

**BRITISH ENSIGN ESTATES LIMITED**

Company No. 1040501

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31ST MARCH 1998**



# British Ensign Estates Limited

## Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31st March 1998.

### Principal activities and business review

The principal activities of the group throughout the year were those of property development, trading and investment. The results for the year and the financial position at the year-end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### Results and dividend

The results of the group for the year are set out on page 3. The directors do not recommend the payment of a dividend as the funds of the company are fully employed.

### Fixed assets

Details of changes during the year in tangible fixed assets and in the valuation of land and buildings held by the group and company are set out in note 12 to the financial statements.

### Directors and their interests

The directors who served the company throughout the year together with their interest (including family interests) in the shares and debentures of the company, at the beginning and end of the year, were as follows:

	Ordinary shares of £1 each	
	31.3.1998	1.4.1997
P.G. Blacker	100	100
R.D. Wallace	-	-


### Donations

The group made charitable contributions during the year amounting to £2,712 (1997: £1,520).

### Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

By Order of the Board

  
G.D. Cresswell  
Secretary

23 Cavaye Place  
London SW10 9PT

Date: 24th Novemebr 1998

# **British Ensign Estates Limited**

## **Directors' Responsibilities and Report of the Auditors**

### **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 and the group and of the profit or loss 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 and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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 Members of British Ensign Estates Limited**

We have audited the financial statements on pages 3 to 19 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 9 and 10.

#### **Respective Responsibilities of Directors and Auditors**

As described above the company's directors are responsible for the preparation of the 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.

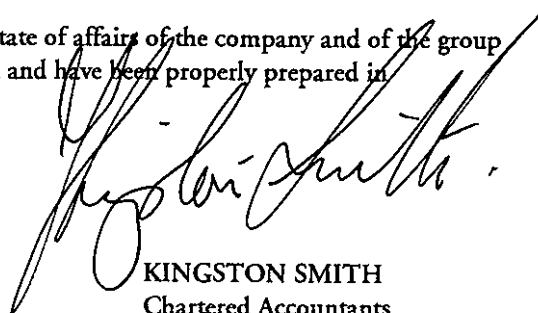
#### **Basis of Opinion**

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 affairs of the company and of the group at 31st March 1998 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KINGSTON SMITH**  
Chartered Accountants  
and Registered Auditors

Devonshire House  
60 Goswell Road  
London EC1M 7AD

Date: 24th November 1998

**British Ensign Estates Limited**  
**Consolidated Profit and Loss Account**  
**For the year ended 31st March 1998**

	Note	1998 £	1997 £
Group Turnover - continuing operations	2	10,745,137	4,021,194
Cost of sales		<u>(7,676,711)</u>	<u>(2,046,981)</u>
Gross Profit		3,068,426	1,974,213
Net operating expenses	3	<u>(1,816,291)</u>	<u>(754,588)</u>
Group Operating Profit - continuing operations	4	1,252,135	1,219,625
(Loss)/profit on sale of properties	5	(5,006)	24,362
Profit on sale of associated undertaking	6	<u>-</u>	<u>93,085</u>
Profit on Ordinary Activities before Interest and Investment Income		1,247,129	1,337,072
Share of profits from participating interests		31,037	51,017
Other interest receivable and similar income		74,614	15,146
Interest payable and similar charges	9	<u>(1,107,394)</u>	<u>(1,007,732)</u>
Profit on Ordinary Activities before Taxation		245,386	395,503
Taxation	10	<u>(273,318)</u>	<u>(194,544)</u>
(Loss)/Profit on Ordinary Activities after Taxation		(27,932)	200,959
Minority interests - equity interests		<u>(7,225)</u>	<u>(10,011)</u>
Retained (Loss)/Profit for the Financial Year	11	<u><u>(35,157)</u></u>	<u><u>190,948</u></u>

**British Ensign Estates Limited**  
**Consolidated Statement of Total Recognised Gains and Losses**  
**For the year ended 31st March 1998**

