

Rotation Finance Limited

Annual report

for the year ended 30 September 1997

Registered no: 1976688



Coopers
& Lybrand

Rotation Finance Limited

Annual report for the year ended 30 September 1997

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Directors and advisers

Directors

R H Dickinson
S Dickinson
P M Milburn
G J Davis
A R Cunningham

Secretary and registered office

G J Davis
Chaucer Buildings
Grainger Street
Newcastle upon Tyne
NE1 5LE

Registered Auditors

Coopers & Lybrand
Hadrian House
Higham Place
Newcastle upon Tyne
NE1 8BP

Solicitors

Dickinson Dees
Cross House
Westgate Road
Newcastle upon Tyne
NE99 1SB

Bankers

Barclays Bank Plc
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3PN

**Directors' report
for the year ended 30 September 1997**

The directors present their report and the audited financial statements for the year ended 30 September 1997.

Principal activities and review of business

The principal activity of the company is that of a holding company.

Results

The results for the year are set out on page 5.

Dividend

The directors do not propose the payment of a dividend (1996: £Nil). The retained profit of £733 (1996: £313) will be transferred to reserves.

Directors

The directors who served during the year and to the date of this report were:

R H Dickinson
S Dickinson
P M Milburn
A R Cunningham (appointed 20 May 1997)
G J Davis

The directors have no beneficial interest in the share capital of the company. The beneficial interests of Mr R H Dickinson, Mr S Dickinson, Mr P M Milburn and Mr A R Cunningham in the shares of the ultimate holding company, Grainger Trust p.l.c., are shown in the annual report of Grainger Trust p.l.c..

The beneficial interest of the other director in the shares of Grainger Trust p.l.c. was as follows:

	30 September 1997 Number	30 September 1996 Number
G J Davis	<u>13,092</u>	<u>11,746</u>

Directors share options at 30 September 1997

Option price	Date exercisable	Ordinary shares of 25p each Mr G J Davis	
		1997	1996
Revenue approved schemes			
448p	3 January 1992 to 3 January 1999	20,000	20,000
128.4p	19 July 1994 to 18 July 2001	20,000	20,000
342.5p	23 December 1999 to 23 December 2006	-	-
LTIP scheme			
267.1p	9 July 2000 to 9 July 2007	8,911	-
SAYE scheme			
214p	5 August 2002 to 5 February 2003	8,060	-
Total number of share options		<u>56,971</u>	<u>40,000</u>

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 September 1997. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution proposing the reappointment of Coopers & Lybrand as auditors to the company will be put to the Annual General Meeting.

By order of the board



Secretary

22.1.98

Report of the auditors to the members of Rotation Finance Limited

We have audited the financial statements on pages 5 to 11.

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 at 30 September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Chartered Accountants and Registered Auditors
Newcastle upon Tyne

22 January 1998

**Profit and loss account
for the year ended 30 September 1997**

	Notes	1997 £	1996 £
Operating expenses		-	(890)
Operating loss		-	(890)
Interest receivable and similar income	2	946	1,305
Profit on ordinary activities before taxation	3	946	415
Taxation	5	(213)	(102)
Profit on ordinary activities after taxation		733	313
Retained profit for the financial year	10	733	313

All the activities of the company are continuing.

The company has no recognised gains and losses other than those included in the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

Balance sheet at 30 September 1997

	Notes	30 September 1997 £	30 September 1996 £
Fixed assets			
Investments	6	<u>27,394,631</u>	<u>27,394,631</u>
Current assets			
Debtors	7	799,898	760,000
Cast at bank and in hand		<u>3,251</u>	<u>42,305</u>
		803,149	802,305
Creditors: amounts falling due within one year	8	<u>(28,170,195)</u>	<u>(28,170,084)</u>
Net current liabilities		<u>(27,367,046)</u>	<u>(27,367,779)</u>
Total assets less current liabilities		<u>27,585</u>	<u>26,852</u>
Net assets		<u>27,585</u>	<u>26,852</u>
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	<u>27,485</u>	<u>26,752</u>
Equity shareholders' funds	11	<u>27,585</u>	<u>26,852</u>

The financial statements on pages 5 to 11 were approved by the board of directors on
22 January 1998 . and were signed on its behalf by:

AL Cunningham
Director

**Notes to the financial statements
for the year ended 30 September 1997****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Accounting convention

The company prepares its annual financial statements on the historical cost basis of accounting.

Cash flow

The company is a wholly owned subsidiary of Grainger Trust p.l.c. and the cash flows of the company are included in the consolidated cash flow statement of Grainger Trust p.l.c.. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

Investments

Investments in subsidiaries are included at cost less provisions for any permanent diminution in value.

Consolidated accounts

The company does not prepare consolidated accounts as it is the wholly owned subsidiary of a parent undertaking established under the law of a member state of the European Economic Area into the accounts of which its results have been consolidated.

2 Interest receivable

	1997 £	1996 £
Interest receivable	<u>946</u>	<u>1,305</u>

3 Profit on ordinary activities before taxation

	1997 £	1996 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	<u>-</u>	<u>-</u>

4 Directors and employees

There are no persons holding service contracts with Rotation Finance Limited.

No director received any remuneration from the company during the period, or in the previous year.

5 Taxation

	1997 £	1996 £
UK corporation tax at 22.5% (1996: 25%)		
Current	<u>213</u>	<u>102</u>

6 Investments

£

Shares in subsidiary at cost

As at 30 September 1996 and 30 September 1997

27,394,631

The company owns 100% of the issued ordinary share capital of Frincon Holdings 1986 Limited, a company registered in England and Wales. Frincon Holdings 1986 Limited is a holding company with subsidiaries whose principal businesses are in property investment.

7 Debtors

	1997 £	1996 £
Amounts falling due within one year	39,898	-
Amounts owed by parent company and fellow subsidiaries	760,000	760,000
Advance corporation tax recoverable		
	<u>799,898</u>	<u>760,000</u>

8 Creditors

	1997 £	1996 £
Amounts falling due within one year		
Amounts owed to parent company	28,169,982	28,169,982
Corporation tax	213	102
	<u>28,170,195</u>	<u>28,170,084</u>

9 Called up share capital

	1997 £	1996 £
Authorised		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

10 Profit and loss account

	£
At 30 September 1996	26,752
Profit for the year	733
	<hr/>
At 30 September 1997	<u>27,485</u>

11 Reconciliation of movements in equity shareholders' funds

	1997 £	1996 £
Profit for the financial year	733	313
Opening equity shareholders' funds	<u>26,852</u>	<u>26,539</u>
Closing equity shareholders' funds	<u>27,585</u>	<u>26,852</u>

12 Contingent liabilities

The company has granted a first charge over its shareholding in Frincon Holdings 1986 Limited to its ultimate parent company, Grainger Trust p.l.c..

13 Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard No.8 and has not disclosed transactions with companies that are part of the Grainger Trust p.l.c. group.

Mr R H Dickinson was a partner in Dickinson Dees, Solicitors until 31 March 1997. Total net payments, which have been made on normal commercial terms from Grainger Trust p.l.c and its subsidiaries to Dickinson Dees for the year ended 30 September 1997 amounted to £376,134 (1996: £453,966).

14 Controlling parties

The directors regard Grainger Trust p.l.c., a company registered in England and Wales, as the immediate and ultimate controlling party and parent company by virtue of its majority shareholding. Copies of the parent's consolidated financial statements may be obtained from Chaucer Buildings, 57 Grainger Street, Newcastle upon Tyne, NE1 5LE.