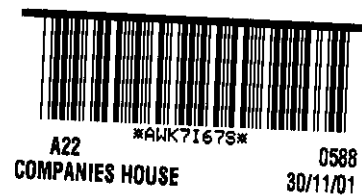


Company Number 707194

**The Rowlandson Organisation Limited
Annual Report And Accounts
For The Year Ended 31 March 2001**



The Rowlandson Organisation Limited

Annual Report and Accounts For the year ended 31 March 2001

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The Rowlandson Organisation Limited

Directors

R G StJ Rowlandson FCA
Chairman & Chief Executive

J K Palmer FICM F Prof BTM MIMI

P A Brettell

S M Younghusband FCA

R Hambidge BA MRICS

R C Clarke FCA

Secretary

The Finance & Industrial Trust Limited
Graham House
7 Wyllyotts Place
Potters Bar
Hertfordshire
EN6 2JD

Auditors

Arthur Andersen
180 The Strand
London
WC2R 1BL

Principal Bankers

HSBC Bank PLC
Lloyds TSB Bank PLC
National Westminster Bank PLC

The Rowlandson Organisation Limited
Chairman's Annual Review
Year to 31 March 2001

This is the sixteenth occasion that it has been my pleasure to report on the progress of the Organisation. The Organisation has traded well during the last year which has resulted in a satisfactory increase in profitability and net assets.

The consolidated profit and loss accounts includes the first full year's results of Pegasus Retirement Homes Limited. This has resulted in a significant increase in turnover to £19.2 million. Profit before tax has increased to £4.3 million from £2.7 million in the previous year. After taxation and the share of minority interests, retained profit is £2.1 million against £1.7 million in 2000.

The Organisation's net assets now stand at £54.8 million, an increase of £4.3 million over the previous year reflecting a strong uplift in the value of its properties as well as its retained profits.

During the year Robert Clarke was appointed as a non-executive Director. Robert had been the senior partner of Arthur Andersen's St Albans office until he retired in August 2000 and had been directly involved in the Organisations activities for a number of years.

Property Division

Rental income has increased marginally over last year. Since the arrival of Roger Hambidge, as Property Director, considerable refocusing has been achieved in the property portfolio. A greater number of poorer quality properties have been sold and a portfolio of sixteen Neighbourhood Centres was sold just after the year end. New office investments were acquired in Potters Bar, Stevenage and Bristol. The balance of the portfolio was further improved by the acquisition of an industrial property in Chesham.

The proportion of unlet property continues to be very low.

The property acquired in Crawley has now been fully converted to a serviced office building and is slowly filling up.

In Swindon we acquired a building known as Building 42 which is part of the Brunel designed Churchward Village. This listed structure has been refurbished to provide approximately 20,000 square feet of office accommodation. This property is due to be marketed shortly.

A property was acquired at Chatham Maritime jointly with the brewers, Sheppard Neame Plc, from which we had originally intended to trade. The refurbishment of the building is complete and we have now decided to let the building and letting arrangements are nearly finalised.

A new Nursery has been completed for Jigsaw Group Limited in Milton Keynes and construction has commenced on another in Stevenage.

Shenley Homes

The houses at London Colney were sold profitably and construction continues at Studland and Hatfield where the houses should be ready later in the year.

The Rowlandson Organisation Limited
Chairman's Annual Review (continued)
Year to 31 March 2001

Progress continues to be made in the joint ventures at Islington, Ongar and Bardwell and the venture at Ramsden Bellhouse was completed successfully. It is hoped that some of the completed houses will be sold later in the year. Like most house builders construction was held up by the extreme bad weather during the winter months.

Pegasus

In its first full year of trading it achieved a profit of £0.6m which was a significant achievement.

Sites have been acquired at Berkhamsted, Billingshurst, Eastbourne, Isleworth, Tunbridge Wells, Winchmore Hill and Worthing. Some of these sites have been found by RO staff and an office investment in Hitchin has been acquired which already has residential planning permission which can be activated in two years time.

Planning permissions are still being sought on old RO garage sites at Hendon and Acton and more recently planning has been applied for at Kenton and Greenford.

The time taken to acquire planning permission is taking longer and longer and certainly hampers the progress of both Pegasus and Shenley Homes.

Retail Division

The turnover of this division continues to improve and the operating losses have been reduced. The Post Office at Tiverton continues to disappoint.

Communications

This year saw the launch of the group's website. Our address is www.rowlandson.org. This site was originally designed in-house and will be developed further in the new year.

In March a new group brochure was launched in a more abstract style than that in the past, reflecting the group's present activities and with the emphasis on trading opportunities.

Conclusion

This has been another busy year and the current year promises to be equally so. The policy for the future is to seek out more trading opportunities.

I have referred to the group's commitment to training and career development in the past and this year we have commenced a programme to qualify for Investors in People.

I would like to thank my colleagues on the Board, all our staff and our joint venture partners for another year of hard work and dedication.


.....
R G St Rowlandson
Chairman

The Rowlandson Organisation Limited
Directors' Report
For the Year Ended 31 March 2001

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 31 March 2001.

Principal Activities

The principal activities of the group continue to be as follows:

- (1) The development of properties for investment or sale.
- (2) Investment in commercial properties.
- (3) The development and operation of neighbourhood supermarkets.
- (4) Construction of residential housing
- (5) The development of sheltered housing.

Results and Business Review

The results for the year are set out on Page 10 to 35. A detailed review of the results and business is given in the Chairman's Annual Review on pages 4 and 5.

Dividends

The directors do not recommend the payment of a dividend (2000:£Nil).

