

**UGC HOLDINGS LIMITED**  
**ABBREVIATED FINANCIAL STATEMENTS**  
**FOR**  
**30TH APRIL 2002**



**DAVID WILLIAM WALKER**  
Chartered Accountants & Registered Auditor  
114-116 High Street  
Gosforth  
Newcastle upon Tyne  
NE3 1HB

# **UGC HOLDINGS LIMITED**

## **ABBREVIATED FINANCIAL STATEMENTS**

**YEAR ENDED 30TH APRIL 2002**

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# UGC HOLDINGS LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 30TH APRIL 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30th April 2002.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a property developer.

During 2002 the company invested in a number of properties, one of the properties has been developed as an amusement arcade which commenced trading February 2003.

Following the cessation of trade at Parrish Court Developments Limited the company now operates and manages the student rental accommodation block within UGC House.

#### RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

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

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 April 2002	At 1 May 2001
Mr J Malhotra	112,550	112,550
Mrs M Malhotra	<u>37,450</u>	<u>37,450</u>

#### 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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 9, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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. The directors 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.

**UGC HOLDINGS LIMITED****THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30TH APRIL 2002****DONATIONS**

During the year the company made the following contributions:

	2002 £	2001 £
Other	<u>601</u>	<u>1,442</u>

**AUDITOR**

A resolution to re-appoint David William Walker as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
UGC House  
136-170 Shields Road  
Byker  
Newcastle upon Tyne  
NE6 1DT

Signed by order of the directors



MRS M MALHOTRA  
Company Secretary

Approved by the directors on 24th February 2003

# UGC HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE COMPANY

### PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

I have examined the abbreviated accounts on pages 4 to 16, together with the financial statements of the company for the year ended 30th April 2002 prepared under Section 226 of the Companies Act 1985.

#### RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is my responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

#### BASIS OF OPINION

I have carried out the procedures I consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of my work for the purpose of this report did not include examining or dealing with events after the date of my report on the financial statements.

#### OPINION

In my opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 4 to 16 are properly prepared in accordance with those provisions.

114-116 High Street  
Gosforth  
Newcastle upon Tyne  
NE3 1HB  
24th February 2003



DAVID WILLIAM WALKER  
Chartered Accountants  
& Registered Auditor

**UGC HOLDINGS LIMITED****ABBREVIATED PROFIT AND LOSS ACCOUNT****YEAR ENDED 30TH APRIL 2002**

	Note	2002 £	2001 £
<b>GROSS PROFIT</b>		468,126	423,198
Administrative expenses		315,933	200,577
<b>OPERATING PROFIT</b>	<b>2</b>	152,193	222,621
Cost of reorganisation or restructuring		(138,426)	(26,620)
		13,767	196,001
Interest receivable		1,721	—
Interest payable and similar charges		(130,815)	(96,983)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(115,327)	99,018
Tax on (loss)/profit on ordinary activities	<b>6</b>	(2,218)	33,463
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(113,109)	65,555
Dividends	<b>7</b>	—	149,900
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(113,109)</u>	<u>(84,345)</u>

All of the activities of the company are classed as continuing.

**UGC HOLDINGS LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 30TH APRIL 2002**

	2002 £	2001 £
(Loss)/Profit for the financial year attributable to the shareholders	(113,109)	65,555
Unrealised profit on revaluation of certain fixed assets	<u>—</u>	<u>130,950</u>
Total gains and losses recognised since the last annual report	<u>(113,109)</u>	<u>196,505</u>

