

Registration number 1758817

Eagle One Estates Limited
Directors' report and financial statements
for the year ended 31 March 2003



Eagle One Estates Limited

Company information

Directors	M R Kay	Resigned 5/11/02
	H Kay	Resigned 5/11/02
	P J Goodes	
	A P Cutler	
	C Fayers	
Secretary	P J Goodes	
Company number	1758817	
Registered office	Palatine House Matford Court Exeter Devon EX2 8NL	
Auditors	Thompson Jenner 1 Colleton Crescent Exeter Devon EX2 4DG	

Eagle One Estates Limited

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Eagle One Estates Limited

Directors' report for the year ended 31 March 2003

The directors present their report and the financial statements for the year ended 31 March 2003.

Principal activity

The principal activity of the company was the letting of investment properties.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Ordinary shares	
		31/03/03	01/04/02
		or date of appointment	
M R Kay	Resigned 5/11/02	-	-
H Kay	Resigned 5/11/02	-	-
P J Goodes		-	-
A P Cutler		-	-
C Fayers		-	-

None of the directors had a beneficial interest in the share capital of the company at any time in the period. Messrs P J Goodes, A P Cutler and C Fayers are also directors of the company's ultimate holding company, Eagle One Investment Holdings Limited. Their interests in the shares of the holding company is disclosed in the financial statements of that company.

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 affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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 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.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 29.01.2004 and signed on its behalf by

P J Goodes
Secretary

Eagle One Estates Limited

Independent auditors' report to the shareholders of Eagle One Estates Limited

We have audited the financial statements of Eagle One Estates Limited for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 March 2003 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

29.1.2004

1 Colleton Crescent
Exeter
Devon
EX2 4DG

Eagle One Estates Limited

Profit and loss account for the year ended 31 March 2003

		Continuing operations	
		2003	As restated 2002
	Notes	£	£
Turnover	2	2,313,855	954,051
Cost of sales		(1,350,000)	(49,203)
Gross profit		963,855	904,848
Administrative expenses		(24,823)	(26,364)
Operating profit	3	939,032	878,484
Interest payable and similar charges	4	(457,589)	(526,819)
Profit on ordinary activities before taxation		481,443	351,665
Tax on profit on ordinary activities	5	(113,391)	(4,876)
Profit on ordinary activities after taxation		368,052	346,789
Retained profit for the year		368,052	346,789
Statement of total recognised gains and losses			
Profit on ordinary activities after taxation		368,052	346,789
Unrealised movement on revaluation of investment property		1,151,000	-
Total recognised gains relating to the year		1,519,052	346,789
Prior year adjustment		(181,726)	-
Total recognised gains since last annual report		1,337,326	346,789

The notes on pages 5 to 13 form an integral part of these financial statements.

Eagle One Estates Limited

**Balance sheet
as at 31 March 2003**

		2003		As restated 2002	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		11,561,000		10,410,000
Investments	7		4		4
			<u>11,561,004</u>		<u>10,410,004</u>
Current assets					
Stocks		-		1,350,000	
Debtors	8	69,054		41,863	
Cash at bank and in hand		268		705	
		<u>69,322</u>		<u>1,392,568</u>	
Creditors: amounts falling due within one year	9	<u>(364,562)</u>		<u>(272,305)</u>	
Net current (liabilities)/assets			<u>(295,240)</u>		<u>1,120,263</u>
Total assets less current liabilities			11,265,764		11,530,267
Creditors: amounts falling due after more than one year	10		(8,729,934)		(10,517,147)
Provisions for liabilities and charges			<u>(185,384)</u>		<u>(181,726)</u>
Net assets			<u>2,350,446</u>		<u>831,394</u>
Capital and reserves					
Called up share capital	12		100		100
Other reserves	13		1,151,000		-
Profit and loss account	13		<u>1,199,346</u>		<u>831,294</u>
Shareholders' funds	14		<u>2,350,446</u>		<u>831,394</u>

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

The financial statements were approved by the Board on 29.01.2004 and signed on its behalf by

P J Goodes
Director

The notes on pages 5 to 13 form an integral part of these financial statements.