	1998 £	1997 £
(Loss)/profit for the financial year	(35,157)	190,948
Unrealised surplus on revaluation of properties less deferred tax	<u>671,128</u>	<u>1,377,400</u>
<b>Total recognised gains and losses relating to the year</b>	<u><u>635,971</u></u>	<u><u>1,568,348</u></u>
<b>Total gains and losses recognised since last Annual Report</b>	<u><u>635,971</u></u>	<u><u>1,568,348</u></u>

**Reconciliation of Movements in Shareholders' Funds**

(Loss)/profit for the financial year	(35,157)	190,948
Other recognised gains relating to the year	671,128	1,377,400
Goodwill written off	<u>(27,005)</u>	<u>-</u>
<b>Increase in shareholders' funds</b>	<u>608,966</u>	<u>1,568,348</u>
<b>Opening shareholders' funds</b>	<u><u>5,407,314</u></u>	<u><u>3,838,966</u></u>
<b>Closing shareholders' funds</b>	<u><u>6,016,280</u></u>	<u><u>5,407,314</u></u>


**Note of Historical Cost Profit and Losses**

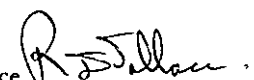
Reported profit on ordinary activities before taxation	243,586	395,503
Realisation of property transactions of previous years	<u>971,076</u>	<u>-</u>
<b>Historical cost profit on ordinary activities before taxation</b>	<u><u>1,214,662</u></u>	<u><u>395,503</u></u>
<b>Historical cost profit for the year retained after taxation and minority interests</b>	<u><u>941,344</u></u>	<u><u>190,948</u></u>

**British Ensign Estates Limited**  
**Consolidated Balance Sheet as at 31st March 1998**

		1998		1997	
	Note	£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	12		16,813,640		13,993,765
Investments	13		<u>262,324</u>		<u>173,808</u>
			17,075,964		14,167,573
<b>Current Assets</b>					
Stock	14	296,624		6,305,120	
Debtors	15	3,418,465		2,041,123	
Cash at bank and in hand		<u>377,352</u>		<u>367,420</u>	
		4,092,441		8,713,663	
<b>Creditors: Amounts falling due within one year</b>	16	<u>(3,908,470)</u>		<u>(7,422,590)</u>	
<b>Net Current Assets</b>			<u>183,971</u>		<u>1,291,073</u>
<b>Total Assets Less Current Liabilities</b>			17,259,935		15,458,646
<b>Creditors: Amounts falling due after more than one year</b>	17		(11,243,655)		(10,045,541)
<b>Client Accounts</b>					
Monies held on behalf of tenants		115,041		43,389	
Monies due to tenants		<u>(115,041)</u>		<u>(43,389)</u>	
			-		-
<b>Net Assets</b>			<u><u>6,016,280</u></u>		<u><u>5,413,105</u></u>
<b>Capital and Reserves</b>					
Called up share capital - equity interests	11		100		100
Revaluation reserve	11		1,965,402		2,265,350
Profit and loss account	11		<u>4,050,778</u>		<u>3,141,864</u>
<b>Shareholders' Funds</b>			6,016,280		5,407,314
<b>Minority interests - equity interests</b>			-		<u>5,791</u>
			<u><u>6,016,280</u></u>		<u><u>5,413,105</u></u>

Approved by the board on 24th November 1998

P.G. Blacker  Director

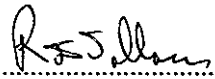
R.D. Wallace  Director

**British Ensign Estates Limited**  
**Balance Sheet as at 31st March 1998**

		1998		1997	
	Note	£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	12		3,313,352		3,964,964
Investments	13		<u>701,208</u>		<u>597,337</u>
			4,014,560		4,562,301
<b>Current Assets</b>					
Stock	14	244,124		6,077,620	
Debtors	15	3,497,482		1,408,756	
Cash at bank and in hand		<u>336,823</u>		<u>246,485</u>	
		4,078,429		7,732,861	
<b>Creditors: Amounts falling due within one year</b>	16	<u>(1,877,154)</u>		<u>(5,329,057)</u>	
<b>Net Current Assets</b>			<u>2,201,275</u>		<u>2,403,804</u>
<b>Total Assets less Current Liabilities</b>			6,215,835		6,966,105
<b>Creditors: Amounts falling due after more than one year</b>	17		(3,764,656)		(4,511,816)
<b>Client Accounts</b>					
Monies held on behalf of tenants		115,041		43,389	
Monies due to tenants		<u>(115,041)</u>		<u>(43,389)</u>	
			-		-
<b>Net Assets</b>			<u><u>2,451,179</u></u>		<u><u>2,454,289</u></u>
<b>Capital and Reserves</b>					
Called up share capital - equity interests	11		100		100
Revaluation reserve	11		1,544,758		1,890,332
Profit and loss account	11		<u>906,321</u>		<u>563,857</u>
<b>Shareholders' Funds</b>			<u><u>2,451,179</u></u>		<u><u>2,454,289</u></u>