Donations

The group made charitable donations of £6,415 during the year (2000:£10,435).

The Rowlandson Organisation Limited

Directors' Report (continued)

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 group and of the profit or loss of the group 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 group and 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors of the company who have held office during the year were as follows:-

Mr Richard Graham St John Rowlandson
Mr John Keith Palmer
Mr Paul Anthony Brettell
Mr Edward Ashton (resigned 24 April 2000)
Mrs Susan Margaret Younghusband
Mr Roger Hambidge (appointed on 16 May 2000)
Mr Robert Clarke (appointed 15 November 2000)

Mr Richard Graham St John Rowlandson and Mr Robert Clarke retire by rotation, and being eligible, offers themselves for re-election.

The Rowlandson Organisation Limited
Directors' Report (continued)

Auditors

The directors will place a resolution before the annual general meeting to reappointment Arthur Andersen as auditors for the ensuing year.

By Order of the Board
The Finance & Industrial Trust Limited
Secretary



Authorised Signatory

Registered Office:

Graham House
7 Wyllyotts Place
Potters Bar
Hertfordshire
EN6 2JD

Date: 11 September 2001

Auditors' Report
To the shareholders of The Rowlandson Organisation Limited

We have audited the accounts on pages 10 to 35 which have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and the accounting policies set out on pages 16 to 18.

Respective Responsibilities of Directors and Auditors

As described on page 7 the group's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 circumstances of the company and of the group, 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 and of the group at 31 March 2001 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants & Registered Auditors
180 The Strand
London
WC2R 1BL

Date: 11 September 2001

The Rowlandson Organisation Limited
Consolidated Profit and Loss Account
For the year ended 31 March 2001

| | Notes | 2001 £'000 | 2000 £'000 |
|---|-------|---------------|---------------|
| Turnover | 1 | 19,248 | 9,219 |
| Cost of sales | | (10,446) | (3,414) |
| Gross profit | | 8,802 | 5,805 |
| Administrative costs | | (3,921) | (3,428) |
| Other operating income | | 110 | 339 |
| Operating profit | | 4,991 | 2,716 |
| Profit on sale of tangible fixed assets | | 554 | 293 |
| Profit on ordinary activities before finance charges | | 5,545 | 3,009 |
| Finance charges (net) | 2 | (1,239) | (277) |
| Profit on ordinary activities before taxation | 3 | 4,306 | 2,732 |
| Tax on profit on ordinary activities | 5 | (1,003) | (877) |
| Profit on ordinary activities after taxation | | 3,303 | 1,855 |
| Minority interests | 15 | (1,161) | (153) |
| Dividends paid to minorities | | (43) | (50) |
| Retained Profit for the year | 13 | 2,099 | 1,652 |

All results arose from continuing operations in both years.

The accompanying notes are an integral part of this consolidated profit and loss account.

The Rowlandson Organisation Limited

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| Consolidated statement of total recognised gains and losses for the year ended 31 March 2001 | | |
| Profit for the financial year | 2,099 | 1,652 |
| Unrealised surplus on revaluation of investment properties | 2,982 | 2,806 |
| Total recognised gains and losses relating to the year | 5,081 | 4,458 |

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| Consolidated note of historical cost profits and losses for the year ended 31 March 2001 | | |
| Reported profit on ordinary activities before taxation | 4,306 | 2,732 |
| Realisation of property revaluation gains of previous years | 1,589 | 317 |
| Historical cost profit on ordinary activities before taxation | 5,895 | 3,049 |
| Historical cost profit for the year retained after taxation, minority interests and dividends | 3,688 | 1,969 |

The accompanying notes are an integral part of this consolidated statement of total recognised gains and losses and this consolidated note of historical cost profits and losses.

The Rowlandson Organisation Limited
Consolidated Balance Sheet
31 March 2001

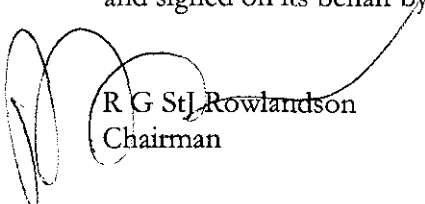
| | Notes | 2001 £'000 | 2000 £'000 |
|--|-------|-----------------|-----------------|
| Fixed Assets | | | |
| Intangible assets | 6 | 19 | 40 |
| Tangible assets | 7 | 64,975 | 54,502 |
| Investments | 8 | 530 | 572 |
| | | <u>65,524</u> | <u>55,114</u> |
| Current Assets | | | |
| Stocks | 9 | 24,212 | 8,344 |
| Debtors | 10 | 2,689 | 2,177 |
| Cash at bank and in hand | | 460 | 101 |
| | | <u>27,361</u> | <u>10,622</u> |
| Creditors: | | | |
| Amounts falling due within one year | 11 | <u>(16,309)</u> | <u>(11,237)</u> |
| Net Current Assets/(Liabilities) | | <u>11,052</u> | <u>(615)</u> |
| Total Assets less Current Liabilities | | 76,576 | 54,499 |
| Creditors: | | | |
| Amounts falling due after more than one year | 11 | <u>(21,783)</u> | <u>(4,040)</u> |
| Net Assets | | <u>54,793</u> | <u>50,459</u> |
| Capital and Reserves | | | |
| Called-up share capital | 12 | 266 | 266 |
| Share premium account | 13 | 2,944 | 2,944 |
| Revaluation reserve | 13 | 12,161 | 10,442 |
| Shares held by Derrymoyle Limited in The Rowlandson Organisation | 13 | (2,122) | (2,122) |
| Profit and loss account | 13 | <u>30,415</u> | <u>25,322</u> |
| Equity shareholders' funds | | 43,664 | 36,852 |
| Minority interests | 15 | <u>11,129</u> | <u>13,607</u> |
| Total capital employed | | <u>54,793</u> | <u>50,459</u> |

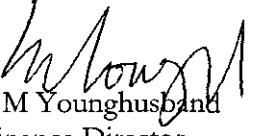
The accompanying notes are an integral part of this consolidated balance sheet.

