

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 26 April 1996.

RESULTS AND DIVIDENDS

The profit on ordinary activities for the year, after taxation, amounted to £110,853. The profit is transferred to reserves. No dividend is proposed.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity is the provision of management services.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- 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 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.

DIRECTORS AND THEIR INTERESTS

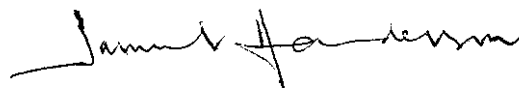
The directors throughout the period, and their interests in the company's share capital were as follows.

	<i>Ordinary shares of £1 each</i>	
	<i>26 April 1996</i>	<i>28 April 1995</i>
Mr R A Agnew	106	106
Mr S J Henderson	41	41

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

On behalf of the Board



S J Henderson
Director

28 June 1996



REPORT OF THE AUDITORS
to the members of Rockland Management Services Limited

We have audited the accounts on pages 3 to 9, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 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 26 April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
Glasgow

28 June 1996

Rockland Management Services Limited

PROFIT AND LOSS ACCOUNT for the year ended 26 April 1996

	Notes	1996 £	1995 £
FEE INCOME	3	364,200	131,200
Staff costs	4	173,983	72,235
Depreciation		3,897	8,715
Other operating charges		43,550	12,492
		<u>221,430</u>	<u>93,442</u>
OPERATING PROFIT	5	<u>142,770</u>	<u>37,758</u>
Interest receivable	6	7,230	9,633
Bank interest payable		(37,152)	(4,004)
		<u>(29,922)</u>	<u>5,629</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>112,848</u>	<u>43,387</u>
Tax on profit on ordinary activities	7	1,995	2,471
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>110,853</u></u>	<u><u>40,916</u></u>

There are no recognised gains and losses other than the profit for the year of £110,853 (1995 - profit £40,916).

Rockland Management Services Limited

BALANCE SHEET

at 26 April 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	8	4,031	6,299
Investments	9	342,652	306,372
		<u>346,683</u>	<u>312,671</u>
CURRENT ASSETS			
Investments	9	1,536	2,520
Debtors	10	468,185	265,150
Cash at bank		111,303	207,000
		<u>581,024</u>	<u>474,670</u>
CREDITORS: amounts falling due within one year	11	1,598,283	1,568,770
		<u>(1,017,259)</u>	<u>(1,094,100)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(670,576)</u>	<u>(781,429)</u>
CAPITAL AND RESERVES			
Called up share capital	13	200	200
Profit and loss account	14	(670,776)	(781,629)
		<u>(670,576)</u>	<u>(781,429)</u>
EQUITY SHAREHOLDERS' FUNDS			

R A Agnew

S J Henderson

) Directors

28 June 1996

Rockland Management Services Limited

NOTES TO THE ACCOUNTS

at 26 April 1996

1. FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared under the going concern concept because the shareholders have agreed not to recall the loans advanced to the company, as detailed in note 11, until all other creditors have been met.

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets at annual rates which are calculated to write off the cost of the assets by equal annual instalments over their estimated useful lives as follows:

Motor vehicles	- 25%
Fixtures, fittings and equipment	- 10%
Computer equipment	- 6%

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the date of the transaction.

All differences are taken to the profit and loss account.

3. FEE INCOME

Fee income, all of which arises in the U.K. represents invoiced fees to customers for services rendered and excludes value added tax.

4. STAFF COSTS

	1996 £	1995 £
Wages and salaries	151,889	59,332
Social security costs	16,614	8,092
Other pension costs	5,480	4,811
	<u>173,983</u>	<u>72,235</u>

In both 1996 and 1995 there were six employees during the year, two of whom were directors.

Rockland Management Services Limited

NOTES TO THE ACCOUNTS

at 26 April 1996

5. OPERATING PROFIT

	1996 £	1995 £
a) This is stated after charging/(crediting):		
Directors' remuneration (see below)	129,989	47,339
Auditors' remuneration	8,948	5,490
Gain on exchange	(3,636)	(4,126)
	<u>135,301</u>	<u>54,703</u>

b) Directors' remuneration:

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996 No.	1995 No.
£Nil - £ 5,000	-	1
£45,001 - £50,000	-	1
£55,001 - £60,000	1	-
£70,001 - £75,000	1	-
	<u>2</u>	<u>2</u>

The emoluments, excluding pension contributions, of the highest paid director were £74,888 (1995 - £47,338).