Approved by the board on 24th November 1998

P.G. Blacker  Director

R.D. Wallace  Director

**British Ensign Estates Limited**  
**Cash Flow Statement**  
**For the year ended 31st March 1998**

	1998		1997	
	£	£	£	£
<b>Net Cash Inflow from Operating Activities (Note 1)</b>		6,137,813		1,328,539
<b>Returns on Investments and Servicing of Finance</b>				
Interest received	74,614		15,146	
Interest paid	<u>(1,107,394)</u>		<u>(1,007,732)</u>	
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>		(1,032,780)		(992,586)
<b>Taxation</b>				
Corporation tax paid		(191,964)		(108,880)
<b>Capital Expenditure and Financial Investment</b>				
Purchase of tangible fixed assets	(4,542,773)		(816,820)	
Sale of tangible fixed assets	<u>2,328,961</u>		<u>40,000</u>	
<b>Net Cash Flow from Capital Expenditure and Financial Investment</b>		(2,213,812)		(776,820)
<b>Acquisition and Disposals</b>				
Purchase of investments	(104,022)		(47)	
Sale of investment in associated undertaking	<u>-</u>		<u>93,086</u>	
<b>Net Cash Flow from Acquisitions and Disposals</b>		(104,022)		93,039
<b>Financing</b>				
Debt due within a year:				
Increase in short term borrowings	-		4,240,000	
Repayment of secured loans	(3,862,674)		-	
Debt due beyond a year:				
Repayment of secured loans	-		(4,560,576)	
New secured loans	<u>1,198,114</u>		<u>-</u>	
<b>Net Cash Outflow from Financing</b>		<u>(2,664,560)</u>		<u>(320,576)</u>
<b>Decrease in Cash (Note 2)</b>		<u><u>(69,325)</u></u>		<u><u>(777,284)</u></u>



**British Ensign Estates Limited**  
**Notes to the Cash Flow Statement**  
**For the year ended 31st March 1998**

<b>1</b>	<b>Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b>	<b>1998</b>	<b>1997</b>
		£	£
	Operating profit	1,252,135	1,219,625
	Depreciation	59,361	118,175
	Loss on sale of investments	-	102
	Loss on sale of tangible fixed assets	698	-
	Decrease/(increase) in stock	6,008,496	(232,520)
	(Increase) in debtors	(1,377,344)	(222,821)
	Increase in creditors	194,467	445,978
	<b>Net Cash Inflow from Operating Activities</b>	<b>6,137,813</b>	<b>1,328,539</b>
<b>2</b>	<b>Reconciliation of Net Cash Flow to Movements in Net Debt (Note 3)</b>		
	Decrease in cash in the period	(69,325)	(777,284)
	Cash outflow from decrease in debt	2,664,560	320,576
	<b>Change in net debt resulting from cash flows</b>	<b>2,595,235</b>	<b>(456,708)</b>
	Net debt at 1st April 1997	(14,200,644)	(13,743,936)
	<b>Net Debt at 31st March 1998</b>	<b>(11,605,409)</b>	<b>(14,200,644)</b>
<b>3</b>	<b>Analysis of Net Debt</b>		
	<b>At 1st April 1997</b>	<b>Cash Flow</b>	<b>At 31st March 1998</b>
	£	£	£
Cash in hand, at bank	367,420	9,932	377,352
Overdrafts	(282,523)	(79,257)	(361,780)
		(69,325)	
Debt due after one year	(10,045,541)	(1,198,114)	(11,243,655)
Debt due within one year	(4,240,000)	3,862,674	(377,326)
		2,664,560	
	<b>(14,200,644)</b>	<b>2,595,235</b>	<b>(11,605,409)</b>
	<b>At 1st April 1996</b>	<b>Cash Flow</b>	<b>At 31st March 1997</b>
	£	£	£
Cash in hand, at bank	867,600	(500,180)	367,420
Overdrafts	(5,419)	(277,104)	(282,523)
		(777,284)	
Debt due after one year	(14,606,117)	4,560,576	(10,045,541)
Debt due within one year	-	(4,240,000)	(4,240,000)
		320,576	
	<b>(13,743,936)</b>	<b>(456,708)</b>	<b>(14,200,644)</b>