**UGC HOLDINGS LIMITED****ABBREVIATED BALANCE SHEET****YEAR ENDED 30TH APRIL 2002**

	Note	2002 £	2001 £
<b>FIXED ASSETS</b>			
Tangible assets	8	4,627,592	3,826,410
Investments	9	99	99
		<u>4,627,691</u>	<u>3,826,509</u>
<b>CURRENT ASSETS</b>			
Debtors	10	144,541	255,769
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>1,065,808</u>	<u>1,584,446</u>
<b>NET CURRENT LIABILITIES</b>		(921,267)	(1,328,677)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,706,424	2,497,832
<b>CREDITORS: Amounts falling due after more than one year</b>	12	<u>2,280,334</u>	<u>958,633</u>
		<u>1,426,090</u>	<u>1,539,199</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	13	150,000	150,000
Revaluation reserve		1,190,638	1,190,638
Profit and Loss Account		85,452	198,561
<b>SHAREHOLDERS' FUNDS</b>	15	<u>1,426,090</u>	<u>1,539,199</u>

These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 24th February 2003 and are signed on their behalf by:

  
MR J MALHOTRA



**UGC HOLDINGS LIMITED****CASH FLOW STATEMENT****YEAR ENDED 30TH APRIL 2002**

	2002		2001
	£	£	£
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>		(485,672)	908,922
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received	1,721		-
Interest paid	<u>(130,815)</u>		<u>(96,983)</u>
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(129,094)	(96,983)
<b>TAXATION</b>		(13,881)	(21,555)
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible fixed assets	(933,609)		(671,000)
Receipts from sale of fixed assets	<u>120,000</u>		<u>-</u>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		(813,609)	(671,000)
<b>EQUITY DIVIDENDS PAID</b>		-	(149,900)
<b>CASH OUTFLOW BEFORE FINANCING</b>		(1,442,256)	(30,516)
<b>FINANCING</b>			
Issue of equity share capital	-		149,900
Repayment of bank loans	<u>1,419,477</u>		<u>(134,854)</u>
<b>NET CASH INFLOW FROM FINANCING</b>		1,419,477	15,046
<b>DECREASE IN CASH</b>		<u>(22,779)</u>	<u>(15,470)</u>

## UGC HOLDINGS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 30TH APRIL 2002

## RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	152,193	222,621
Depreciation	11,447	17,170
Loss on disposal of fixed assets	980	-
Decrease/(Increase) in debtors	111,228	(172,528)
(Decrease)/Increase in creditors	(623,094)	868,279
Re-organisation costs	(138,426)	(26,620)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(485,672)</b>	<b>908,922</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002 £	2001 £
Decrease in cash in the period	(22,779)	(15,470)
Net cash (inflow) from/outflow from bank loans	(1,419,477)	134,854
<b>Change in net debt</b>	<b>(1,442,256)</b>	<b>119,384</b>
<b>Net debt at 1 May 2001</b>	<b>(1,245,411)</b>	<b>(1,364,795)</b>
<b>Net debt at 30 April 2002</b>	<b>(2,687,667)</b>	<b>(1,245,411)</b>

## ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2001 £	Cash flows £	At 30 Apr 2002 £
Net cash:			
Overdrafts	(15,470)	(22,779)	(38,249)
Debt:			
Debt due within 1 year	(271,308)	(97,776)	(369,084)
Debt due after 1 year	(958,633)	(1,321,701)	(2,280,334)
	(1,229,941)	(1,419,477)	(2,649,418)
<b>Net debt</b>	<b>(1,245,411)</b>	<b>(1,442,256)</b>	<b>(2,687,667)</b>

**UGC HOLDINGS LIMITED****NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****30TH APRIL 2002****1. ACCOUNTING POLICIES****(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

**(b) Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

**(c) Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**(d) Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% per annum
Fixtures & Fittings	- 15% per annum reducing balance
Motor Vehicles	- 25% per annum reducing balance

**(e) Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**2. OPERATING PROFIT**

Operating profit is stated after charging:

	2002	2001
	£	£
Depreciation	11,447	17,170
Loss on disposal of fixed assets	980	—
Auditor's remuneration		
- as auditor	2,000	2,000
- for other services	—	3,000
Operating lease costs:		
Land and buildings	<u>4,000</u>	<u>1,924</u>

**UGC HOLDINGS LIMITED****NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****30TH APRIL 2002****3. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No.	No.
Number of production staff	<u>12</u>	<u>2</u>

