

1758817

ROCKEAGLE ESTATES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1999



ROCKEAGLE ESTATES LIMITED

COMPANY INFORMATION

Directors	Mr M R Kay Dr H Kay Mr N I Hole
Secretary	Mr P J Goodes
Company Number	1758817
Registered Office	Mamhead House Mamhead Exeter Devon EX6 8HD
Auditors	Thompson Jenner 1 Colleton Crescent Exeter Devon EX2 4DG

ROCKEAGLE ESTATES LIMITED

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ROCKEAGLE ESTATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 1999

The directors present their report together with the audited financial statements for the year ended 31st March 1999.

Principal Activities

The principal role of the company is that of an investment company.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary Shares	
	31st March 1999	1st April 1998
Mr M R Kay	-	-
Dr H Kay	-	-

None of the directors had a beneficial interest in the share capital of the company at any time during the year. Mr M R Kay and Dr H Kay are also directors of the company's ultimate holding company, Rockeagle Holdings Limited. Their interests in the shares of the holding company are disclosed in the financial statements of that company.

Year 2000 Compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

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 the company's affairs and of the profit or loss for that year. In preparing these 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 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 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.

ROCKEAGLE ESTATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 1999

Auditors

The auditors, Messrs. Thompson Jenner are deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 14 January 1992.

Small company exemptions

The report of the Directors' has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved by the board on 16th November 1999, and signed on its behalf.

Mr P J Goodes, Secretary
16th November 1999

A handwritten signature in black ink, consisting of a stylized 'P' followed by a long horizontal stroke and a final flourish.

AUDITORS' REPORT TO THE SHAREHOLDERS OF ROCKEAGLE ESTATES LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 1 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 financial statements and report our opinion to you.

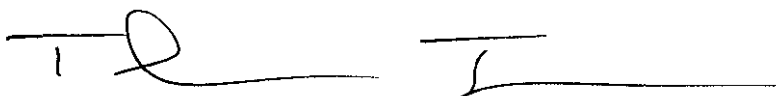
Basis of Opinion

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 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 the 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 31st March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Thompson Jenner
Chartered Accountants and Registered Auditors
1 Colleton Crescent
Exeter
Devon
EX2 4DG
Date: 29th November 1999

ROCKEAGLE ESTATES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1999

	Notes	1999 £	1998 £
Turnover	2	<u>198,150</u>	<u>198,150</u>
Gross Profit		<u>198,150</u>	<u>198,150</u>
Administrative Expenses		14,316	15,259
Operating Profit	4	<u>183,834</u>	<u>182,891</u>
Interest Receivable		4,164	2,942
Interest Payable and Similar Charges		<u>(156,220)</u>	<u>(183,045)</u>
Profit on Ordinary Activities before Taxation		<u>31,778</u>	<u>2,788</u>
Tax on profit on ordinary activities		-	-
Profit for the Financial Year	11	<u>31,778</u>	<u>2,788</u>
Retained Profit Brought Forward		<u>33,733</u>	<u>30,945</u>
Retained Profit Carried Forward		<u><u>65,511</u></u>	<u><u>33,733</u></u>

All amounts relate to continuing activities.

There were no recognised gains or losses for 1999 or 1998 other than those included in the profit and loss account.

ROCKEAGLE ESTATES LIMITED

BALANCE SHEET

AS AT 31ST MARCH 1999

	Notes	£	1999 £	£	1998 £
Fixed Assets					
Tangible assets	5		2,260,000		2,260,000
Current Assets					
Debtors	6	35,214		8,894	
Cash at bank and in hand		104,722		109,604	
			139,936		118,498
Creditors: Amounts Falling Due Within One Year	7	87,124		86,689	
Net Current Assets			52,812		31,809
Total Assets Less Current Liabilities			2,312,812		2,291,809
Creditors: Amounts Falling Due After More Than One Year	8		2,247,201		2,257,976
			65,611		33,833
Capital and Reserves					
Share capital	10		100		100
Profit and loss account	11		65,511		33,733
Shareholders' Funds	12		65,611		33,833

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the board on 16th November 1999 and signed on its behalf.