**British Ensign Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1998**

**1 Accounting Policies**

**Accounting Basis and Standards**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold property, and in accordance with applicable accounting standards.

**Basis of Consolidation**

The group profit and loss account and balance sheet consist of the financial statements of the parent company and its subsidiary undertakings. The group's share of associated undertakings' profits or losses is included in the group profit and loss account and added to the cost of investments in the balance sheet.

**Investment Properties**

Investment properties are included in the financial statements at open market values based on the latest professional valuation carried out by the directors who are both qualified surveyors.

**Depreciation**

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:

Freehold buildings	nil
Short leasehold property	over period of the lease
Plant and machinery and fixtures and fittings	10% - 20% reducing balance
Motor vehicles	25% reducing balance

In accordance with SSAP 19, no depreciation or amortisation is provided in respect of freehold or long leasehold investment properties. This may be a departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated. In the opinion of the directors this departure is necessary for the financial statements to give a true and fair view in accordance with the applicable accounting standards, as properties are included in the financial statements at their open market value.

It is the group's practice to maintain its freehold buildings in a continual state of sound repair and to make improvements thereto from time to time. Accordingly the directors' assessment of the lives of these assets and their residual values is such that any depreciation relating thereto would be immaterial. Consequently no charge for depreciation is made.

**Stocks**

Properties held for resale are valued at the lower of cost and net realisable value which is based on the estimated selling price less costs expected to be incurred prior to completion and disposal.

**Turnover**

Turnover represents the sale proceeds of trading properties, rent receivable during the year, and joint venture profits.

**Deferred Taxation**

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. In the case of investment properties, deferred taxation is provided on the revaluation surpluses only when it is anticipated that an asset will be sold.

**Goodwill**

Goodwill is determined by comparing the amount paid on the acquisition of a subsidiary or associated undertaking and the group's share of the aggregate fair value of its separable net assets, and is written off to consolidated reserves in the year.

**British Ensign Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1998 (Continued)**

**1 Accounting Policies (Continued)**

**Leasing and Hire Purchase Commitments**

Rentals under operating and finance leases have been charged to profit and loss account on a straight line basis.

**Pension Scheme Arrangements**

The group contributes to a money purchase pension scheme. Such contributions are held in trustee administered funds completely independently of the group's finances. The contributions made by the group are charged against profits on an accruals basis.

<b>2 Turnover</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Principal activities:		
Rents receivable	2,099,023	2,352,614
Sale of trading properties	8,197,000	1,444,618
Joint venture profits	445,662	223,113
Sundry income	3,452	849
	<u>10,745,137</u>	<u>4,021,194</u>

All of the above activities arose wholly in the United Kingdom.

<b>3 Net Operating Expenses and Comparative Details</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Turnover - continuing operations	<u>10,745,137</u>	<u>4,021,194</u>
Cost of Sales	<u>(7,676,711)</u>	<u>(2,046,981)</u>
Net Operating Expenses		
Administrative expenses	(1,847,715)	(867,747)
Other operating income	31,424	113,159
	<u>(1,816,291)</u>	<u>(754,588)</u>
Operating Profit	<u>1,252,135</u>	<u>1,219,625</u>

**British Ensign Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1998 (Continued)**

<b>4 Operating Profit</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
The operating profit is stated after charging:		
Auditors' remuneration - company	7,000	5,500
- group	18,936	15,316
Depreciation:		
Owned tangible fixed assets	59,361	118,175
Operating lease rentals - land and buildings	-	181,504
- other assets	<u>3,188</u>	<u>1,837</u>

<b>5 (Loss)/Profit on Sale of Property</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
(Loss)/profit on sale of investment properties	<u>(5,006)</u>	<u>24,362</u>

**6 Profit on Sale of Associated Undertaking**

In October 1996 the company sold its 50% interest in Warren Court Limited for a net profit of £93,085.

