



**TILEYARD PROPERTIES LIMITED**  
(formerly Orava Properties Limited)

**Report and Financial Statements**  
For the period 1 January 1995 to 30 April 1996

Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR

16/04/97





**REPORT AND FINANCIAL STATEMENTS 1996**

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**REPORT AND FINANCIAL STATEMENTS 1996**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

A M Sugar  
C T Sandy

**SECRETARY**

C T Sandy

**REGISTERED OFFICE**

Brentwood House  
169 Kings Road  
Brentwood  
Essex CM14 4EF

**BANKERS**

Merita Bank  
19 Thomas More Street  
London  
E1 9YW

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the period 1 January 1995 to 30 April 1996.

**ACTIVITIES**

The principal activity of the company is the holding of investment properties. On 30 August 1995 the company changed its name to Tileyard Properties Limited.

**REVIEW OF DEVELOPMENTS**

The profit and loss account for the period is set out on page 5.

**DIVIDENDS AND TRANSFERS TO RESERVES**

The directors do not propose the payment of a dividend (1995 - £nil). The accumulated deficit is shown on page 5.

**FUTURE PROSPECTS**

There are no planned changes to the company's activities.

**DIRECTORS AND THEIR INTERESTS**

The directors who held office during the period are listed below:

- K Vütala (resigned 1 October 1995)
- S A T Fagerhold (resigned 1 December 1995)
- M Sarnela (resigned 1 December 1995)
- P M Q Mobsby (resigned 1 December 1995)
- A M Sugar (appointed 1 December 1995)
- C T Sandy (appointed 1 December 1995)

The following director who held office at 30 April 1996 had interests in the shares of the company.

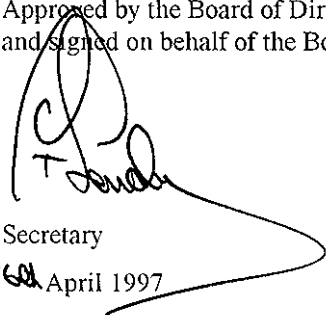
	<b>Ordinary shares of £1 each</b>	
	<b>1996</b>	<b>1995</b>
A M Sugar	41,490,000	-

None of the other directors had any interests in the shares of the company during the period ended 30 April 1996.

**AUDITORS**

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
 and signed on behalf of the Board



Secretary  
 16th April 1997



## STATEMENT OF 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 as at the end of the financial period 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;
- prepare the financial statements on a 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. 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.



## Chartered Accountants

Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR

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## AUDITORS' REPORT TO THE MEMBERS OF TILEYARD PROPERTIES LIMITED (formerly Orava Properties Limited)

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

### Respective responsibilities of directors and auditors

As described on page 3 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 30 April 1996 and of its profit for the period 1 January 1995 to 30 April 1996 then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

16 April 1997


**PROFIT AND LOSS ACCOUNT**  
 For the period 1 January 1995 to 30 April 1996

	Note	16 month period ended 30 April 1996 £	Year ended 31 December 1994 £
<b>TURNOVER</b>	2	356,536	280,525
Cost of sales		(205,055)	(159,087)
Gross profit		<u>151,481</u>	<u>121,438</u>
Administrative expenses		(108,953)	(36,627)
Other operating income		138,438	-
Loss on disposal of property		-	(105,780)
Release of provision/(provision) against property		<u>1,480,000</u>	<u>(3,192,967)</u>
		<u>1,509,485</u>	<u>(3,335,374)</u>
<b>OPERATING PROFIT/(LOSS)</b>	4	<u>1,660,966</u>	<u>(3,213,936)</u>
Income receivable and similar income		23,599	15,934
Interest payable and similar charges	5	(506,111)	(525,155)
		<u>(482,512)</u>	<u>(509,221)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,178,454	(3,723,157)
Tax on profit/(loss) on ordinary activities	6	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD/YEAR</b>		1,178,454	(3,723,157)
Accumulated deficit brought forward		<u>(36,656,280)</u>	<u>(32,933,123)</u>
Accumulated deficit carried forward		<u><u>(35,477,826)</u></u>	<u><u>(36,656,280)</u></u>

All activities derive from continuing operations.

There is no difference between the reporting profit on ordinary activities after taxation and the equivalent historical cost amount.

There were no recognised gains or losses in the period or preceding year except for the profit/(loss) for the financial period/year.