The Rowlandson Organisation Limited
Company Balance Sheet
31 March 2001

| | Notes | 2001 £'000 | 2000 £'000 |
|--|-------|-----------------|-----------------|
| Fixed Assets | | | |
| Tangible assets | 7 | 80 | 80 |
| Investments | 8 | 10,577 | 8,224 |
| | | <u>10,657</u> | <u>8,304</u> |
| Current Assets | | | |
| Debtors | 10 | 39,027 | 20,390 |
| Cash at bank and in hand | | 280 | 1 |
| | | <u>39,307</u> | <u>20,391</u> |
| Creditors: | | | |
| Amounts falling due within one year | 11 | <u>(22,842)</u> | <u>(18,730)</u> |
| Net Current Assets | | <u>16,465</u> | <u>1,661</u> |
| Total Assets less Current Liabilities | | 27,122 | 9,965 |
| Creditors: | | | |
| Amounts falling due after more than one year | 11 | <u>(21,783)</u> | <u>(4,040)</u> |
| Net Assets | | <u>5,339</u> | <u>5,925</u> |
| Capital and Reserves | | | |
| Called-up share capital | 12 | 266 | 266 |
| Share premium account | 13 | 2,944 | 2,944 |
| Capital profits reserve | 13 | 236 | 236 |
| Profit and loss account | 13 | 1,883 | 2,469 |
| Revaluation reserve | 13 | 10 | 10 |
| Equity shareholders' funds | | <u>5,339</u> | <u>5,925</u> |

The accounts on Pages 10 to 35 were approved by the board of directors on 11 September 2001 and signed on its behalf by:


R G St Rowlandson
Chairman


S M Younghusband
Finance Director

The accompanying notes are an integral part of this balance sheet.

The Rowlandson Organisation Limited
Consolidated Cash Flow Statement
For the year ended 31 March 2001

| | 2001 | 2000 |
|--|----------|---------|
| | £'000 | £'000 |
| Net cash outflow from operating activities (Note I) | (13,566) | (3,946) |
| Returns on investments and servicing of finance | | |
| Interest received | 204 | 113 |
| Interest paid | (1,443) | (390) |
| Dividends paid to minority interests | (43) | (50) |
| | (1,282) | (327) |
| Taxation | | |
| Tax paid | (651) | (1,163) |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (11,581) | (4,409) |
| Purchase of fixed assets investments | - | (103) |
| Sale of tangible assets | 4,900 | 3,071 |
| | (6,681) | (1,441) |
| | (22,180) | (6,877) |
| Financing | | |
| New loans | 17,733 | 2,920 |
| Decrease in cash | (4,447) | (3,957) |

The accompanying notes are an integral part of this consolidated cash flow statement.

The Rowlandson Organisation Limited
Notes to the Consolidated Cash Flow Statement
For the year ended 31 March 2001

| | 2001 | | 2000 | |
|--|-------|-----------------|-------|----------------|
| I Reconciliation of operating profit to cash flows | £'000 | £'000 | £'000 | £'000 |
| Operating profit | | 4,991 | | 2,716 |
| Depreciation charges | 231 | | 240 | |
| Amortisation of intangibles | 21 | | 21 | |
| Profit on sale of tangible fixed assets | - | 252 | (30) | 231 |
| Increase in stock | | (15,868) | | (7,985) |
| Increase in debtors | | (512) | | (487) |
| (Increase)/decrease in creditors | | (2,429) | | 1,579 |
| Net cash outflow from operating activities | | <u>(13,566)</u> | | <u>(3,946)</u> |

| II Analysis and reconciliation of net debt | 1 Apr 00 | Cash Flow | 31 Mar 01 |
|--|----------|-----------|-----------|
| | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 101 | 359 | 460 |
| Bank loans and overdrafts | (4,811) | (4,806) | (9,617) |
| | (4,710) | (4,447) | (9,157) |
| Debt due within one year | (430) | 10 | (420) |
| Debt due after one year | (4,040) | (15,390) | (19,430) |
| Net debt | (9,180) | (19,827) | (29,007) |

| Reconciliation of net cash flow to movement in net debt | 2001 | 2000 |
|---|-----------------|----------------|
| | £ | £ |
| Decrease in cash in year | (4,447) | (3,957) |
| Cash outflow from decrease in debt | <u>(15,380)</u> | <u>(2,884)</u> |
| Movement in net debt in the year | (19,827) | (6,841) |
| Net debt at 1 April 2000 | <u>(9,180)</u> | <u>(2,339)</u> |
| Net debt at 31 March 2001 | <u>(29,007)</u> | <u>(9,180)</u> |

The Rowlandson Organisation Limited
Statement of accounting policies
31 March 2001

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of Accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards.

Basis of Consolidation

The group accounts consolidate the accounts of The Rowlandson Organisation Limited and its subsidiary undertakings drawn up to 31 March each year. The results of subsidiaries are consolidated for the periods from or to the date on which control passed.

Acquisitions are accounted for under the acquisition method.

A profit and loss account is not presented for the Company as provided by S230 of the Companies Act 1985.

Turnover

Turnover represents the value of goods sold, rentals receivable, house sales and services provided, excluding value added tax, to customers outside the Group.

