

Report of the Directors and
Financial Statements for the Year Ended 31 December 1998
for
Mitrecroft Limited



Mitrecroft Limited

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for the Year Ended 31 December 1998

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Mitrecroft Limited

Company Information
for the Year Ended 31 December 1998

DIRECTORS:

N Kelly
B Kelly

SECRETARY:

N Kelly

REGISTERED OFFICE:

The Old Prebendal House
Station Road
Shipton -U- Wychwood
Oxon
OX7 6BQ

REGISTERED NUMBER:

2027217 (England and Wales)

AUDITORS:

Lawrence Braham & Co.
Registered Auditor
8a Accommodation Road
London NW11 8ED

Mitrecroft Limited

Report of the Directors
for the Year Ended 31 December 1998

The directors present their report with the financial statements of the company for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property development for investment.

DIRECTORS

The directors during the year under review were:

N Kelly
B Kelly

The directors holding office at 31 December 1998 did not hold any beneficial interest in the issued share capital of the company at 1 January 1998 or 31 December 1998.

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.

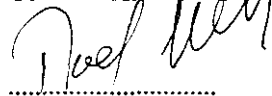
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Lawrence Braham & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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

ON BEHALF OF THE BOARD:



N Kelly - DIRECTOR

Dated: 4/10/99

Mitrecroft Limited

Report of the Auditors to the Shareholders of
Mitrecroft Limited

We have audited the financial statements on pages four to eleven which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page seven.

Respective responsibilities of directors and auditors

As described on page two 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 as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Lawrence Braham & Co.
Registered Auditor
8a Accommodation Road
London NW11 8ED

Lawrence Braham & Co

Dated: 27/10/99

Mitrecroft Limited

Profit and Loss Account
for the Year Ended 31 December 1998

		31.12.98	31.12.97
	Notes	£	£
TURNOVER	2	125,000	125,000
GROSS PROFIT		125,000	125,000
Administrative expenses		6,208	(261,930)
OPERATING PROFIT	3	118,792	386,930
Interest receivable and similar income		2,664	5,148
		121,456	392,078
Interest payable and similar charges		155,564	145,125
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(34,108)	246,953
Tax on (loss)/profit on ordinary activities	4	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(34,108)	246,953
Retained profit/(deficit) brought forward		90,942	(156,011)
RETAINED PROFIT CARRIED FORWARD		£56,834	£90,942

The notes form part of these financial statements

Mitrecroft Limited

Statement of Total Recognised Gains and Losses
for the Year Ended 31 December 1998

	<u>31.12.98</u>	<u>31.12.97</u>
	£	£
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(34,108)	246,953
Total gains and (losses) recognised relating to the year	-	865,611
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>£(34,108)</u>	<u>£1,112,564</u>

Mitrecroft Limited

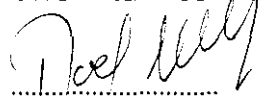
Balance Sheet

31 December 1998

		31.12.98		31.12.97	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		2,402,683		2,405,887
CURRENT ASSETS:					
Debtors	8	816,712		726,712	
Cash at bank		29,172		117,309	
		845,884		844,021	
CREDITORS: Amounts falling due within one year	9	584,084		288,288	
NET CURRENT ASSETS:			261,800		555,733
TOTAL ASSETS LESS CURRENT LIABILITIES:			2,664,483		2,961,620
CREDITORS: Amounts falling due after more than one year	10		1,632,036		1,895,065
			£1,032,447		£1,066,555
CAPITAL AND RESERVES:					
Called up share capital	12		110,002		110,002
Revaluation reserve	13		865,611		865,611
Profit and loss account			56,834		90,942
Shareholders' funds			£1,032,447		£1,066,555

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

ON BEHALF OF THE BOARD:



N Kelly - DIRECTOR

Approved by the Board on 14/01/99

Mitrecroft Limited

Notes to the Financial Statements for the Year Ended 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings	- not provided
Plant and machinery etc	- at 12.5% and 25% per annum on cost

No depreciation is provided on freehold property and improvements as they are maintained in good condition and in the opinion of the directors, any depreciation involved would not be material.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. TURNOVER

Turnover represents rental income and is derived wholly within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.98	31.12.97
	£	£
Depreciation - owned assets	3,204	4,897
Profit on disposal of fixed assets	-	(288,537)
Auditors' remuneration	2,585	3,450
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	-	-
	<u> </u>	<u> </u>

4. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 1998 nor for the year ended 31 December 1997.

5. GROUP FINANCIAL STATEMENTS

The company has taken advantage of the exemption not to prepare group financial statements conferred by Section 248 Companies Act 1985.

6. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
COST OR VALUATION:			
At 1 January 1998			
and 31 December 1998	2,400,000	54,694	2,454,694
DEPRECIATION:			
At 1 January 1998	-	48,807	48,807
Charge for year	-	3,204	3,204
At 31 December 1998	-	52,011	52,011
NET BOOK VALUE:			
At 31 December 1998	2,400,000	2,683	2,402,683
At 31 December 1997	2,400,000	5,887	2,405,887

Cost or valuation at 31 December 1998 is represented by:

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
Valuation in 1997	2,400,000	54,694	2,454,694

If Land & Buildings had not been revalued they would have been included at the following historical cost:

	31.12.98	31.12.97
	£	£
Cost	1,534,389	1,534,389

The company's freehold property and improvements were revalued by the directors at open market value on 31st December 1988 and the resultant loss carried to the profit and loss account. The cost shown above is the revalued amount plus additional expenditure to date. A further revaluation at open market value was carried out by the directors on 31st December 1997 in the sum of £2,400,000. This figure was based on a valuation by Grimleys, International Property Advisors, on 28th February 1996 of the property excluding that part disposed of in 1997. The valuation has been incorporated in the balance sheet and the surplus over net book amount of £865,611 has been added to the revaluation reserve.

Mitrecroft Limited

Notes to the Financial Statements
for the Year Ended 31 December 1998

7. **FIXED ASSET INVESTMENTS**

	£
COST:	
At 1 January 1998	
and 31 December 1998	2
PROVISIONS:	
At 1 January 1998	
and 31 December 1998	2
NET BOOK VALUE:	
At 31 December 1998	-
	==
At 31 December 1997	-
	==

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Old Prebendal House Limited

Nature of business: nursing and residential

	% holding	31.12.98	31.12.97
Class of shares:		£	£
Ordinary shares	100.00	2	2
Aggregate capital and reserves		180,134	94,874
Profit for the year		==	==

8. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.98	31.12.97
	£	£
V.A.T.	416	416
Amounts owed by related companies	816,296	726,296
	==	==
	816,712	726,712
	==	==

9. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.98	31.12.97
	£	£
Bank loans and overdrafts	106,667	106,667
Trade creditors	1,500	1,500
Loan stock 1991-2001	-	50,000
Amounts owed to subsidiary	223,712	105,993
Unsecured loan stock 1997-99	230,456	-
Accrued expenses	21,749	24,128
	==	==
	584,084	288,288
	==	==

Notes to the Financial Statements
for the Year Ended 31 December 1998

10. **CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.12.98	31.12.97
	£	£
Bank loans	1,427,492	1,460,065
Unsecured loan stock 1997-99	-	230,456
Unsecured loan stock 1997-06	204,544	204,544
	<u>1,632,036</u>	<u>1,895,065</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans	<u>1,000,825</u>	<u>1,033,398</u>

11. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.12.98	31.12.97
	£	£
Bank loans	<u>1,534,159</u>	<u>1,566,732</u>

The bank loan is repayable over a 15 year period in quarterly instalments commencing on 10 May 1997. The rate of interest is 2.5% over bank base rates. The bank loan and overdraft is secured on the freehold property of the company, also by intercompany cross guarantee and by debenture over the assets of the company and its subsidiary company. Rosewood Investments Ltd (£204,544) and Essex Quay Property and Management Limited (£230,456) have given Letters of Postponement to the company's bankers. Reading West Limited a related company has also given security to the company's bankers.

12. **CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal	31.12.98	31.12.97
		value:	£	£
200,000	Ordinary shares	£1	<u>200,000</u>	<u>200,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.12.98	31.12.97
		value:	£	£
110,002	Ordinary shares	£1	<u>110,002</u>	<u>110,002</u>

13. **REVALUATION RESERVE**

	31.12.98	31.12.97
	£	£
Brought forward	865,611	-
Freehold Revaluation	-	865,611
	<u>865,611</u>	<u>865,611</u>

14. ULTIMATE PARENT COMPANY

Rosewood Investments Limited, Gibraltar is the ultimate holding company.

15. CONTINGENT LIABILITIES

There is a contingent liability in respect of a grant received from English Heritage for repairs to part of the company's freehold property. This grant would become repayable if the freehold property were to be disposed of before 28 August 2000 and also if certain conditions relating to public access and permissions for conversion or alteration were not complied with. The contingent liability in respect of this grant amounts to £96,600.

16. RELATED PARTY DISCLOSURES

The freehold property of the company is leased to its subsidiary company. Operating lease rental received were: 1998 (£125,000) and 1997 (£125,000). The following amounts were due from related companies. Rosewood Investments Limited £41,296 (1997-£41,296). Reading West Limited £775,000 (1997-£685,000). The following amounts were due to related companies. Rosewood Investments Limited Unsecured loan stock 1997-06 £204,544 (1997-£204,544). Essex Quay Property and Management Limited Unsecured loan stock 1997-99 £230,456 (1997-£230,456).