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	121,507	14,074
Social security costs	<u>6,814</u>	<u>11,488</u>
	<u>128,321</u>	<u>25,562</u>

**4. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Emoluments receivable	<u>—</u>	<u>6,240</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2002	2001
	No.	No.
Money purchase schemes	<u>—</u>	<u>2</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2002	2001
	£	£
Interest payable on bank borrowing	2,455	1,074
Other similar charges payable	<u>128,360</u>	<u>95,909</u>
	<u>130,815</u>	<u>96,983</u>

**UGC HOLDINGS LIMITED****NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****30TH APRIL 2002****6. TAX ON LOSS OR PROFIT ON ORDINARY ACTIVITIES****Taxation**

	2002 £	2001 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2001 - 30%)	9,512	39,465
Adjustment in respect of previous years:		
Corporation tax	(11,730)	(6,002)
Total current tax	(2,218)	33,463
Tax on (loss)/profit on ordinary activities	<u>(2,218)</u>	<u>33,463</u>

**Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2001 - 30%).

	2002 £	2001 £
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>(115,327)</u>	<u>99,018</u>
PROFIT/(LOSS) ON ORD ACTVS BY RATE OF TAX	(12,400)	29,705
FIRST ITEM TO INCREASE/(DECREASE) TAX LIABILITY	10,182	3,758
TOTAL CURRENT TAX	<u>(2,218)</u>	<u>33,463</u>

**7. DIVIDENDS**

No dividend has been recommended for the year ended 30th April 2002.

On 30 April 2001 a resolution was passed to capitalise £149,900 from reserves by way of a scrip issue to shareholders according to their respective shareholdings. The new shares ranking pari passu in all respects with the existing issued ordinary share capital.

## UGC HOLDINGS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30TH APRIL 2002

## 8. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>COST OR VALUATION</b>				
At 1st May 2001	3,870,950	31,706	3,000	3,905,656
Additions	920,234	13,375	—	933,609
Disposals	(120,000)	—	(2,000)	(122,000)
<b>At 30th April 2002</b>	<b><u>4,671,184</u></b>	<b><u>45,081</u></b>	<b><u>1,000</u></b>	<b><u>4,717,265</u></b>
<b>DEPRECIATION</b>				
At 1st May 2001	64,350	13,626	1,270	79,246
Charge for the year	—	11,197	250	11,447
On disposals	—	—	(1,020)	(1,020)
<b>At 30th April 2002</b>	<b><u>64,350</u></b>	<b><u>24,823</u></b>	<b><u>500</u></b>	<b><u>89,673</u></b>
<b>NET BOOK VALUE</b>				
<b>At 30th April 2002</b>	<b><u>4,606,834</u></b>	<b><u>20,258</u></b>	<b><u>500</u></b>	<b><u>4,627,592</u></b>
At 30th April 2001	<u>3,806,600</u>	<u>18,080</u>	<u>1,730</u>	<u>3,826,410</u>

**Revaluation of fixed assets**

The freehold property was revalued on 12 March 2001 by Gerald Eve Chartered Surveyors, the property was valued at £3,150,000 on an open market basis.

The freehold properties of the company are held for their rental income and investment potential and as such are investment properties. The directors consider it to be inappropriate to provide depreciation and are recognised as investment properties in accordance with SSAP 19.

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2002 £	2001 £
<b>NBV of revalued tangible fixed assets (first group):</b>		
Net book value at end of year	<u>3,147,600</u>	<u>3,150,000</u>
<b>Historical cost</b>	<u>2,640,311</u>	<u>2,640,311</u>

**Hire Purchase and finance lease agreements**

Included within the net book value of £4,627,592 is £— (2001 - £—) relating to assets held under hire purchase and finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £— (2001 - £—).

