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Jannco 2 Limited

Report and Accounts

31 December 1998

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ERNST & YOUNG

Jannco 2 Limited

Registered No. 23749

DIRECTORS

J F Zockoll (Chairman)
A J Zockoll
J A Nelson-Jones
J B Chaplin

SECRETARY

J B Chaplin

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH
England

BANKERS

Lloyds Bank Plc
83 Clarence Street
Kingston Upon Thames
Surrey KT1 1RE
England

REGISTERED OFFICE

1 Le Marchant Street
St. Peter Port
Guernsey

Jannco 2 Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £1,970 (1997 - profit £48,504).

The directors have paid an interim dividend of £4,350. They do not propose to pay any further dividends. Accordingly a retained loss of £6,320 (1997 - profit £1,004) has been taken to reserves.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity during the year was that of an investment holding company, and the company intends to carry on its present activity for the foreseeable future. The company has a business presence in the UK, and thus it falls under the UK tax regime.

FIXED ASSET INVESTMENT

The fixed asset investment as detailed in note 4 to the accounts is carried at a cost of £416. No valuation has been undertaken in respect of this investment as at 31 December 1998, as the directors do not intend to dispose of the investment in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the share capital of the company were as follows:

	<i>31 December 1998</i>	<i>1 January 1998</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
J F Zockoll	999	999
A J Zockoll	1	1
J A Nelson-Jones	-	-
J B Chaplin	-	-

YEAR 2000 COMPLIANCE

The company is in the process of reviewing all its computer systems to ensure that they reach an acceptable level of readiness in time for the Year 2000.

The board is satisfied that appropriate steps have been taken to ensure that all the company's computer systems are upgraded, if necessary, in sufficient time before the Year 2000. It is also estimated that the cost of this upgrade will not have a material effect on the company's resources. No significant problems are anticipated.

AUDITORS

A resolution to re-appoint Ernst & Young will be put to the members at the Annual General Meeting.

On behalf of the board

J F Zockoll
Director

29 SEP 1999

Jannco 2 Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Guernsey company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts are prepared properly and in accordance with any relevant enactment for the time being in force. 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.

REPORT OF THE AUDITORS
to the members of Jannco 2 Limited

We have audited the accounts on pages 5 to 8, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

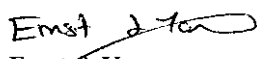
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies (Guernsey) Law 1994.


Ernst & Young
Registered Auditor
London

26 SEP 1999

Jannco 2 Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
Administrative expenses		1,870	1,570
OPERATING LOSS		(1,870)	(1,570)
Income from unlisted investments		-	62,200
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(1,870)	60,630
Taxation	3	100	12,126
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(1,970)	48,504
Dividends - interim paid		4,350	45,000
- interim proposed		-	2,500
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR	8	(6,320)	1,004

All recognised gains and losses in the year and in the previous year have been included in the profit and loss account.

Jannco 2 Limited

BALANCE SHEET at 31 December 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Investments	4	416	416
CURRENT ASSETS			
Debtors	5	-	916
Cash at bank and in hand		17,579	24,659
		17,579	25,575
CREDITORS: amounts falling due within one year	6	2,029	3,705
NET CURRENT ASSETS		15,550	21,870
SHAREHOLDERS' FUNDS		15,966	22,286
CAPITAL AND RESERVES			
Called up share capital	7	1,000	1,000
Profit and loss account	8	14,966	21,286
		15,966	22,286

ERNST & YOUNG

J F Zockoll
J B Chaplin



)
) Directors

29.9.1999



Jannco 2 Limited

NOTES TO THE ACCOUNTS at 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Fixed assets investments

All fixed asset investments are stated at cost.

2. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	1998 £	1997 £
Directors' remuneration	-	-
Auditors' remuneration	824	588

3. TAXATION

	1998 £	1997 £
Based on the result for the year:		
UK corporation tax	-	314
Tax credit on dividend income	-	(12,440)
Under provision in prior years:		
UK corporation tax	(100)	-
	(100)	(12,126)

4. INVESTMENTS

The company holds 94,292 shares, representing 41% of the issued share capital, of The Zockoll Group Limited which acts as a holding company. Of these shares, 94,202 were gifted to the company and therefore no cost arises. The other 90 shares were purchased at a cost of £416. At 31 December 1998 the aggregate consolidated capital and reserves of The Zockoll Group Limited and its subsidiaries were £1,934,372, and the consolidated retained profit for the year then ended was £943,332. Copies of the accounts of The Zockoll Group Limited can be obtained from 143 Maple Road, Surbiton, Surrey KT6 4BJ, England.

5. DEBTORS

	1998 £	1997 £
Corporation tax recoverable	-	916

6. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Accruals	2,029	1,205
Dividend	-	2,500
	2,029	3,705

Jannco 2 Limited

NOTES TO THE ACCOUNTS at 31 December 1998

7. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

8. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 January 1997	1,000	20,282	21,282
Profit for the year		48,504	48,504
Dividend		(47,500)	(47,500)
At 31 December 1997	1,000	21,286	22,286
Loss for the year		(1,970)	(1,970)
Dividend		(4,350)	(4,350)
At 31 December 1998	1,000	14,966	15,966

9. ULTIMATE CONTROLLING PARTY

The directors regard J F Zockoll as the company's ultimate controlling party.