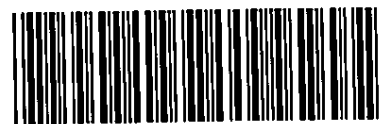


Registration number 4466922

Lone Eagle Properties Limited
Directors' report and financial statements
for the year ended 30 June 2007

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Lone Eagle Properties Limited

Company information

Directors	A P Cutler C D Fayers P J Goodes
Secretary	P J Goodes
Company number	4466922
Registered office	Palatine House Matford Court Exeter EX2 8NL
Auditors	Thompson Jenner 1 Colleton Crescent Exeter Devon EX2 4DG
Bankers	National Westminster Bank plc

Lone Eagle Properties Limited

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Lone Eagle Properties Limited
Directors' report
for the year ended 30 June 2007

The directors present their report and the financial statements for the year ended 30 June 2007.

Principal activity

The principal activity is that of a property investment company

Directors

The directors who served during the year are as stated below:

A P Cutler
C D Fayers
P J Goodes

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare the Annual Report and financial statements for each financial year. Under that law the directors have elected to prepare the Annual Report and the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 financial statements 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.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

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 23rd March 2008 and signed on its behalf by

P J Goodes
Secretary



Lone Eagle Properties Limited

**Independent auditors' report to the shareholders of
Lone Eagle Properties Limited**

We have audited the financial statements of Lone Eagle Properties Limited for the year ended 30 June 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 the auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice applicable for Smaller Entities, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

**Thompson Jenner
Chartered Accountants and
Registered auditors**

**1 Colleton Crescent
Exeter
Devon
EX2 4DG**

1. 4. 2008

Lone Eagle Properties Limited

**Profit and loss account
for the year ended 30 June 2007**

		2007	2006
	Notes	£	£
Turnover	2	279,725	279,725
Cost of sales		(16,434)	(17,609)
Gross profit		263,291	262,116
Administrative expenses		(6,648)	(16,057)
Operating profit	3	256,643	246,059
Other interest receivable and similar income		-	75
Interest payable and similar charges		(214,291)	(168,539)
Profit on ordinary activities before taxation		42,352	77,595
Tax on profit on ordinary activities	4	(12,231)	(23,279)
Profit on ordinary activities after taxation		30,121	54,316
Profit for the year	11	30,121	54,316

The notes on pages 5 to 8 form an integral part of these financial statements.

Lone Eagle Properties Limited

**Balance sheet
as at 30 June 2007**

	Notes	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	5		4,541,197		4,536,977
Current assets					
Debtors	6	1,146,224		1,268,739	
Cash at bank and in hand		<u>1</u>		<u>1</u>	
		1,146,225		1,268,740	
Creditors: amounts falling due within one year	7	<u>(183,770)</u>		<u>(253,454)</u>	
Net current assets			<u>962,455</u>		<u>1,015,286</u>
Total assets less current liabilities			5,503,652		5,552,263
Creditors: amounts falling due after more than one year	8		<u>(3,420,000)</u>		<u>(3,498,732)</u>
Net assets			<u>2,083,652</u>		<u>2,053,531</u>
Capital and reserves					
Called up share capital	10		1		1
Revaluation reserve	11		1,856,482		1,856,482
Profit and loss account	11		<u>227,169</u>		<u>197,048</u>
Shareholders' funds			<u>2,083,652</u>		<u>2,053,531</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective January 2005) relating to small companies

The financial statements were approved by the Board on 27th March 2008 and signed on its behalf by

P J Goodes
Director



The notes on pages 5 to 8 form an integral part of these financial statements.

Lone Eagle Properties Limited

Notes to the financial statements for the year ended 30 June 2007

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 and in accordance with applicable accounting standards, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year

1.3 Investment properties

In accordance with the Financial Reporting Standard for Smaller Entities, 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 is 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

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.

1.4. Deferred taxation

Where material, 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.

2. Turnover

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

3. Operating profit

	2007	2006
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	2,732	2,174
Directors' remuneration	-	-
	<u> </u>	<u> </u>

4. Tax on profit on ordinary activities

Analysis of charge in period	2007	2006
	£	£
Current tax		
UK corporation tax	<u>12,231</u>	<u>23,279</u>

Lone Eagle Properties Limited

**Notes to the financial statements
for the year ended 30 June 2007**

..... continued

5. Tangible fixed assets

	Investment Property £	Freehold Property £	Total £
Cost/revaluation			
At 1 July 2006	4,500,000	36,977	4,536,977
Additions	-	4,220	4,220
At 30 June 2007	<u>4,500,000</u>	<u>41,197</u>	<u>4,541,197</u>
Net book values			
At 30 June 2007	<u>4,500,000</u>	<u>41,197</u>	<u>4,541,197</u>
At 30 June 2006	<u>4,500,000</u>	<u>36,977</u>	<u>4,536,977</u>

Investment property was valued at 30 June 2007 by directors, at £4,500,000. This was based on professional valuations undertaken by DTZ International Property Advisors, independent valuers amounting to £4,500,000, in December 2005

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

	2007 £	2006 £
Cost	2,643,518	2,643,518
Depreciation	-	-
Net book value	<u>2,643,518</u>	<u>2,643,518</u>

6. Debtors

	2007 £	2006 £
Amounts owed by group undertakings	1,141,205	1,268,739
Other debtors	5,019	-
	<u>1,146,224</u>	<u>1,268,739</u>

Amounts falling due after more than one year and included in debtors are.

Amounts owed by group undertaking	1,141,205	1,268,739
	<u>1,141,205</u>	<u>1,268,739</u>

Lone Eagle Properties Limited

Notes to the financial statements for the year ended 30 June 2007

..... continued

7. Creditors: amounts falling due within one year	2007 £	2006 £
Bank overdraft	-	49,234
Bank loan	78,732	76,197
Trade creditors	1,234	-
Corporation tax	-	12,029
Accruals and deferred income	103,804	115,994
	<u>183,770</u>	<u>253,454</u>

The bank loan is secured on the investment property

8. Creditors: amounts falling due after more than one year	2007 £	2006 £
Bank loan	3,420,000	3,498,732
	<u>3,420,000</u>	<u>3,498,732</u>

The bank loan is secured on the investment property

9. Deferred taxation

Deferred tax is analysed over the following timing differences

	Not provided		Provided	
	2007 £	2006 £	2007 £	2006 £
Surplus on revaluation of property	429,137	468,512	-	-
	<u>429,137</u>	<u>468,512</u>	<u>-</u>	<u>-</u>

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

Lone Eagle Properties Limited

Notes to the financial statements for the year ended 30 June 2007

.. continued

10. Share capital	2007 £	2006 £
Authorised		
1,000 Ordinary share of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>
Equity Shares		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

11. Reserves	Revaluation reserve £	Profit and loss account £	Total £
At 1 July 2006	1,856,482	197,048	2,053,530
Profit for the year	-	30,121	30,121
At 30 June 2007	<u>1,856,482</u>	<u>227,169</u>	<u>2,083,651</u>

12. Related party transactions

During the year the company continued to provide Eagle One Limited, a company controlled by Mr M R Kay, an interest free loan. The balance due at the year end was £1,141,205 (2006 - £1,268,739) this amount is included in debtors. Included in accruals is £nil (2006 - £15,606) of loan interest due but not yet paid.

During the year, Eagle One Limited recharged management expenses of £16,434 (2006 £16,434) to the company, on an arms length basis. Of these amounts £16,434 (2006 £16,434) is included in accruals at the year end.

13. Controlling interest

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