Mr M R Kay
Director



ROCKEAGLE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1999

1 Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

The company is exempt from the requirement to prepare group financial statements by virtue of section 248 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover is the total amount receivable by the company as rental income, excluding VAT and trade discounts.

Depreciation

In accordance with SSAP19, Investment Properties are revalued annually and the aggregate surplus or deficit transferred to the revaluation reserve, with no depreciation being provided in respect of these Investment Properties. This departure from the requirements of the Companies Act 1985, for all properties to be depreciated, is, in the opinion of the directors, necessary for the financial statements to give a true and fair view in accordance with applicable Accounting Standards

Investment Properties

Investment properties are shown at valuation. In the opinion of the director, Mr M R Kay, Chartered Surveyor, the value of the investment properties at 31 March 1999 is at least equal to that stated in the balance sheet.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

ROCKEAGLE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1999

Finance Costs

In accordance with FRS4, the issue costs of raising finance are spread over the term of the loan.

2 Turnover

Turnover relates to the following activities or business segments:

	1999	1998
	£	£
Property investment	198,150	198,150

3 Interest Payable and Similar Charges

	1999	1998
	£	£
Bank overdrafts and loans	156,220	183,045

4 Operating Profit

The operating profit is arrived at after charging or crediting:

	1999	1998
	£	£
Auditors' remuneration	1,000	1,000

5 Tangible Fixed Assets

	Investment Properties £	Total £
Cost		
At 1st April 1998	2,260,000	2,260,000
At 31st March 1999	2,260,000	2,260,000
Net Book Value		
At 31st March 1999	2,260,000	2,260,000
At 31st March 1998	2,260,000	2,260,000

The investment properties were valued in total at £2,260,000 in February 1995 by Chesterton International, Chartered Surveyors. The individual valuations of the properties were reviewed at 31 March 1999 by a director Mr M R Kay, Chartered Surveyor and it was considered that no change was required to these valuations.

6 Debtors

	1999	1998
	£	£
Trade debtors	33,006	8,188
Other debtors	2,208	706
	35,214	8,894

ROCKEAGLE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1999

7	Creditors: Amounts Falling Due Within One Year	1999	1998
		£	£
	Trade creditors	2,350	2,152
	Other creditors	84,774	84,537
		<u>87,124</u>	<u>86,689</u>

'Other creditors' include £7,421 (1998 - £7,184) in respect of taxation and social security.

8	Creditors: Amounts Falling Due After One Year	1999	1998
		£	£
	Loans (secured)	1,708,554	1,697,107
	Amounts owed to group companies	538,647	560,869
		<u>2,247,201</u>	<u>2,257,976</u>

The amount owed to group companies is subject to a deed of subordination, relating to the £1.72m bank loan.

The subordinated liability is due to Rockeagle Limited, the company's immediate parent.

The company is not permitted, other than in the normal course of business, to:

(a) secure all or part of the subordinated liability, or

(b) make any payment relating to the liability until the £1.72m bank loan has been repaid in full.

The bank loan of £1,708,554 is after deduction of issue costs of £11,446 which are being written off over the term of the loan, as required by FRS4.

9 Deferred Taxation

The movements in deferred taxation during the current and previous years are as follows:

	Amount Unprovided	
	1999	1998
	£	£
Unrealised capital gains	<u>310,000</u>	<u>315,000</u>

10	Share Capital	1999	1998
		£	£
	Authorised		
	100 Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>
	Allotted		
	100 Allotted, called up and fully paid ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

ROCKEAGLE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1999

11 Reserves

	Profit and Loss Account
	£
At 1 April 1997	30,945
Profit for the year	2,788
At 1st April 1998	33,733
Profit for the year	31,778
At 31st March 1999	65,511

12 Reconciliation of Shareholders' Funds

	1999 £	1998 £
Profit for the financial year	31,778	2,788
Increase in the shareholders' funds	31,778	2,788
Closing shareholders' funds	65,611	33,833

13 Related Parties

Exemption has been taken of the requirement to disclose transactions with group companies on the grounds that the company is included in publicly available consolidated accounts.

The company is a subsidiary of Rockeagle Holdings Limited, a company incorporated in England.

Under the terms of the loan agreement with the company bankers, the share capital in the company is held by a nominee company. All voting rights, and rights to income and capital investment in the holding company, Rockeagle Limited.
