

Pixieacre Limited
Directors' Report and Accounts
Period ended 31 August 1998

Company Registration No. 3360708 (England and Wales)



**Moores
Rowland**

Pixieacre Limited

Company Information

Directors

P P Mascolo
G T Mascolo

Secretary

R W L Berrow & G T Mascolo

Company number

3360708

Registered office

Cliffords Inn, Fetter Lane
London
EC4A 1AS

Auditors

Moores Rowland
Cliffords Inn, Fetter Lane
London
EC4A 1AS

Pixieacre Limited

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Pixieacre Limited

Directors' Report **Period ended 31 August 1998**

The directors present their report and accounts for the period ended 31 August 1998.

Directors

The following directors have held office since 28 April 1997:

P P Mascolo	(Appointed 10 July 1997)
G T Mascolo	(Appointed 10 July 1997)
Waterlow Nominees Limited	(Appointed 28 April 1997 and resigned 10 July 1997)

Directors' responsibilities

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 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.

Principal activities and review of the business

The company was incorporated on 28 April 1997. The principal activity of the company is that of a property investment company. The company commenced trading in January 1998.

Year 2000

The company has assessed the risks and uncertainties associated with the year 2000 problem. It has reviewed its internal operating systems to ensure their compliance and is in the process of reviewing its exposure through its relationships with customers, suppliers and other relevant parties. As a result of the internal review, no material modification costs have been incurred. It is not expected that significant costs will arise as a result of the review of the external exposure.

Results and dividends

The results for the period are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 August 1998	28 April 1997
P P Mascolo	1	-
G T Mascolo	1	-

**Moores
Rowland**

Pixieacre Limited

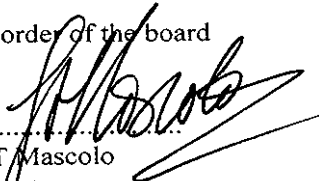
Directors' Report

Period ended 31 August 1998

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Moores Rowland, will be deemed to be reappointed for each succeeding financial year.

By order of the board


.....
G T Mascolo
Director
.....

22 February 1999

**Moores
Rowland**

Pixieacre Limited

Auditors' Report To the Shareholders of Pixieacre Limited

We have audited the accounts on pages 4 to 9.

Respective responsibilities of directors and auditors

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

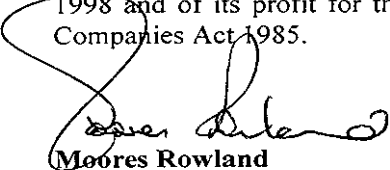
Basis of opinion

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 that 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 the company's affairs as at 31 August 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Moores Rowland

Chartered Accountants
Registered Auditors

London

23 February 1999

**Moores
Rowland**

Pixieacre Limited

Profit and Loss Account Period ended 31 August 1998

	Notes	Period ended 31 August 1998 £
Turnover		17,774
Administrative expenses		(6,262)
Operating profit	2	11,512
Interest payable and similar charges		(8,009)
Profit on ordinary activities before taxation		3,503
Tax on profit on ordinary activities	3	(922)
Profit for the period	9	2,581

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Pixieacre Limited

Balance Sheet As at 31 August 1998

	Notes	£	1998 £
Fixed assets			
Tangible assets	4		314,650
Current assets			
Debtors	5	2,565	
Cash at bank and in hand		14,794	
		<u>17,359</u>	
Creditors: amounts falling due within one year	6	(190,717)	
		<u></u>	
Net current liabilities			(173,358)
Total assets less current liabilities			<u>141,292</u>
Creditors: amounts falling due after more than one year	7		(138,709)
			<u>2,583</u>
Capital and reserves			
Called up share capital	8		2
Profit and loss account	9		<u>2,581</u>
Shareholders' funds - equity interests	10		<u>2,583</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The accounts were approved by the Board on22 February 1999.....

.....
G T Mascolo
Director

**Moores
Rowland**

Pixieacre Limited

Notes to the Accounts **Period ended 31 August 1998**

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents rents receivable in the United Kingdom.

1.4 Tangible fixed assets and depreciation

In accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of investment properties. This is a departure from the requirements of the Companies Act 1985 which requires all properties to be depreciated. These properties are not held for use by the company but for investment and the directors consider that to depreciate them would not give a true and fair view.

Depreciation is only one amongst many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The directors consider that this policy results in the accounts giving a true and fair view.

2 Operating profit	1998
	£
Operating profit is stated after charging:	
Auditors' remuneration	2,750

3 Taxation	1998
	£
U.K. current year taxation	
U.K. corporation tax at 21%	922

4 Tangible fixed assets	Investment properties
	£
Cost	
At 28 April 1997	-
Additions	314,650
At 31 August 1998	314,650

Pixieacre Limited

Notes to the Accounts Period ended 31 August 1998

5 Debtors	1998 £
Trade debtors	1,515
Other debtors	1,050
	<u>2,565</u>

6 Creditors: amounts falling due within one year	1998 £
Bank loans and overdrafts	10,556
Taxation and social security	922
Other creditors	179,239
	<u>190,717</u>

The bank loan is secured with a fixed and floating charge over the assets of the company.

Other creditors above includes interest free loans due to directors of the company as shown below:

	£
P P Mascolo	86,999
G T Mascolo	86,999

7 Creditors: amounts falling due after more than one year	1998 £
Bank loans	<u>138,709</u>
Analysis of loans	
Not wholly repayable within five years by instalments	149,265
Included in current liabilities	(10,556)
	<u>138,709</u>

Loan maturity analysis	
Between one and two years	11,546
Between two and five years	41,554
In five years or more	<u>85,609</u>

**Moores
Rowland**

Pixieacre Limited

Notes to the Accounts Period ended 31 August 1998

8	Share capital	1998 £
	Authorised	
	1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>
	Allotted, called up and fully paid	
	2 Ordinary shares of £1 each	<u>2</u>

9 Statement of movements on profit and loss account

	£
Retained profit for the period	<u>2,581</u>

10 Reconciliation of movements in shareholders' funds

	1998 £
Profit for the financial period	2,581
Proceeds from issue of shares	<u>2</u>
Net addition to shareholders' funds	2,583
Opening shareholders' funds	<u>-</u>
Closing shareholders' funds	<u>2,583</u>

11 Control

The ultimate controlling parties of the company are the directors and shareholders:

P P Mascolo

G T Mascolo

12 Related party transactions

During the year the company has entered into transactions with Mascolo plc which is within the definition of a related party under Financial Reporting Standard 8.

Mascolo plc pays and receives amounts on behalf of the company which are recharged to Pixieacre Ltd. Mascolo plc paid rent to the company of £17,774.

In the balance sheet the following balance is outstanding:

	1998 £
Trade debtors:	
Mascolo plc	

**Moores
Rowland**

Pixieacre Limited

Notes to the Accounts

Period ended 31 August 1998

13 Post balance sheet events

Since the balance sheet date the company has purchased a freehold property for £347,000.