**7 Employee Information**

The average number of employees during the year was 8. Due to the size of the group there is no formal classification of duties.

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Their total remuneration was:		
Wages and salaries	1,191,573	161,353
Social security costs	119,511	19,813
Other pension costs - money purchase scheme	<u>36,595</u>	<u>30,601</u>
	<u>1,347,679</u>	<u>211,767</u>

<b>8 Directors' Emoluments</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
As executives	1,079,134	80,272
Pension contributions - money purchase scheme	<u>30,000</u>	<u>30,000</u>
	<u>1,109,134</u>	<u>110,272</u>

The pension contributions were made in respect of one director.

**British Ensign Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1998 (Continued)**

9 Interest Payable and Similar Charges	1998	1997
	£	£
Bank loans and overdrafts	1,071,977	1,004,333
Other interest	34,392	3,399
Interest on late tax	1,025	-
	<u>1,107,394</u>	<u>1,007,732</u>

10 Taxation	1998	1997
	£	£
Corporation tax at the rate of 31% (1997 - 30%)	(6,171)	145,430
Corporation tax on sale of properties	275,102	36,870
Share of associated company's taxation	6,523	12,244
Overprovision in prior years	(2,136)	-
	<u>273,318</u>	<u>194,544</u>

11 Shareholders' Funds	1998	1997
	£	£
The authorised share capital comprises:		
Authorised:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**Movements on Capital and Reserves - Company**

	Called Up Share Capital £	Revaluation Reserve £	Profit and Loss Account £	Total £
Balance at 1st April 1997	100	1,890,332	563,857	2,454,289
Transfer from profit and loss account	-	-	(3,110)	(3,110)
Transfer of realised profits	-	(345,574)	345,574	-
Balance at 31st March 1998	<u>100</u>	<u>1,544,758</u>	<u>906,321</u>	<u>2,451,179</u>

The revaluation reserve relates to a surplus on revaluation of freehold land and buildings.

**Movements on Reserves - Group**

	Revaluation Reserve £	Profit and Loss Account £	Total £
Balance at 1st April 1997	2,265,350	3,141,864	5,407,214
Transfer from profit and loss account	-	(35,157)	(35,157)
Goodwill written off	-	(27,005)	(27,005)
Transfer of realised profits	(971,076)	971,076	-
Surplus on property revaluations	671,128	-	671,128
Balance at 31st March 1998	<u>1,965,402</u>	<u>4,050,778</u>	<u>6,016,180</u>

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements. The group loss for the financial year of £35,157 (1997 - profit £190,948) includes a loss of £3,110 (1997 profit - £140,982) which is dealt with in the financial statements of the company.

**British Ensign Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1998 (Continued)**

12 Tangible Assets - Group

	Freehold Property £	Freehold Investment Property £	Long Leasehold Investment Property £	Short Leasehold Investment Property £	Plant and Machinery, Fixtures and Fittings £	Motor Vehicles £	Total £
<b>Cost or Valuation</b>							
At 1st April 1997	500,000	7,237,570	5,290,049	914,579	49,836	208,600	14,200,634
Additions	-	4,449,827	92,946	-	-	-	4,542,773
Surplus on revaluation	-	271,128	400,000	-	-	-	671,128
Disposals	-	(1,325,917)	(1,000,050)	-	-	(19,744)	(2,345,711)
At 31st March 1998	500,000	10,632,608	4,782,945	914,579	49,836	188,856	17,068,824
<b>Depreciation</b>							
At 1st April 1997	-	-	-	90,746	35,091	81,032	206,869
Charge for the year	-	-	-	25,682	2,770	30,909	59,361
Eliminated on disposals	-	-	-	-	-	(11,046)	(11,046)
At 31st March 1998	-	-	-	116,428	37,861	100,895	255,184
<b>Net Book Value</b>							
At 31st March 1998	500,000	10,632,608	4,782,945	798,151	11,975	87,961	16,813,640
At 31st March 1997	500,000	7,237,570	5,290,049	823,833	14,745	127,568	13,993,765

