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Registered number: 2610539

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## FALCONLAND LIMITED

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### DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2002



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**FALCONLAND LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	S G M Ross Goobey G M Lovell
<b>SECRETARY</b>	S G M Ross Goobey
<b>COMPANY NUMBER</b>	2610539
<b>REGISTERED OFFICE</b>	John Stow House 18 Bevis Marks London EC3A 7ED
<b>AUDITORS</b>	Macnair Mason Registered Auditors & Chartered Accountants John Stow House 18 Bevis Marks London EC3A 7ED
<b>BANKERS</b>	Leopold Joseph 99 Gresham Street London EC2V 7NG

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**FALCONLAND LIMITED**

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## FALCONLAND LIMITED

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### DIRECTORS' REPORT For the year ended 31 August 2002

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The directors present their report and the financial statements for the year ended 31 August 2002.

#### 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 of the profit or loss of the company 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;
- 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.

#### PRINCIPAL ACTIVITIES

The company's principal activity continued to be that of property investment.

#### DIRECTORS

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

	Ordinary shares of £1 each	
	<u>31/8/02</u>	<u>1/9/01</u>
S G M Ross Goobey	1	1
G M Lovell	-	-

S G M Ross Goobey also had other interests via her family amounting to 160,149 ordinary shares (2001 - 160,149 ordinary shares).

#### POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the year.

#### AUDITORS

The auditors, Macnair Mason, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

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**FALCONLAND LIMITED**

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**DIRECTORS' REPORT**  
**For the year ended 31 August 2002**

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This report was approved by the board on *16<sup>th</sup> February 2003* and signed on its behalf.

*John A. O'Connell*

Director

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## **FALCONLAND LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FALCONLAND LIMITED**

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We have audited the financial statements of Falconland Limited for the year ended 31 August 2002 set out on pages 5 to 10. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's 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 members 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.

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**FALCONLAND LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FALCONLAND LIMITED**

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**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditors  
Chartered Accountants

John Stow House  
18 Bevis Marks  
London  
EC3A 7ED

*19<sup>th</sup> February 2003*

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**FALCONLAND LIMITED**

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**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 August 2002**

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	Note	2002 £	2001 £
<b>TURNOVER</b>		<b>248,661</b>	<b>241,519</b>
Administrative expenses		<u>(11,700)</u>	<u>(12,283)</u>
<b>OPERATING PROFIT</b>	2	<b>236,961</b>	<b>229,236</b>
Interest receivable		<b>4,280</b>	<b>5,508</b>
Interest payable	3	<u>(129,029)</u>	<u>(132,557)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>112,212</b>	<b>102,187</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	4	<u>(21,972)</u>	<u>(20,484)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u><b>90,240</b></u>	<u><b>81,703</b></u>

The notes on pages 7 to 10 form part of these financial statements.



**FALCONLAND LIMITED****BALANCE SHEET**  
**As at 31 August 2002**

	Note	2002 £	2001 £
<b>FIXED ASSETS</b>			
Investments	5	2,686,500	2,686,500
<b>CURRENT ASSETS</b>			
Debtors	6	746	447
Cash at bank		218,606	167,996
		<u>219,352</u>	<u>168,443</u>
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(1,649,022)</u>	<u>(1,688,353)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,429,670)</u>	<u>(1,519,910)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,256,830</u>	<u>1,166,590</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	575,000	575,000
Share premium account	10	11,250	11,250
Revaluation reserve	10	143,248	143,248
Profit and loss account	10	527,332	437,092
<b>SHAREHOLDERS' FUNDS</b>		<u>1,256,830</u>	<u>1,166,590</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 16<sup>th</sup> February 2003 and signed on its behalf.



Director

The notes on pages 7 to 10 form part of these financial statements.

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## FALCONLAND LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2002

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold and leasehold investment properties and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

##### 1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

##### 1.3 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for timing differences arising on revaluations of fixed assets which are not intended to be sold and gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

##### 1.4 Turnover

Turnover represents rents receivable, exclusive of Value Added Tax.

##### 1.5 Investment Properties

In accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), the company's investment properties are held for long-term investment and are included in the Balance Sheet at their open market values, depreciation is not provided in respect of freehold investment properties and leasehold investment properties are not amortised where the unexpired term is over twenty years. The surplus or deficit on revaluation of such properties is transferred to the investment property revaluation reserve.

This is an override of the Companies Act 1985 Schedule 8 requirement to depreciate and is necessary to provide a true and fair view of the company's affairs.

#### 2. OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	£	£
Auditors' remuneration	3,500	3,400
	<hr/>	<hr/>

During the year, no director received any emoluments (2001 - £nil).

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**FALCONLAND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 August 2002

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**3. INTEREST PAYABLE**

	2002	2001
	£	£
On bank loans and overdrafts	128,967	132,557
Other interest payable	62	-
	<u>129,029</u>	<u>132,557</u>

**4. TAXATION**

	2002	2001
	£	£
UK corporation tax on profits of the year	<u>21,972</u>	<u>20,484</u>

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK.

There were no factors that may affect future tax charges.

**5. FIXED ASSET INVESTMENTS**

	Other invest- ments £	Total £
<b>Valuation</b>		
At 1 September 2001 and 31 August 2002	<u>2,686,500</u>	<u>2,686,500</u>

The investments of £2,686,500, representing freehold and long leasehold properties, were valued by Kenneth Peters & Company Limited, commercial property advisers, on the basis of open market value as at 31st August 2000 in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

The directors consider that there has been no material change in the valuations of the properties since that date.

**6. DEBTORS**

	2002	2001
	£	£
<b>Due within one year</b>		
Other debtors	<u>£ 746</u>	<u>£ 447</u>

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**FALCONLAND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 August 2002**

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**7. CREDITORS:**  
**Amounts falling due within one year**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Debenture loans	<b>1,570,000</b>	<b>1,610,000</b>
Other creditors	<b>79,022</b>	<b>78,353</b>
	<b><u>1,649,022</u></b>	<b><u>1,688,353</u></b>

Other creditors' include £27,150 (2001-£25,199) in respect of taxation and social security.

**8. BANK LOAN**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Amounts repayable	<b>1,570,000</b>	<b>1,610,000</b>
In one year or less, or on demand	<b><u>1,570,000</u></b>	<b><u>1,610,000</u></b>

The bank loan is secured by a debenture over the assets of the company, including first legal charges over all of the company's investment properties. The bank and the directors have effected an agreement that envisages the facility being available for a period of five years with quarterly part repayments of £10,000 from 15 September 1998 and the balancing repayment due at the end of the fifth year. However, the agreement also states that the whole of the loan is technically repayable on demand. In view of the latter condition and to comply with the guidance in FRS4, the loan has been classified as being due wholly within one year.

**9. SHARE CAPITAL**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
600,000 Ordinary shares of £1 each	<b><u>£ 600,000</u></b>	<b><u>£ 600,000</u></b>
<b>Allotted, called up and fully paid</b>		
575,000 Ordinary shares of £1 each	<b><u>£ 575,000</u></b>	<b><u>£ 575,000</u></b>

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**FALCONLAND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 August 2002**

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**10. RESERVES**

<b>Share premium account</b>	<b>£</b>
At 1 September 2001	11,250
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At 31 August 2002	11,250
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<b>Revaluation reserve</b>	<b>£</b>
At 1 September 2001	143,248
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At 31 August 2002	143,248
	<hr/>
<b>Profit and loss account</b>	<b>£</b>
At 1 September 2001	437,092
Profit retained for the year	90,240
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At 31 August 2002	527,332
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