It is group policy to account for the sale of properties on legal completion.

Tangible Fixed Assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than investment properties calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

| | |
|-------------------------------|--|
| Short term leasehold premises | Straight line over the life of the lease |
| Plant and machinery | 10% - 25% straight line |
| Fixtures and fittings | 10% - 25% reducing balance |
| Motor vehicles | 25% reducing balance |

Fixtures and fittings that form an integral part of investment properties are not depreciated.

The Rowlandson Organisation Limited
Statement of accounting policies (continued)

Intangible assets

(a) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is between seven and a maximum of twenty years. Provision is made for any impairment.

Goodwill arising on acquisitions in the year ended 31 March 1998 and earlier periods was written off to reserves as permitted by the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet.

(b) Patents and trademarks

Patents and trademarks are included at cost and depreciated in equal annual instalments over a period of 5 years which is their estimated useful economic life. Provision is made for any impairment.

Revaluation of properties

Individual freehold and leasehold properties are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged to the profit and loss account.

Investment properties

Investment properties are revalued annually. Surplus or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties or of leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19. The financial effect of the departure from the statutory accounting rules cannot reasonably be quantified.

The surplus or deficit over the carrying value of an investment property realised on disposal is dealt with through the profit and loss account. Any previous revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

The Rowlandson Organisation Limited

Statement of accounting policies (continued)

Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost or net realisable value.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value. Provision is made for obsolete, slow moving or defective items as appropriate.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced

Lease Commitments

Rentals paid under operating leases are charged on a straight line basis over the lease term, even if payments are not made on such a basis.

Amounts owed to the Group under hire purchase agreements are treated as debtors in the Group balance sheet after deduction of any unearned charges allocated to future periods and provisions for bad and doubtful debts. Hire purchase charges are deemed to accrue evenly over the period of the agreement.

Pension Costs

The Group operates a defined contribution pension scheme. Contributions are charged to the profit and loss accounts across the group as they become payable in accordance with the rules of the scheme.

The Rowlandson Organisation Limited

Notes to Accounts

31 March 2001

1. Turnover

Turnover is derived wholly from continuing operations in the UK market, and represents:

| | 2001 £'000 | 2000 £'000 |
|-------------------------|---------------|---------------|
| Retail trading | 5,187 | 3,911 |
| Rents receivable | 4,998 | 4,793 |
| Residential house sales | 8,530 | - |
| Licence fees receivable | 366 | 330 |
| Commissions receivable | 137 | 122 |
| Fees receivable | 30 | 63 |
| | <u>19,248</u> | <u>9,219</u> |

2. Finance charges (net)

| | 2001 £'000 | 2000 £'000 |
|--|---------------|---------------|
| <i>Investment income</i> | | |
| Income from current asset investments | 38 | 65 |
| Other interest receivable and similar income | 166 | 48 |
| | <u>204</u> | <u>113</u> |
| <i>Interest payable and similar charges</i> | | |
| Bank loans and overdrafts | 1,357 | 288 |
| Other loans | 86 | 102 |
| | <u>1,443</u> | <u>390</u> |
| <i>Finance charges (net)</i> | | |
| Interest payable and similar charges | 1,443 | 390 |
| less: investment income | (204) | (113) |
| | <u>1,239</u> | <u>277</u> |

3. Profit on ordinary activities before taxation is stated after charging/(crediting)

| | 2001 £'000 | 2000 £'000 |
|--|---------------|---------------|
| Depreciation and amounts written off tangible fixed assets | 231 | 240 |
| Amortisation of intangibles | 21 | 21 |
| Operating lease rentals | 115 | 79 |
| Auditors' remuneration for audit services | 43 | 33 |
| Profit on disposal of investment properties | (554) | (293) |

Amounts payable to Arthur Andersen by the company and its UK subsidiary undertakings in respect of non-audit services were £30,875 (2000: £32,190).

The Rowlandson Organisation Limited
Notes to Accounts (continued)

4. Staff Costs

The average monthly number of employees (including executive directors) was:

| | 2001 Number | 2000 Number |
|----------------------|----------------|----------------|
| Shop staff | 57 | 56 |
| Administration staff | 62 | 50 |
| Directors | 6 | 5 |
| | <u>125</u> | <u>111</u> |

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| Their aggregate remuneration comprised: | | |
| Wages and salaries | 2,310 | 1,968 |
| Social security costs | 219 | 181 |
| Other pension costs | 95 | 92 |
| | <u>2,624</u> | <u>2,241</u> |

Other pension costs represents the group's contribution to defined contribution schemes.

Directors' remuneration

Remuneration

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| The total amounts for directors remuneration and other benefits was as follows: | | |
| Emoluments | 515 | 431 |
| Pensions to directors | - | 2 |
| Pension contributions for directors in respect of money purchase schemes | 13 | 7 |
| | <u>528</u> | <u>440</u> |

Highest paid director

Included in directors' emoluments is the remuneration of the highest paid director of £126,000 (2000:£120,000). Pension contributions paid in the year for this director were £Nil (2000:£Nil).

Pensions

Three directors are members of defined contribution schemes (2000: Two).

