

HA Leasing Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2001



Company Registration No. 03462658

HA Leasing Limited

DIRECTORS AND OFFICERS

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

The directors submit their report and financial statements of HA Leasing Limited for the year ended 31 May 2001.

PRINCIPAL ACTIVITIES

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

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 2001 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 2000:-

R Tchenguiz
V A Tchenguiz

DIRECTORS' INTERESTS IN SHARES

The directors at 31 May 2001 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 properties held at 31 May 2001 were valued as at that date at £3,588,000 by the directors. The increase in value during the year amounted to £302,000 as set out in note 6.

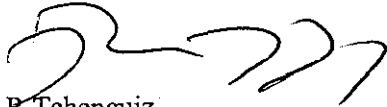
HA Leasing Limited

DIRECTORS' REPORT

AUDITORS

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

26 October 2001

HA Leasing Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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.

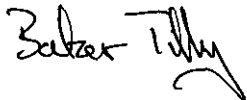
Basis of opinion

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 2001 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

26 October 2001

HA Leasing Limited
 PROFIT AND LOSS ACCOUNT
 for the year ended 31 May 2001

		31 May 2001 £	period ended 31 May 2000 £
	<i>Notes</i>		
RENT RECEIVABLE		223,669	264,452
Other operating expenses	1	<u>(11,936)</u>	<u>(33,384)</u>
OPERATING PROFIT		211,733	231,068
Interest payable and similar charges	2	<u>(249,556)</u>	<u>(570,545)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(37,823)	(339,477)
Taxation	5	<u>-</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u><u>(37,823)</u></u>	<u><u>(339,477)</u></u>

All amounts derive from continuing activities.

The comparative figures are for the 18 month period to 31 May 2000.

HA Leasing Limited
 PROFIT AND LOSS ACCOUNT
 for the year ended 31 May 2001

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		31 May 2001 £	period ended 31 May 2000 £
	<i>Notes</i>		
Loss for the financial year		(37,823)	(339,477)
Unrealised surplus/(deficit) on revaluation of property	6	<u>302,000</u>	<u>(271,584)</u>
Total gains and losses recognised since last financial statements		<u>264,177</u>	<u>(611,061)</u>

HA Leasing Limited

BALANCE SHEET

31 May 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	6	3,588,000	3,286,000
Investments	7	<u>236,836</u>	<u>236,836</u>
		<u>3,824,836</u>	<u>3,522,836</u>
CURRENT ASSETS			
Debtors	8	65,826	24,230
CREDITORS: Amounts falling due within one year	9	<u>(398,384)</u>	<u>(336,374)</u>
NET CURRENT LIABILITIES		<u>(332,558)</u>	<u>(312,144)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,492,278	3,210,692
CREDITORS: Amounts falling due after more than one year	10	<u>(3,561,007)</u>	<u>(3,543,598)</u>
NET LIABILITIES		<u>(68,729)</u>	<u>(332,906)</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Revaluation reserve	13	339,942	37,942
Profit and loss account	13	<u>(408,771)</u>	<u>(370,948)</u>
EQUITY SHAREHOLDERS' DEFICIT	14	<u>(68,729)</u>	<u>(332,906)</u>

Approved by the Board on 26 October 2001



R Tchenguiz
Director

HA Leasing Limited

ACCOUNTING POLICIES

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 year ended 31 May 2001

1. OTHER OPERATING EXPENSES	2001 £	2000 £
Administrative expenses	<u>11,936</u>	<u>33,384</u>
2. INTEREST PAYABLE	2001 £	2000 £
On bank loan	246,163	307,005
Finance charges	<u>3,393</u>	<u>263,540</u>
	<u>249,556</u>	<u>570,545</u>
3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2001 £	2000 £
Loss on ordinary activities before taxation is stated after charging:		
Operating lease rentals:		
Land and buildings	8,571	6,134
Auditors' remuneration	<u>1,000</u>	<u>1,000</u>

4. EMPLOYEES

There were no employees during the year 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 year ended 31 May 2001

6. TANGIBLE FIXED ASSETS

	<i>Investment property £</i>
Valuation	
1 June 2000	3,286,000
Revaluation surplus	302,000
31 May 2001	<u>3,588,000</u>

The property was valued as at 31 May 2001 at £3,588,000 (2000 £3,286,000) by the directors.

The original cost of the properties was £3,248,058 (2000 : £3,248,058).

Investment property at net book value comprises:	2001 £	2000 £
Long leasehold	<u>3,588,000</u>	<u>3,286,000</u>

7. FIXED ASSET INVESTMENTS

	<i>Shares in subsidiary undertaking £</i>
Cost	
1 June 2000 and 31 May 2001	<u>236,836</u>

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 2001 the subsidiary company's share capital and reserves and profit for the year then ended were £375,323 (2000: £275,542) and £6,781 (2000: £3,772) respectively.

8. DEBTORS	2001 £	2000 £
Due within one year		
Other debtors	19,219	24,230
Prepayments and accrued income	46,607	-
	<u>65,826</u>	<u>24,230</u>

HA Leasing Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2001

9. CREDITORS: Amounts falling due within one year	2001 £	2000 £
Amounts owed to United Kingdom holding company	340,162	278,226
Accruals and deferred income	58,222	58,148
	<u>398,384</u>	<u>336,374</u>

10. CREDITORS: Amounts falling due in more than one year	2001 £	2000 £
Bank loans	<u>3,561,007</u>	<u>3,543,598</u>
Loan maturity analysis:		
In five years or more	<u>3,561,007</u>	<u>3,543,598</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 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 2001 amounted to £4,319,057 (2000: £3,521,238). The loan is amortised by the rent receivable net of interest paid. Initially the interest paid is higher than the rent received leading to an increase in the loan in the short term.

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 £3,588,000 (2000: £3,286,000). It is estimated that if this property were to be sold at that valuation the tax liability would amount to £Nil (2000: £Nil).

12. SHARE CAPITAL	2001 £	2000 £
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

for the year ended 31 May 2001

13. STATEMENT OF MOVEMENT ON RESERVES

	<i>Revaluation reserve</i> £	<i>Profit and loss account</i> £
1 June 2000	37,942	(370,948)
Retained loss for the year	-	(37,823)
Revaluation during the year	302,000	-
31 May 2001	<u>339,942</u>	<u>(408,771)</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Loss for the financial year	(37,823)	(339,477)
Other recognised gains and losses	302,000	(271,584)
Net addition to/(depletion in) shareholders' funds	264,177	(611,061)
Opening shareholders' funds	(332,906)	278,155
Closing shareholders' funds	<u>(68,729)</u>	<u>(332,906)</u>

15. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001 £	2000 £
Land and buildings expiring after five years	<u>9,050</u>	<u>8,571</u>

HA Leasing Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2001

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.