**UGC HOLDINGS LIMITED****NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****30TH APRIL 2002****9. INVESTMENTS**

	Subsidiary Company £
<b>COST:</b>	
At 1st May 2001 and 30th April 2002	99
	<u>          </u>
<b>NET BOOK VALUE:</b>	
At 30th April 2002	99
	<u>          </u>
At 30th April 2001	99
	<u>          </u>

The company owns 99% of the issued share capital of the companies listed below, Aggregate capital and reserves

Bawi Homes Limited                      2,095,674                      (2001 2,251,730)

Loss/Profit for the year

Bawi Homes Limited                      156,056                      (2001 305,457)

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

**10. DEBTORS**

	2002 £	2001 £
Trade debtors	3,645	—
Amounts owed by group undertakings	57,632	253,896
Other debtors	—	1,000
Directors current accounts	82,762	—
Prepayments and accrued income	502	873
	<u>144,541</u>	<u>255,769</u>

**UGC HOLDINGS LIMITED****NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****30TH APRIL 2002****11. CREDITORS: Amounts falling due within one year**

	2002	2001
	£	£
Bank loans and overdrafts	407,333	286,778
Trade creditors	25,669	27,111
Amounts owed to group undertakings	535,765	549,207
Other creditors including taxation and social security:		
Corporation tax	40,258	56,357
PAYE and social security	1,371	-
VAT	291	28,470
Directors current accounts	-	573,579
	<u>41,920</u>	<u>658,406</u>
Accruals and deferred income	55,121	62,944
	<u>1,065,808</u>	<u>1,584,446</u>

The bank loan is secured by way of a first fixed legal charge over the freehold property as well as an assignment of a term assurance policy in the name of Mr J Malhotra.

Mr J Malhotra has also given a personal guarantee limited to £150,000 assignment of rental income.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2002	2001
	£	£
Bank loans and overdrafts	<u>407,333</u>	<u>286,778</u>

**12. CREDITORS: Amounts falling due after more than one year**

	2002	2001
	£	£
Bank loans and overdrafts	<u>2,280,334</u>	<u>958,633</u>

The bank loan is secured by way of a first fixed legal charge over the freehold property as well as an assignment of a term assurance policy in the name of Mr J Malhotra.

Mr J Malhotra has also given a personal guarantee limited to £150,000 assignment of rental income.

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2002	2001
	£	£
Bank loans and overdrafts	<u>2,280,334</u>	<u>958,633</u>



## UGC HOLDINGS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30TH APRIL 2002

12. CREDITORS: Amounts falling due after more than one year *(continued)*

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2002	2001
	£	£
Bank loans and overdrafts	<u>803,998</u>	<u>—</u>

Commercial Loans due after more than five years are on a variable rate of interest with an initial interest rate of 6.24%. The loans have a repayment term of 10 years and are secured on various freehold properties of the company.

## 13. SHARE CAPITAL

## Authorised share capital:

	2002	2001
	£	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

  

	2002	2001
	£	£
Ordinary share capital brought forward	150,000	100
Issue of ordinary shares	<u>—</u>	<u>149,900</u>
	<u>150,000</u>	<u>150,000</u>

On 30 April 2001 a resolution was passed to capitalise £149,900 from reserves by way of a scrip issue to shareholders according to their respective shareholdings. The new shares ranking pari passu in all respects with the existing issued ordinary share capital.

## 14. PROFIT AND LOSS ACCOUNT

	2002	2001
	£	£
Balance brought forward	198,561	282,906
Accumulated loss for the financial year	<u>(113,109)</u>	<u>(84,345)</u>
Balance carried forward	<u>85,452</u>	<u>198,561</u>

## UGC HOLDINGS LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30TH APRIL 2002

## 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
(Loss)/Profit for the financial year	(113,109)	65,555
Dividends	—	(149,900)
	<u>(113,109)</u>	<u>(84,345)</u>
Other net recognised gains and losses	—	130,950
New equity share capital subscribed	—	149,900
	<u>(113,109)</u>	<u>196,505</u>
Net (reduction)/addition to funds	(113,109)	196,505
Opening shareholders' equity funds	1,539,199	1,342,694
Closing shareholders' equity funds	<u>1,426,090</u>	<u>1,539,199</u>