The Rowlandson Organisation Limited
Notes to Accounts (continued)

| | | |
|---|--------------|--------------|
| 5. Tax on profit on ordinary activities | 2001 | 2000 |
| The tax charge comprises: | £'000 | £'000 |
| UK Corporation tax | 1,114 | 871 |
| Adjustments in respect of prior year - UK corporation tax | (111) | 6 |
| | <u>1,003</u> | <u>877</u> |

The tax charge for the year includes capital gains tax on property disposals determined by reference to the original cost of the properties sold, as opposed to the net carrying value used in determining the profit and loss on disposal in the profit and loss account.

| | |
|--------------------------------------|--------------|
| 6. Intangible fixed assets | £'000 |
| Group | |
| Post Office franchise | |
| Cost: | |
| At 1 April 2000 and at 31 March 2001 | <u>105</u> |
| Depreciation: | |
| At 1 April 2000 | 65 |
| Charge for the year | <u>21</u> |
| At 31 March 2001 | 86 |
| Net book value at 31 March 2001 | <u>19</u> |
| Net book value at 31 March 2000 | <u>40</u> |

The company had no intangible assets.

The Rowlandson Organisation Limited
Notes to Accounts (continued)

| 7. Tangible Fixed Assets Group | Freehold Land & Buildings £'000 | Leasehold Land & Buildings £'000 | Total £'000 |
|-----------------------------------|--|---|----------------|
| Cost or valuation: | | | |
| At 1 April 2000 | 52,903 | 891 | 53,794 |
| Additions | 11,196 | - | 11,196 |
| Acquisition of subsidiary | 8 | - | 8 |
| Revaluations | 3,213 | 143 | 3,356 |
| Transfers | (388) | - | (388) |
| Disposals | (3,823) | - | (3,823) |
| At 31 March 2001 | <u>63,109</u> | <u>1,034</u> | <u>64,143</u> |
| Depreciation: | | | |
| At 1 April 2000 and 31 March 2001 | <u>-</u> | <u>-</u> | <u>-</u> |
| Net book value at 31 March 2001 | <u>63,109</u> | <u>1,034</u> | <u>64,143</u> |
| Net book value at 31 March 2000 | <u>52,903</u> | <u>891</u> | <u>53,794</u> |

Freehold and leasehold land and buildings have been valued by a Director on an open market basis at 31 March 2001 and the movement on revaluation represents the net movement for the year. Freehold land and buildings with a carrying value of £37,711,000 (2000: £21,508,000) have been given as security against bank lending.

The net book value of leasehold land and buildings at 31 March 2001 includes short term leasehold property valued at £161,000 (2000: £140,000). The Group's freehold and leasehold land and buildings are all held as investment properties with the exception of freehold property valued at £5,551,000 (2000: £2,758,000) and one long leasehold property valued at £897,000 (2000: £700,000).

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| The historical cost of revalued properties is as follows: | | |
| Freehold land and buildings | 49,441 | 38,643 |
| Long leasehold land and buildings | <u>1,107</u> | <u>1,107</u> |
| | <u>50,548</u> | <u>39,750</u> |

The Rowlandson Organisation Limited
Notes to Accounts (continued)

| 7 | Tangible Fixed Assets Group | Plant & Machinery £'000 | Fixtures & Fittings £'000 | Motor Vehicles £'000 | Total £'000 |
|---|---------------------------------|----------------------------|------------------------------|-------------------------|----------------|
| | Cost | | | | |
| | At 1 April 2000 | 415 | 1,176 | 104 | 1,695 |
| | Additions | 16 | 267 | 94 | 377 |
| | Disposals | - | (12) | (53) | (65) |
| | At 31 March 2001 | 431 | 1,431 | 145 | 2,007 |
| | Depreciation | | | | |
| | At 1 April 2000 | 288 | 644 | 55 | 987 |
| | Charge for the year | 65 | 135 | 31 | 231 |
| | Disposals | - | (6) | (37) | (43) |
| | At 31 March 2001 | 353 | 773 | 49 | 1,175 |
| | Net book value at 31 March 2001 | 78 | 658 | 96 | 832 |
| | Net book value at 31 March 2000 | 127 | 532 | 49 | 708 |

Summary of net book values:

| | 2001 £'000 | 2000 £'000 |
|------------------------------|---------------|---------------|
| Freehold Land and Buildings | 63,109 | 52,903 |
| Leasehold Land and Buildings | 1,034 | 891 |
| | 64,143 | 53,794 |
| Plant and Machinery | 78 | 127 |
| Fixtures and Fittings | 658 | 532 |
| Motor Vehicles | 96 | 49 |
| | 64,975 | 54,502 |

The Rowlandson Organisation Limited
Notes to Accounts (continued)

7. Tangible fixed assets (continued)

| Company | Investment Properties £'000 |
|-----------------------------------|-----------------------------------|
| Value | |
| At 1 April 2000 and 31 March 2001 | <u>80</u> |

| 8 Fixed Asset Investments Group | Unquoted Investments £'000 | Other Investments £'000 | Total £'000 |
|------------------------------------|----------------------------------|-------------------------------|----------------|
| At 1 April 2000 | 506 | 66 | 572 |
| Transfer to group | (42) | - | (42) |
| At 31 March 2001 | <u>464</u> | <u>66</u> | <u>530</u> |

Fixed asset investments comprise minority interests in unquoted companies and are stated at cost less provisions for impairment.

| Company | Shares in Subsidiary Undertakings £'000 | Unquoted Investments £'000 | Total £'000 |
|-----------------------------------|--|----------------------------------|----------------|
| At 1 April 2000 and 31 March 2001 | 8,158 | 66 | 8,224 |
| Additions | 2,353 | - | 2,353 |
| At 31 March 2001 | <u>10,511</u> | <u>66</u> | <u>10,577</u> |

The above investments are stated at cost less provision for impairment. The directors are of the opinion that the market value of the company's interest in unquoted investments exceeds their cost.