**British Ensign Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1998 (Continued)**

**12 Tangible Assets - Company**

	Freehold Investment Property £	Long Leasehold Investment Property £	Short Leasehold Investment Property £	Plant and Machinery, Fixtures and Fittings £	Motor Vehicles £	Total £
<b>Cost or Valuation</b>						
At 1st April 1997	2,200,000	810,000	914,579	30,709	208,600	4,163,888
Additions	736,678	-	-	-	-	736,678
Disposals	(1,322,467)	-	-	-	(19,744)	(1,342,211)
<b>At 31st March 1998</b>	<b>1,614,211</b>	<b>810,000</b>	<b>914,579</b>	<b>30,709</b>	<b>188,856</b>	<b>3,558,355</b>
<b>Depreciation</b>						
At 1st April 1997	-	-	90,746	27,146	81,032	198,924
Charge for the year	-	-	25,682	534	30,909	57,125
Disposals	-	-	-	-	(11,046)	(11,046)
<b>At 31st March 1998</b>	<b>-</b>	<b>-</b>	<b>116,428</b>	<b>27,680</b>	<b>100,895</b>	<b>245,003</b>
<b>Net Book Value</b>						
At 31st March 1998	<u>1,614,211</u>	<u>810,000</u>	<u>798,151</u>	<u>3,029</u>	<u>87,961</u>	<u>3,313,352</u>
At 31st March 1997	<u>2,200,000</u>	<u>810,000</u>	<u>823,833</u>	<u>3,563</u>	<u>127,568</u>	<u>3,964,964</u>

Comparable historical cost for the land and buildings included at valuation:

	Group £	Company £
<b>Cost</b>		
At 1st April 1997	11,676,848	2,529,247
Additions	4,542,773	736,678
Disposals	(1,354,891)	(976,892)
<b>At 31st March 1998</b>	<b>14,864,730</b>	<b>2,289,033</b>
<b>Depreciation</b>		
At 1st April 1997	90,746	90,746
Charge for the year	25,682	25,682
Disposals	-	-
<b>At 31st March 1998</b>	<b>116,428</b>	<b>116,428</b>
<b>Net Book Value</b>		
At 31st March 1998	<u>14,748,302</u>	<u>2,172,605</u>
At 31st March 1997	<u>11,586,102</u>	<u>2,438,501</u>

Investment properties were revalued as at 31st March 1998 by the directors, both Chartered Surveyors, on an open market basis.

**British Ensign Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1998 (Continued)**

13 Investments	Group		Company	
	1998 £	1997 £	1998 £	1997 £
(a) Shares in group undertakings				
At cost	-	-	142,206	102,290
Shares in undertakings in which the company has a participating interest	198,324	173,808	495,002	495,047
Other investments listed on a recognised stock exchange	64,000	-	64,000	-
	<u>262,324</u>	<u>173,808</u>	<u>701,208</u>	<u>597,337</u>
Market value of listed investments	<u>73,000</u>	<u>-</u>	<u>73,000</u>	<u>-</u>
			Other Participating Interests £	Total £
(b) Movement in group investments				
Shares of net assets:				
Cost at 1st April 1997			173,808	173,808
Shares of retained profits for year			24,514	24,514
Shares of net assets at 31st March 1998			<u>198,322</u>	<u>198,322</u>
Net book value at 31st March 1998			<u>198,322</u>	<u>198,322</u>
	Shares			
	Subsidiary Undertakings £	Associated Undertakings £	Listed £	Total £
(c) Movements in company investments				
Cost or valuation at 1st April 1997	102,290	495,047	-	597,337
Additions	40,020	2	64,000	104,022
Provisions in year	(104)	(47)	-	(151)
Cost or Valuation at 31st March 1998	<u>142,206</u>	<u>495,002</u>	<u>64,000</u>	<u>701,208</u>
Net book value at 31st March 1998	<u>142,206</u>	<u>495,002</u>	<u>64,000</u>	<u>701,208</u>