Eagle One Estates Limited

Notes to the financial statements for the year ended 31 March 2003

1. Accounting policies

1.1. Accounting convention

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

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2. Turnover

Turnover represents the total amount receivable by the company as retail income, excluding value added tax.

1.3. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Investment properties

In accordance with Statement of Standard Accounting Practice No 19, certain of the company's properties are held for long-term investment and are included in the Balance Sheet at their open market values. The surplus or deficit on revaluation of such properties are transferred to the investment property revaluation reserve. Depreciation is not provided in respect of freehold investment properties. Leasehold investment properties are not amortised where the unexpired term is over twenty years.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the Financial Statements may give a true and fair view because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.5. Deferred taxation

Following the adoption of FRS 19, Deferred Tax, deferred tax is recognised in respect of timing differences that have originated but not reversed by the balance sheet date. Deferred tax balances are not discounted.

The cumulative cost of the deferred tax charges relating to previous years has been recognised in the accounts as a prior year adjustments and the comparative figures for 2002 have been restated. The effect on continuing operations of implementing this new accounting policy was to increase the tax charge by £3,658 (2002: £4,876) and to reduce the value of reserves at 1 April 2002 by £181,726. (2002: £176,850)

1.6. Work in progress

Work in progress is valued at the lower of cost and net realisable value where cost comprises direct materials and labour costs. Specific provisions are made where necessary to reduce the value of the work in progress to the net realisable value in the ordinary course of business. Long term work in progress is valued at cost incurred, less that which is transferred to the profit and loss account, less provision for foreseeable losses.

Eagle One Estates Limited

Notes to the financial statements for the year ended 31 March 2003

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1.7. Comparative amount

In accordance with FRS 4, prepaid finance costs have been offset against the loans received. This is a change in presentation from previous years, when they were included in prepayments. The effect on comparative amounts is to reduce current assets by £37,425, and creditors after one year by £37,425. There is no effect on reserves.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit	2003	As restated 2002
	£	£
Auditors' remuneration	1,170	1,000
Directors remuneration	-	-
	<u> </u>	<u> </u>

4. Interest payable and similar charges	2003	As restated 2002
	£	£
Included in this category is the following:		
On loans repayable between one and two years	457,427	-
On loans repayable between two and five years	-	526,819
	<u> </u>	<u> </u>

Eagle One Estates Limited

Notes to the financial statements for the year ended 31 March 2003

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5. Tax on profit on ordinary activities

Analysis of charge in period	2003 £	As restated 2002 £
Current tax		
UK corporation tax	104,733	-
Adjustments in respect of previous periods	5,000	-
	<u>109,733</u>	<u>-</u>
Total current tax charge	109,733	-
Deferred tax		
Timing differences, origination and reversal	3,658	4,876
Total deferred tax	<u>3,658</u>	<u>4,876</u>
Tax on profit on ordinary activities	113,391	4,876

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2003 £	As restated 2002 £
Profit on ordinary activities before taxation	481,443	351,665
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 March 2002 : 30%)	144,433	105,500
Effects of:		
Capital allowances for period in excess of depreciation	(3,658)	(4,877)
Utilisation of tax losses	(36,042)	(100,623)
Adjustments to tax charge in respect of previous periods	5,000	-
Current tax charge for period	<u>109,733</u>	<u>-</u>

Eagle One Estates Limited

Notes to the financial statements for the year ended 31 March 2003

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6. Tangible fixed assets

	Investment Properties £	Total £
Cost or valuation		
At 1 April 2002 (as restated)	10,410,000	10,410,000
Revaluation	1,151,000	1,151,000
At 31 March 2003	11,561,000	11,561,000
Net book values		
At 31 March 2003	11,561,000	11,561,000
At 31 March 2002 (as restated)	10,410,000	10,410,000

Tangible fixed assets included at a valuation would have been included on a historical cost basis at:

	2003 £	As restated 2002 £
Cost	10,410,000	10,410,000
Depreciation	-	-
Net book value	10,410,000	10,410,000

Investment properties were valued at 31 March 2003 by the directors at £11,561,000. These were based on professional valuations undertaken during the year by King Sturge, independent valuers, amounting to £11,561,000.