6. INTEREST RECEIVABLE

	1996 £	1995 £
Bank interest	7,230	9,633
	<u>7,230</u>	<u>9,633</u>

7. TAXATION

	1996 £	1995 £
UK corporation tax at 25% (1995 - 25%)	1,995	2,471
	<u>1,995</u>	<u>2,471</u>

Rockland Management Services Limited

NOTES TO THE ACCOUNTS at 26 April 1996

8. TANGIBLE FIXED ASSETS

	<i>Fixtures, fittings and equipment £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost:			
At 29 April 1995	11,612	43,690	55,302
Additions	1,629	-	1,629
	<hr/>	<hr/>	<hr/>
At 26 April 1996	13,241	43,690	56,931
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 29 April 1995	7,888	41,115	49,003
Provided during year	1,324	2,573	3,897
	<hr/>	<hr/>	<hr/>
At 26 April 1996	9,212	43,688	52,900
	<hr/>	<hr/>	<hr/>
Net book value:			
At 26 April 1996	4,029	2	4,031
	<hr/>	<hr/>	<hr/>
At 28 April 1995	3,724	2,575	6,299
	<hr/>	<hr/>	<hr/>

9. INVESTMENTS

	<i>Unlisted £</i>	<i>Listed £</i>
As at 29 April 1995	306,372	2,520
Revaluation deficit	-	(984)
Additions	36,280	-
	<hr/>	<hr/>
As at 26 April 1996	342,652	1,536
	<hr/>	<hr/>

The unlisted investments represents 18 1/3% of the issued ordinary share capital of Fat Sam's Pizza Pie Factory Limited a company incorporated in Scotland whose principal activity is the operation of a licensed restaurant, and 32% of the issued ordinary share capital of Marblehead Holdings, also incorporated in Scotland whose principal activity is the supply of beers, wines and spirits to the licensed trade.

10. DEBTORS

	<i>1996 £</i>	<i>1995 £</i>
Other debtors	461,300	260,494
Prepayments and accrued income	6,885	4,656
	<hr/>	<hr/>
	468,185	265,150
	<hr/>	<hr/>

Included within other debtors is a loan to an associated company of £45,000 (1995 - £45,000) which has no fixed terms of repayment.

Rockland Management Services Limited

NOTES TO THE ACCOUNTS at 26 April 1996

11. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Bank overdrafts	-	61,344
Amounts owed to group companies	4,664	18,236
Other taxes and social security costs	26,532	26,091
Loans from shareholders	1,327,488	1,216,813
Accruals	237,604	243,815
Corporation tax	1,995	2,471
	<u>1,598,283</u>	<u>1,568,770</u>

Loans from shareholders are interest free and have no fixed terms of repayment.

12. DEFERRED TAXATION

No deferred taxation arises as potential assets exceed potential liabilities as follows:

	1996 £	1995 £
Accelerated capital allowances (potential asset)	(6,595)	(6,885)
Other timing differences (potential liability)	1,288	1,412
Tax losses carried forward	(79,793)	(120,608)
	<u>(85,100)</u>	<u>(126,081)</u>

13. SHARE CAPITAL

	<i>Allotted, issued and fully paid</i>		<i>Authorised</i>	
	1996 £	1995 £	1996 No.	1995 No.
Ordinary shares of £1 each	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

14. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share Capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 29 April 1994	200	(822,545)	(822,345)
Profit for the year	-	40,916	40,916
At 28 April 1995	<u>200</u>	<u>(781,629)</u>	<u>(781,429)</u>
Profit for the year	-	110,853	100,853
At 26 April 1996	<u>200</u>	<u>(670,776)</u>	<u>(670,576)</u>

NOTES TO THE ACCOUNTS
at 26 April 1996

15. TRANSACTION WITH DIRECTORS

Included in other debtors (note 10) are amounts of £410,300 (1995 - £227,800) due by companies of which R A Agnew and S J Henderson are directors. In addition, included in other debtors (note 10), is an amount of £18,000 (1995 - £32,694) due by Entice Creations Limited. R A Agnew's sister is a director of this company.