**British Ensign Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1998 (Continued)**

**13 Investments (Continued)**

(d) Details of group undertakings

The following details relate to the company's principal subsidiary undertakings:

Name	Location	Identity Shares Held	Percentage Shares Held	Activity
British Ensign Investments Limited	England	Ordinary	100%	Property Investment
Vemore Limited	England	Ordinary	100%	Property Investment
Tongdean Court Limited	England	Ordinary	100%	Property Investment
Sandhaven Property Trading Limited	England	Ordinary	100%	Property Development
Acemad Limited	England	Ordinary	100%	Racehorse Ownership

All subsidiary undertakings prepare accounts to 31st March 1998.

(e) Details of undertakings in which the company has a participating interest

Representing:	Country of Incorporation	Class of Share Held	Proportion of voting rights held	Activity
Zeeta House Limited	England	Ordinary	41.25%	Property Trading
Cardlane Limited	England	Ordinary	47%	Dormant

**14 Stocks**

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Properties held for resale	296,624	6,305,120	244,124	6,077,620

**15 Debtors**

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	210,200	224,087	12,056	51,240
Amounts owed by group undertakings	-	-	1,393,894	505,010
Amounts owed by undertakings in which the company has a participating interest	11,179	793,604	11,179	793,604
Other debtors	3,170,849	928,818	2,065,732	14,554
Prepayments and accrued income	26,237	94,614	14,621	44,348
	3,418,465	2,041,123	3,497,482	1,408,756

**British Ensign Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1998 (Continued)**

16 Creditors: Amounts falling due within one year	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank loans and overdrafts	739,106	4,522,523	260,600	4,206,158
Trade creditors	31,308	138,156	2,315	59,277
Corporation tax	269,052	194,222	136,597	161,068
Social security and other taxes	625,551	17,260	615,708	17,260
Other creditors	1,287,905	984,266	472,743	362,486
Accruals and deferred income	955,548	1,566,163	389,191	522,808
	<u>3,908,470</u>	<u>7,422,590</u>	<u>1,877,154</u>	<u>5,329,057</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the group.

17 Creditors: Amounts falling due after more than one year	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank loans	9,642,936	8,968,776	1,802,753	2,411,276
Other loans	100,000	200,000	-	-
Amounts owed to group undertakings	-	-	461,184	1,223,775
Other creditors	1,500,719	876,765	1,500,719	876,765
	<u>11,243,655</u>	<u>10,045,541</u>	<u>3,764,656</u>	<u>4,511,816</u>

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Amounts not repayable by instalments	<u>5,318,655</u>	<u>3,625,541</u>	<u>3,747,156</u>	<u>4,474,316</u>
Amounts repayable by instalments:				
Due between one to two years	475,000	375,000	10,000	10,000
Due between two and five years	1,102,500	1,072,500	7,500	27,500
Due after five years	4,347,500	4,972,500	-	-
	<u>5,925,000</u>	<u>6,420,000</u>	<u>17,500</u>	<u>37,500</u>

- (i) A bank loan of £3,310,580 (1997: £1,449,500) not repayable by instalments is a revolving credit facility subject to annual review. Interest is charged at the rate of 1.75% per annum over the bank's base rate. The loan is secured by legal charge over the properties acquired as a result of purchases made through utilisation of the facility and by a cross guarantee between British Ensign Estates Limited and its subsidiary undertaking British Ensign Investments Limited.
- (ii) A bank loan of £507,356 (1997: £1,299,276) not repayable by instalments is a revolving credit facility subject to annual review. Interest is charged at the rate of 2% per annum above the rate per annum at which deposits in domestic sterling of amounts comparable to the amounts of the loan or such drawing as appropriate are or would if sought be available to the Bank in the London Interbank Market for the relevant interest period.

The loan is secured by a first ranking legal charge over the properties acquired with the facilities and by the guarantee from Mr. P. Blacker, director, limited to £260,000.

