

### CASH FLOW STATEMENT

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

# HA Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 May 2000

1. OTHER OPERATING EXPENSES	2000 £	1998 £
Administrative expenses	33,384	37
	<u>          </u>	<u>          </u>
2. INTEREST PAYABLE	2000 £	1998 £
On bank loan	307,005	140,599
Finance charges	263,540	-
	<u>570,545</u>	<u>140,599</u>
3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2000 £	1998 £
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Operating lease rentals:		
Land and buildings	6,134	-
Auditors' remuneration	1,000	-
	<u>          </u>	<u>          </u>

### 4. EMPLOYEES

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

### 5. TAXATION

There is no current charge to taxation in view of the losses incurred.

# HA Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 May 2000

### 6. TANGIBLE FIXED ASSETS

	<i>Investment property £</i>
Cost or valuation	
1 December 1998	2,276,387
Additions	1,281,197
Revaluation deficit	(271,584)
	<hr/>
31 May 2000	3,286,000
	<hr/>
7 November 1997	2,276,387
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The property was valued as at 31 May 2000 at £3,286,000 (1998 £2,276,387) by the directors.

The original cost of the properties was £3,248,058 (1998 £1,966,861).

Investment property at net book value comprises:	2000 £	1998 £
Long leasehold	3,286,000	2,276,387
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### 7. FIXED ASSET INVESTMENTS

	<i>Shares in subsidiary undertakings £</i>
Cost or valuation	
1 December 1998	-
Additions	236,836
	<hr/>
31 May 2000	236,836
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In the opinion of the directors the aggregate value of the company's investment in the subsidiary undertakings 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 31st May 2000 the subsidiary company's share capital and reserves and profit for the period then ended were £276,717 and £4,947 respectively.

# HA Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2000

8. DEBTORS	2000 £	1998 £
Due within one year		
Other debtors	24,230	-
	<u>24,230</u>	<u>-</u>
9. CREDITORS: Amounts falling due within one year	2000 £	1998 £
Amounts owed to group undertakings	278,226	-
Accruals and deferred income	58,148	37,395
	<u>336,374</u>	<u>37,395</u>
10. CREDITORS: Amounts falling due in more than one year	2000 £	1998 £
Bank loans	3,543,598	1,961,101
Loan maturity analysis:		
Between one and two years	(17,350)	-
Between two and five years	(16,969)	-
In five years or more	3,577,917	1,961,101
	<u>3,577,917</u>	<u>1,961,101</u>

The loan is repayable by 2024, and bears interest at 6.99%. It is secured by a fixed and floating charge over the company's investment property and by cross-guarantees given in respect of freehold properties held by certain group and affiliated undertakings. The total amount owed by these undertakings as at 31 May 2000 amounted to £3,521,238

## 11. 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 £3,286,000 (1998 £2,276,387). It is estimated that if this property were to be sold at that valuation the tax liability would amount to £Nil (1998 £92,000).

# HA Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2000

12. SHARE CAPITAL	2000 £	1998 £
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Authorised 100 ordinary shares of £ 1 each	100	100
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Allotted, issued and fully paid 100 ordinary shares of £ 1 each	100	100
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## 13. STATEMENT OF MOVEMENT ON RESERVES

	<i>Revaluation reserve</i> £	<i>Profit and loss account</i> £
1 December 1998	309,526	(31,471)
Retained loss for the period	-	(339,477)
Revaluation during the period	(271,584)	-
31 May 2000	37,942	(370,948)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2000 £	1998 £
Loss for the financial period	(339,477)	(31,471)
Other recognised gains and losses	(271,584)	-
Net depletion in shareholders' funds	(611,061)	(31,471)
Opening shareholders' funds	278,155	309,626
Closing shareholders' funds	(332,906)	278,155

# HA Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 May 2000

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### 16. 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 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.

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.

### 17. 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.