Eagle One Estates Limited

Notes to the financial statements for the year ended 31 March 2003

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7. Fixed asset investments	Other unlisted investments £	Total £
Cost/revaluation		
At 1 April 2002 (as restated)		
At 31 March 2003	4	4
Net book values		
At 31 March 2003	4	4
At 31 March 2002 (as restated)	4	4

The fixed asset investments represent holding in the ordinary shares of The Square Management Company (Bath) Limited (18.75%) and King Street Management Company (Bristol) Limited (16.67%)

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8. Debtors	2003 £	As restated 2002 £
Trade debtors	58,554	31,363
Prepayments and accrued income	10,500	10,500
	<u>69,054</u>	<u>41,863</u>

9. Creditors: amounts falling due within one year	2003 £	As restated 2002 £
Trade creditors	4,158	50
Corporation tax	104,733	-
Other taxes and social security costs	33,900	50,495
Accruals and deferred income	221,771	221,760
	<u>364,562</u>	<u>272,305</u>

Eagle One Estates Limited

Notes to the financial statements for the year ended 31 March 2003

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10	Creditors: amounts falling due after more than one year	2003 £	As restated 2002 £
	Bank loan	8,580,088	8,562,575
	Amount owed to group companies	149,846	1,954,572
		<u>8,729,934</u>	<u>10,517,147</u>
	Analysis of Loans		
	Loans	8,580,088	8,562,575
	Amount owed to group companies	149,846	1,954,572
		<u>8,729,934</u>	<u>10,517,147</u>
	Maturity of debt		
	Repayable between one and two years	8,729,934	1,954,572
	Repayable between two and five years	-	8,562,575
		<u>8,729,934</u>	<u>10,517,147</u>

The loan is secured on the investment properties.

The bank loans are stated net of prepaid finance costs. At the year end prepaid finance costs amounted to £19,912 (2002: £37,425).

Eagle One Estates Limited

Notes to the financial statements for the year ended 31 March 2003

..... continued

11. Deferred taxation

	Not provided		Provided	
	2003	2002	2003	As restated 2002
	£	£	£	£
Accelerated capital allowances	-	-	185,384	181,726
	-	-	185,384	181,726
Surplus on revaluation of property	1,036,357	844,932	-	-
	1,036,357	844,932	185,384	181,726

The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 30%.

Movements on the provision for deferred taxation are:

	2003	As restated 2002
	£	£
At 1 April 2002	181,726	176,850
Transferred from profit and loss account	3,658	4,876
At 31 March 2003	185,384	181,726

12. Share capital

	2003	As restated 2002
	£	£
Authorised equity		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid equity		
100 Ordinary shares of £1 each	100	100

Eagle One Estates Limited

Notes to the financial statements for the year ended 31 March 2003

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13. Equity Reserves	Profit and loss account £	Investment property reserve £	Total £
At 1 April 2002			
as previously stated	1,013,020		1,013,020
Prior year adjustment	(181,726)		(181,726)
At 1 April 2002 (as restated)	831,294	-	831,294
Revaluation of property	-	1,151,000	1,151,000
Retained profit for the year	368,052	-	368,052
At 31 March 2003	<u>1,199,346</u>	<u>1,151,000</u>	<u>2,350,346</u>

14. Reconciliation of movements in shareholders' funds	2003 £	As restated 2002 £
Profit for the year	368,052	346,789
Other recognised gains or losses	1,151,000	-
Net addition to shareholders' funds	1,519,052	346,789
Opening shareholders' funds	831,394	484,605
Closing shareholders' funds	<u>2,350,446</u>	<u>831,394</u>

15. Related party transactions

During the year, the company continued to be provided with an interest free loan from Eagle One Limited, a group company. The balance due to Eagle One Limited at the year end was £149,846, this amount is included in creditors falling due in more than one year.

During the year, property at Redhayes previously included in work in progress with a valuation of £1,350,000 was transferred to Eagle One MMIII Ltd. The transfer was at no profit or loss.

16. Ultimate parent undertaking

The company's parent company is Eagle One Limited, a company incorporated in England.

The company's ultimate parent company is Eagle One Investment Holdings Limited, a company incorporated in England.

Eagle One Estates Limited

**Notes to the financial statements
for the year ended 31 March 2003**

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17. Controlling interest

The company's ultimate controlling party is Mr M R Kay.