The Rowlandson Organisation Limited
Notes to Accounts (continued)

8. Fixed Asset Investments (continued)
Subsidiary Undertakings

The company's principal subsidiary undertakings, all of which are incorporated in England and Wales, are set out below.

| Name and Nature of Business | Share Class | % of shares held by The Company Subsidiary Undertakings | | Note |
|--|----------------------|--|------------|---|
| Derrymoyle Ltd Property Investment | Ordinary | 30 | 50 | Held by Rowlandson Properties Ltd, Macs Neighbourhood Centres Ltd and Hendon Central News Ltd |
| The Finance & Industrial Trust Ltd Company Secretarial Services | Ordinary Deferred | - | 100 100 | Held by Harmer Securities Ltd |
| Graham House Properties Ltd Property Investment | Ordinary | 85 | - | |
| Hendon Central News Ltd Property Investment | Ordinary | 75 | - | |
| Macs Neighbourhood Centres Ltd Developers of neighbourhood centres and supermarket operators | Ordinary | 5 | 82 | Held by The Finance & Industrial Trust Ltd |
| Pegasus Retirement Developments Ltd – Development of Sheltered Housing | Ordinary | - | 60 | Held by RO Ventures |
| Pegasus Retirement Homes Ltd Development of Sheltered Housing | Ordinary | - | 60 | Held by Pegasus Retirement Developments Ltd |
| R H Properties Ltd Provision of serviced office suites | Ordinary | - | 100 | Held by The Finance & Industrial Trust Ltd |
| RO Ventures Ltd Holding Company | Ordinary | 27 | 13 | Held by The Finance & Industrial Trust Limited |
| Rowlandson Bushell & Co Ltd Registered Insurance Broker | Ordinary | 57 | - | |
| S Graham Rowlandson & Co Ltd Accountancy, taxation and managerial services | Ordinary | - | 100 | Held by RO Ventures Ltd and The Finance & Industrial Trust Ltd |
| Shenley Homes Limited Residential House Building | Ordinary | - | 100 | Held by RO Ventures Ltd |
| Webb & Partners Ltd Estate & Property Managers | Ordinary | - | 100 | Held by RO Ventures Ltd |

The Rowlandson Organisation Limited
Notes to Accounts (continued)

8. Fixed Asset Investments (continued)
Acquisition of subsidiary undertakings

On 31 March 2001 the group acquired the following:-

| <u>Acquisition</u> | <u>Consideration</u> |
|--|------------------------------------|
| 300 Ordinary £1 shares in Derrymoyle Ltd | Unsecured Loan Stock of £1,947,859 |
| 330 A Ordinary £1 shares in Hendon Central News Ltd | Unsecured Loan Stock of £233,594 |
| 600 A Ordinary £1 shares in Choughley Properties Ltd | Unsecured Loan Stock of £171,797 |

The following tables set out the book values of the identifiable assets and liabilities acquired.

(a) Derrymoyle Limited

| | Book Value £'000 | Revaluation to Fair Value £'000 | Total £'000 |
|-----------------------------------|---------------------|---------------------------------------|----------------|
| Fixed Assets | | | |
| Tangible | 5,252 | - | 5,252 |
| Investments | 502 | 2,662 | 3,164 |
| Current Assets | | | |
| Debtors | 3,827 | - | 3,827 |
| Total Assets | <u>9,581</u> | <u>2,662</u> | <u>12,243</u> |
| Creditors | <u>(496)</u> | <u>-</u> | <u>(496)</u> |
| Total Liabilities | <u>(496)</u> | <u>-</u> | <u>(496)</u> |
| Net assets | | | <u>11,747</u> |
| Percentage acquired (29.82%) | | | |
| Satisfied by unsecured loan stock | | | 3,502 |
| Negative Goodwill | | | <u>(1,948)</u> |
| | | | <u>1,554</u> |

The Rowlandson Organisation Limited
Notes to Accounts (continued)

8. Fixed Asset Investments (continued)
Acquisition of subsidiary undertakings

(b) Hendon Central News Limited

**Book Value
and Fair Value
£'000**

| | |
|-----------------------------------|---------------|
| Fixed Assets | |
| Tangible | 5,823 |
| Investments | 378 |
| Current Assets | |
| Debtors | 11,737 |
| Total Assets | <u>17,938</u> |
| Creditors | (555) |
| Total Liabilities | <u>17,383</u> |
| Net Assets | |
| Percentage acquired (3.83%) | 666 |
| Satisfied by unsecured loan stock | (234) |
| Negative Goodwill | <u>432</u> |

(c) Choughley Properties Limited

| | Book Value £'000 | Revaluation to Fair Value £'000 | Total £'000 |
|-----------------------------------|---------------------|---------------------------------------|----------------|
| Fixed Assets | | | |
| Tangible | 65 | - | 65 |
| Investments | 15 | 52 | 67 |
| Current Assets | | | |
| Debtors | 121 | - | 121 |
| Total Assets | <u>201</u> | <u>52</u> | <u>253</u> |
| Creditors | (7) | - | (7) |
| Total Liabilities | <u>(7)</u> | <u>-</u> | <u>(7)</u> |
| Net Assets | | | 246 |
| Percentage acquired (67%) | | | 165 |
| Satisfied by unsecured loan stock | | | (171) |
| Goodwill | | | <u>(6)</u> |
| Negative Goodwill | | | £'000 |
| Derrymoyle | | | 1,554 |
| Hendon Central News | | | 432 |
| Choughley | | | <u>(6)</u> |
| | | | <u>1,980</u> |

The Rowlandson Organisation Limited
Notes to Accounts (continued)

| 9. Stocks | 2001 | 2000 |
|------------------|---------------|--------------|
| | £'000 | £'000 |
| Group | | |
| Retail Stocks | 351 | 361 |
| Work in progress | 23,861 | 7,983 |
| | <u>24,212</u> | <u>8,344</u> |

The directors are of the opinion that the replacement cost of stock does not differ materially from the figure above.