**British Ensign Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1998 (Continued)**

**17 Creditors: Amounts falling due after more than one year**

- (iii) Other creditors of £1,500,719 (1997: £876,765) is not repayable by instalments and represent amounts due to Mr. P. Blacker, director. This amount is interest free, unsecured, with no fixed date of repayment.
- (iv) A bank loan totalling £2,350,000 (1997: £2,600,000) due after more than one year is repayable by annual instalments of £250,000 over 10 years, carries interest at 1.5% per annum above the bank's base rate and is secured by the same terms in (i) above.
- (v) A bank loan totalling £1,190,000 (1997: £1,240,000) due after more than one year is secured by a fixed charge over a freehold property and by a floating charge and equivalent assignment of rental income and by the unlimited guarantee of British Ensign Estates Limited. Interest is payable on the aggregate of 2.25% per annum and the cost to the bank of raising deposits in the London Interbank Market of the amount of loan. The loan is repayable at £40,000 per annum.
- (vi) A bank loan totalling £2,267,500 (1997: £2,342,500) due after more than one year carries interest at 2% above LIBOR and is repayable by annual installments of £75,000 in the first four years of the term. The loan is secured by a debenture over a long-leasehold property and by a guarantee given by British Ensign Estates Limited.

**18 Provisions for Liabilities and Charges**

Provision for deferred taxation has been made in these financial statements in accordance with the accounting policy described in note 1. The amounts provided and the full potential liability are as follows:

Group	1998		1997	
	Amount Provided £	Potential Liability £	Amount Provided £	Potential Liability £
Unrealised capital gains	-	568,000	-	642,000

Company	1998		1997	
	Amount Provided £	Potential Liability £	Amount Provided £	Potential Liability £
Unrealised capital gains	-	250,000	-	400,000

**19 Pension Commitments**

The company makes contributions to the British Ensign Estate Limited Retirement and Death Benefit Scheme, a money purchase scheme, the assets of the scheme being held separately from the assets of the company. The pension cost charge represents contributions payable to the scheme and amounted to £30,000 (1997 - £30,000).

**20 Related Party Transactions**

**(i) Group Transactions**

The group has taken advantage of the exemptions conferred by FRS8 paragraph 3c not to make disclosures concerning related parties.

**British Ensign Estates Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 1998 (Continued)**

**20 Related Party Transactions (continued)**

(ii) Transactions with Directors

Mr. P.G. Blacker

- a) Other creditors due after more than one year (see note 17) of £1,500,719 (1997: £876,765) represent the amount due to Mr. P.G. Blacker. This amount is interest free, unsecured with no fixed date of repayment.
- b) During the year the company purchase freehold titles amounting to £110,000 under normal commercial terms from Mr. P.G. Blacker trading as US Housing.

A subsidiary undertaking Sandhaven Property Trading Limited (whose results form part of these group accounts) purchased freehold titles amounting to £108,000 (1997: £611,500) under normal commercial terms from Mr. P.G. Blacker trading as US Housing.

Included within other debtors is an amount of £1,019,120 (1997: £879,142) due from US Housing.

- c) During the year the company sold freehold titles at a profit of £16,379 to the British Ensign Estates Limited Directors' Retirement and Death Benefit Scheme of which Mr. P.G. Blacker is a member.
- d) Included within other creditors are amounts due to Beornwood Limited of £306,000 and £96,492 due to Glenstriven Sawmills Limited, companies in which Mr. P.G. Blacker has a material interest.
- e) Included in other debtors is an amount of £852,882 due from Strongvale Limited, a company in which Mr. P.G. Blacker has a material interest.

Mr. R.D. Wallace

- a) Oakcastle Limited, a company in which Mr. R.D. Wallace has a material interest charged profit share fees of £496,914 (1997: £130,000) during the year to British Ensign Estates Limited group.

In the previous year to 31st March 1997, Forth & Thames Investments Limited, a company in which Mr. R.D. Wallace has a material interest charged property management fees of £150,000 to the British Ensign Estates Limited group (1998: £Nil).

**21 Capital Commitments**

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Expenditure contracted for but not provided in the financial statements	<u>1,975,000</u>	<u>-</u>	<u>1,525,000</u>	<u>-</u>

**22 Controlling Party**

The group is ultimately controlled by Mr. P.G. Blacker, a director, by virtue of his 100% shareholding in the company.