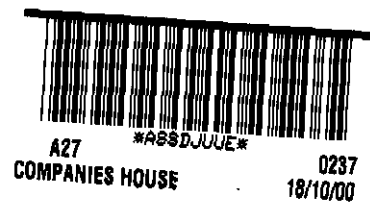


2027217

Report of the Directors and
Financial Statements for the Year Ended 31 December 1999
for
Mitrecroft Limited



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for the Year Ended 31 December 1999

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Mitrecroft Limited

Company Information
for the Year Ended 31 December 1999

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 1999

The directors present their report with the financial statements of the company for the year ended 31 December 1999.

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 1999 did not hold any beneficial interest in the issued share capital of the company at 1 January 1999 or 31 December 1999.

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.

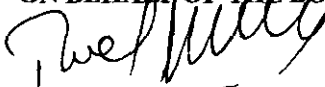
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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: 5/10/00

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 2000)*, 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 1999 and of its profit 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

Dated: 13/10/2000

Mitrecroft Limited

Profit and Loss Account
for the Year Ended 31 December 1999

		<u>31.12.99</u>	<u>31.12.98</u>
	Notes	£	£
TURNOVER	2	125,000	125,000
GROSS PROFIT		125,000	125,000
Administrative expenses		<u>3,344</u>	<u>6,208</u>
OPERATING PROFIT	3	121,656	118,792
Interest receivable and similar income		<u>143</u>	<u>2,664</u>
		121,799	121,456
Interest payable and similar charges		<u>119,553</u>	<u>155,564</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,246	(34,108)
Tax on profit/(loss) on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		2,246	(34,108)
Retained profit brought forward		<u>56,834</u>	<u>90,942</u>
RETAINED PROFIT CARRIED FORWARD		<u>£59,080</u>	<u>£56,834</u>

The notes form part of these financial statements

Mitrecroft Limited

Statement of Total Recognised Gains and Losses
for the Year Ended 31 December 1999

	<u>31.12.99</u>	<u>31.12.98</u>
	£	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	2,246	(34,108)
Total gains and (losses) recognised relating to the year		
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>£2,246</u>	<u>£(34,108)</u>

The notes form part of these financial statements

Mitrecroft Limited

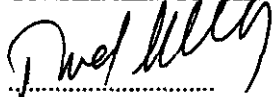
Balance Sheet

31 December 1999

		31.12.99		31.12.98	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		2,402,183		2,402,683
CURRENT ASSETS:					
Debtors	8	696,296		816,712	
Cash at bank			-	29,172	
		696,296		845,884	
CREDITORS: Amounts falling due within one year	9	401,190		584,084	
NET CURRENT ASSETS:			295,106		261,800
TOTAL ASSETS LESS CURRENT LIABILITIES:			2,697,289		2,664,483
CREDITORS: Amounts falling due after more than one year	10		1,662,596		1,632,036
			<u>£1,034,693</u>		<u>£1,032,447</u>
CAPITAL AND RESERVES:					
Called up share capital	12		110,002		110,002
Revaluation reserve	13		865,611		865,611
Profit and loss account			59,080		56,834
SHAREHOLDERS' FUNDS:			<u>£1,034,693</u>		<u>£1,032,447</u>

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 2000).

ON BEHALF OF THE BOARD:



N Kelly - DIRECTOR

Approved by the Board on 5/10/00

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 1999

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 2000).

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

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:

	31.12.99	31.12.98
	£	£
Depreciation - owned assets	500	3,204
Auditors' remuneration	<u>2,150</u>	<u>2,585</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 1999 nor for the year ended 31 December 1998.

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.

**Notes to the Financial Statements
for the Year Ended 31 December 1999**

6. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
COST OR VALUATION:			
At 1 January 1999			
and 31 December 1999	<u>2,400,000</u>	<u>54,694</u>	<u>2,454,694</u>
DEPRECIATION:			
At 1 January 1999	-	52,011	52,011
Charge for year	<u>-</u>	<u>500</u>	<u>500</u>
At 31 December 1999	<u>-</u>	<u>52,511</u>	<u>52,511</u>
NET BOOK VALUE:			
At 31 December 1999	<u>2,400,000</u>	<u>2,183</u>	<u>2,402,183</u>
At 31 December 1998	<u>2,400,000</u>	<u>2,683</u>	<u>2,402,683</u>

Cost or valuation at 31 December 1999 is represented by:

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
Valuation in 1997	2,400,000	-	2,400,000
Cost	<u>-</u>	<u>54,694</u>	<u>54,694</u>
	<u>2,400,000</u>	<u>54,694</u>	<u>2,454,694</u>

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

	31.12.99	31.12.98
	£	£
Cost	<u>1,534,389</u>	<u>1,534,389</u>

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.

**Notes to the Financial Statements
for the Year Ended 31 December 1999**

7. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 1999	
and 31 December 1999	<u>2</u>
PROVISIONS:	
At 1 January 1999	
and 31 December 1999	<u>2</u>
NET BOOK VALUE:	
At 31 December 1999	<u>-</u>
At 31 December 1998	<u>-</u>

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

	%
Class of shares:	holding
Ordinary shares	100.00

	31.12.99	31.12.98
	£	£
Aggregate capital and reserves	118,149	176,337
(Loss)/Profit for the year	<u>(58,188)</u>	<u>81,461</u>

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

	31.12.99	31.12.98
	£	£
V.A.T.	-	416
Amounts owed by related companies	<u>696,296</u>	<u>816,296</u>
	<u>696,296</u>	<u>816,712</u>

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

	31.12.99	31.12.98
	£	£
Bank loans and overdrafts	106,747	106,667
Trade creditors	1,500	1,500
Amounts owed to subsidiary	142,433	223,712
Unsecured loan stock 1997-99	135,456	230,456
Accrued expenses	<u>15,054</u>	<u>21,749</u>
	<u>401,190</u>	<u>584,084</u>

**Notes to the Financial Statements
for the Year Ended 31 December 1999**

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

	31.12.99	31.12.98
	£	£
Bank loans	1,363,052	1,427,492
Unsecured loan stock 1997-06	<u>299,544</u>	<u>204,544</u>
	<u>1,662,596</u>	<u>1,632,036</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans	<u>723,051</u>	<u>787,491</u>

11. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.99	31.12.98
	£	£
Bank overdrafts	80	-
Bank loans	<u>1,469,719</u>	<u>1,534,159</u>
	<u>1,469,799</u>	<u>1,534,159</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 (£299,544) and Essex Quay Property and Management Limited (£135,456) 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 value:	31.12.99	31.12.98
			£	£
200,000	Ordinary shares	£1	<u>200,000</u>	<u>200,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.99	31.12.98
			£	£
110,002	Ordinary shares	£1	<u>110,002</u>	<u>110,002</u>

13. REVALUATION RESERVE

	31.12.99	31.12.98
	£	£
Brought forward	<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: 1999 (£125,000) and 1998 (£125,000). The following amounts were due from related companies. Rosewood Investments Limited £16,296 (1998-£41,296). Reading West Limited £680,000 (1998-£775,000). The following amounts were due to related companies. Rosewood Investments Limited Unsecured loan stock 1997-06 £299,544 (1998-£204,544). Essex Quay Property and Management Limited Unsecured loan stock 1997-99 £135,456 (1998-£230,456).