There were no stocks held in the company.

| 10. Debtors | 2001 | 2000 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Group | | |
| Amounts falling due within one year | | |
| Net investment in hire purchase contracts | 57 | 74 |
| Trade debtors | 290 | 227 |
| Prepayments and accrued income | 587 | 656 |
| Taxation recoverable | - | 296 |
| Other taxes | 432 | 57 |
| Other debtors | 1,258 | 867 |
| | <u>2,624</u> | <u>2,177</u> |
| Amounts falling due after one year | | |
| Deferred tax | 65 | - |
| | <u>2,689</u> | <u>2,177</u> |

| | 2001 | 2000 |
|-------------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Company | | |
| Amounts falling due within one year | | |
| Amounts owed by group undertakings | 38,298 | 19,995 |
| Prepayments and accrued income | 1 | 1 |
| Tax recoverable | 652 | 273 |
| Other debtors | 76 | 121 |
| | <u>39,027</u> | <u>20,390</u> |

The Rowlandson Organisation Limited
Notes to Accounts (continued)

11. Creditors

Group

| | 2001 | 2000 |
|-------------------------------------|---------------|---------------|
| Amounts falling due within one year | £'000 | £'000 |
| Bank loans and overdrafts | 10,037 | 5,241 |
| Unsecured loan stock | 36 | 36 |
| Trade creditors | 1,473 | 992 |
| Other creditors | 847 | 1,547 |
| Unclaimed dividends | 9 | 9 |
| UK Corporation tax | 994 | 642 |
| Other taxation and social security | 257 | 286 |
| Accruals and deferred income | 2,656 | 2,484 |
| | <u>16,309</u> | <u>11,237</u> |

Group

| Amounts falling due after more than one year | 2001 | 2000 |
|--|---------------|--------------|
| | £'000 | £'000 |
| Bank Loans | | |
| Repayable by instalments: | | |
| Between two and five years | 8,261 | 1,840 |
| After five years | 11,169 | 2,200 |
| | <u>19,430</u> | <u>4,040</u> |
| Subordinated unsecured loan stock | 2,353 | - |
| | <u>21,783</u> | <u>4,040</u> |

The subordinated loan stock is non-interest bearing and due for repayment at par on 31 December 2010.

Details of security:

The bank facilities of the Company and the Group are secured by fixed charges over certain freehold and long leasehold land and buildings of subsidiary undertakings.

The Rowlandson Organisation Limited
Notes to Accounts (continued)

11. Creditors (continued)

| Company | 2001 | 2000 |
|--|---------------|---------------|
| Amounts falling due within one year | £'000 | £'000 |
| Bank loans and overdraft | 1,017 | 1,288 |
| Unsecured loan stock | 36 | 119 |
| Trade creditors | 7 | 2 |
| Amounts owed to group undertakings | 20,992 | 16,019 |
| Other creditors | 663 | 1,245 |
| Other taxation and social security | - | 5 |
| Accruals and deferred income | 127 | 52 |
| | <u>22,842</u> | <u>18,730</u> |

| Company | 2001 | 2000 |
|---|---------------|--------------|
| Amounts falling due after more than one year | £'000 | £'000 |
| Bank loans | | |
| Repayable by instalments: | | |
| Between two and five years | 8,261 | 1,840 |
| After five years | 11,169 | 2,200 |
| | <u>19,430</u> | <u>4,040</u> |
| Subordinated unsecured loan stock | 2,353 | - |
| | <u>21,783</u> | <u>4,040</u> |

The subordinated loan stock is non-interest bearing and due for repayment at par on 31 December 2010.

The Rowlandson Organisation Limited
Notes to Accounts (continued)

12. Called-up Share Capital

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| Authorised: | | |
| 1,000,000 'A' ordinary shares of 25p each | 250 | 250 |
| 1,000,000 'B' ordinary shares of 25p each | 250 | 250 |
| | <u>500</u> | <u>500</u> |
| Allotted, called-up and fully paid: | | |
| 860,017 'A' ordinary shares of 25p each | 215 | 215 |
| 202,188 'B' ordinary shares of 25p each | 51 | 51 |
| | <u>266</u> | <u>266</u> |

Both classes of shares have equal rights.

13. Reserves

The Group

| | Share Premium £'000 | Revaluation Reserve £'000 | Shares held in The Rowlandson Organisation £'000 | Profit & Loss Account £'000 | Total £'000 |
|--|------------------------|------------------------------|---|-----------------------------------|----------------|
| At 1 April 2000 | 2,944 | 10,442 | (2,122) | 25,322 | 36,586 |
| Retained profit for the year | - | - | - | 2,099 | 2,099 |
| Realised revaluation surplus | - | (1,403) | - | 1,589 | 186 |
| Revaluation surplus | - | 2,982 | - | - | 2,982 |
| Discount on acquisition | - | - | - | (1,134) | (1,134) |
| Movement arising from increase/(decrease) in group holdings | - | 140 | - | 2,539 | 2,679 |
| At 31 March 2001 | <u>2,944</u> | <u>12,161</u> | <u>(2,122)</u> | <u>30,415</u> | <u>43,398</u> |

No deferred tax has been provided by the group or the company in respect of the revaluation reserve since the directors consider that no liability to taxation will arise in the foreseeable future.