**BALANCE SHEET**

30 April 1996

	Note	30 April 1996 £	31 December 1994 £
<b>FIXED ASSETS</b>			
Investment property	7	5,980,000	4,500,000
<b>CURRENT ASSETS</b>			
Debtors	8	13,204	213,207
Cash at bank and in hand		83,422	711,487
		96,626	924,694
<b>CREDITORS: amounts falling due within one year</b>	9	(64,452)	(90,731)
<b>NET CURRENT ASSETS</b>		32,174	833,963
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,012,174	5,333,963
<b>CREDITORS: amounts falling due after more than one year</b>	10	-	(7,990,243)
		6,012,174	(2,656,280)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	41,490,000	34,000,000
Profit and loss account - deficit		(35,477,826)	(36,656,280)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	12	6,012,174	(2,656,280)

These financial statements were approved by the Board of Directors on ~~16~~ April 1997.

Signed on behalf of the Board of Directors

Director





## **NOTES TO THE ACCOUNTS**

**For the period from 1 January 1995 to 30 April 1996**

### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. Compliance with SSAP 19 "Accounting for investment properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given below. The particular accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention modified by the revaluation of certain freehold properties.

#### **Investment properties**

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. Any diminution in value which is believed to be permanent is written off to the profit and loss account in the year in which it arises. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principles set out in SSAP 19. The directors consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

### **2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to one activity, rental of commercial property.

### **3. STAFF COSTS**

The company has no employees (1994 - nil). The directors received no emoluments during the period (1994 -£nil).

### **4. OPERATING PROFIT/(LOSS)**

The audit fee for the period was £500 (1994 - borne by fellow group company).

Remuneration of the company's auditors for provision of non-audit services was £950 (1994 - £4,415).



**NOTES TO THE ACCOUNTS**

For the period from 1 January 1995 to 30 April 1996

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	16 month period ended 30 April 1996 £	Year ended 31 December 1994 £
Bank loans wholly repayable within five years	506,111	525,155

**6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

There is no taxation charge for the current period as there were no taxable profits. The release of the provision against property is not a taxable item.

**7. INVESTMENT PROPERTY**

	Freehold £
At 1 January 1995	4,500,000
Net surplus on valuation during the period	1,480,000
At 30 April 1996	5,980,000

The investment property was valued at £5,980,000 as at 30 April 1996 by the directors on an open market basis.

**8. DEBTORS**

	30 April 1996 £	31 December 1994 £
Trade debtors	11,108	-
Management company	1,501	-
Other debtors	394	213,207
Prepayments and accrued income	201	-
	<u>13,204</u>	<u>213,207</u>

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 April 1996 £	31 December 1994 £
Accruals and deferred income	64,452	90,731



**NOTES TO THE ACCOUNTS**

For the period from 1 January 1995 to 30 April 1996

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	30 April 1996	31 December 1994
	£	£
Bank loans: wholly repayable within five years		
Unsecured	-	7,990,243
	<u>                    </u>	<u>                    </u>
Bank loans: due after more than one year	-	7,990,243
	<u>                    </u>	<u>                    </u>

The bank loans consisted of drawings in sterling which were repaid during the period. Interest was charged at LIBOR plus 0.4%, fixed at various intervals.

**11. CALLED UP SHARE CAPITAL**

	30 April 1996	31 December 1994
	£	£
Authorised		
50,000,000 (31 December 1994 - 40,000,000) ordinary shares of £1 each	50,000,000	40,000,000
	<u>                    </u>	<u>                    </u>
Called up, allotted and fully paid		
41,490,000 (31 December 1994 - 34,000,000) ordinary shares of £1 each	41,490,000	34,000,000
	<u>                    </u>	<u>                    </u>

During the period, 7,490,000 ordinary shares of £1 each were issued for consideration of £7,490,000 to enable the company to repay its bank borrowings.

**12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	16 month period ended 30 April 1996
	£
At 1 January 1995	(2,656,280)
Profit retained for the period	1,178,454
Allotment of share capital	7,490,000
	<u>                    </u>
At 30 April 1996	<u>6,012,174</u>

**13. CAPITAL COMMITMENTS**

The company had no significant capital commitments at 30 April 1996 (31 December 1994 - £nil).

**14. CONTINGENT LIABILITIES**

There were no significant contingent liabilities of the company at 30 April 1996 (31 December 1994 -£nil).

**15. ULTIMATE CONTROLLING PARTY**

The company is owned by A M Sugar.