The Rowlandson Organisation Limited acquired 50.6% of Derrymoyle Limited on 24 March 1999. On the date of the acquisition Derrymoyle Limited held 149,575 ordinary shares of 25p nominal value in The Rowlandson Organisation Limited, a fair value of £2,122,000 was ascribed to these shares. The shares held by Derrymoyle Limited will remain in issue but will not be voted on or participate in dividends so long as they are held within the Group.

The Rowlandson Organisation Limited
Notes to Accounts (continued)

13. Reserves (continued)

| Company | Share Premium £'000 | Capital Profits Reserve £'000 | Profit & Loss Account £'000 | Revaluation Reserve £'000 | Total £'000 |
|----------------------------|---------------------------|--|--------------------------------------|---------------------------------|----------------|
| At 1 April 2000 | 2,944 | 236 | 2,469 | 10 | 5,659 |
| Retained loss for the year | - | - | (586) | - | (586) |
| At 31 March 2001 | <u>2,944</u> | <u>236</u> | <u>1,883</u> | <u>10</u> | <u>5,073</u> |

The consolidated profit, after tax and minority interests and before dividends, have been dealt with in the accounts of the Group Companies as follows:

| | 2001 £'000 | 2000 £'000 |
|-------------------------|---------------|---------------|
| Company | (586) | 177 |
| Subsidiary undertakings | <u>2,685</u> | <u>1,475</u> |
| | <u>2,099</u> | <u>1,652</u> |

The loss of the company is after receipt of a dividend of £129,000 (2000:£500,000) from a subsidiary undertaking.

The Rowlandson Organisation Limited
Notes to Accounts (continued)

14. Reconciliation of movements in group shareholders' funds

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| Profit for the financial year | 2,099 | 1,652 |
| Other recognised gains and losses relating to the year | 2,982 | 2,806 |
| Net addition to Shareholders' funds | 5,081 | 4,458 |
| Opening Shareholders' funds | 36,852 | 32,609 |
| Share of minority interests in profit and loss and revaluation reserves acquired. | 4,084 | (215) |
| Purchase of minority interests | (2,353) | - |
| Closing Shareholders' funds | 43,664 | 36,852 |

| | |
|--|--------------|
| 15. Minority Interests | £'000 |
| At 1 April 2000 | 13,607 |
| Profit on ordinary activities after taxation | 1,161 |
| Realised on disposal | (186) |
| Share of movement on revaluation reserves in year | 373 |
| Movements arising from increase in group holdings. | (3,826) |
| At 31 March 2001 | 11,129 |

Minority interests are attributable to equity interests.

The Rowlandson Organisation Limited
Notes to Accounts (continued)

16. Contingent liabilities and financial commitments **2001** **2000**
(a) Capital Commitments

| Group | £'000 | £'000 |
|-------------------------------------|--------------|--------------|
| Contracted for but not provided for | 1,736 | 3,006 |

Company

There were no capital commitments in the company.

(b) Deferred taxation

No provision is made for the potential liability to taxation that would arise if the Group's land and buildings were sold at the valuations given. The maximum potential liability that would crystallise if the properties were sold at the values stated is estimated to be £3,733,189 (2000:£2,939,898). The full potential liability to deferred taxation on accelerated capital allowances amounts to £730,530 (2000:£392,548).

(c) Operating leases

The Group is committed to the following annual payments under operating leases in respect of land, buildings and motor vehicles.

| | 31 March 01 | | 31 March 00 | |
|-------------------|---------------------------------|--------------|---------------------------------|--------------|
| | Land & Buildings | Other | Land & Buildings | Other |
| Expiring: | £'000 | £'000 | £'000 | £'000 |
| Up to one year | - | 21 | - | 6 |
| Two to five years | 16 | 80 | - | 68 |
| Over five years | 67 | - | 50 | - |
| | 83 | 101 | 50 | 74 |

(d) Contingent Liabilities

The company has guaranteed certain of the bank loans and overdrafts of its subsidiary undertakings to an unlimited extent. At 31 March 2000 the total liability of the group amounted to £21,886,031 (2000:£6,852,969).

The Rowlandson Organisation Limited
Notes to Accounts (continued)

17. Information regarding Directors

The interests of Mr R G StJ Rowlandson in the shares of group companies requiring disclosure under Schedule 7, Companies Act 1985, are as follows (ordinary shares unless otherwise stated).

| Company | 31 March 2001 Total % | 31 March 2000 Total % |
|---------------------------------------|-----------------------------|-----------------------------|
| The Rowlandson Organisation Ltd | 32.83 | 32.83 |
| Derrymoyle Ltd | 17.59 | 47.52 |
| Pegasus (Hendon) Ltd – Preferential | 20.00 | 20.00 |
| Hendon Central News Ltd | 6.67 | 10.50 |
| Macs Neighbourhood Centres Ltd | 3.66 | 3.66 |
| R.O. Ventures Ltd | 26.67 | 26.67 |
| Rowlandson Bushell & Co Ltd | 13.44 | 13.44 |
| William Harris Bacon Holding 1961 Ltd | 11.50 | 11.50 |

No other director had any interest in the shares of the group companies.

Included in other creditors is an amount of £959,037 (2000:£1,071,705) which is due to Mr R G StJ Rowlandson and connected parties.

Mr R G StJ Rowlandson, a director of The Rowlandson Organisation Limited, and members of his close family, control the company as a result of them together owning and controlling the issued share capital of The Rowlandson Organisation Limited.

18. Related Party Transactions

The Group has taken advantage of the exemption available in Financial Reporting Standard Number 8 not to disclose transactions or balances between group undertakings that have been eliminated on consolidation.