

Company Number 707194

THE ROWLANDSON ORGANISATION LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1999



The Rowlandson Organisation Limited

Annual Report and Accounts For the year ended 31 March 1999

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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

E Ashton

S M Younghusband FCA

Secretary

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

Auditors

Arthur Andersen
3 Victoria Square
Victoria Street
St Albans
Herts
AL1 3TF

Principal Bankers

Lloyds TSB Bank PLC
HSBC Bank PLC
National Westminster Bank PLC

The Rowlandson Organisation Limited

Chairman's Annual Review Year to 31 March 1999

This is the fourteenth occasion it has been my pleasure to report on the progress of the Organisation.

The major transaction that occurred during the year was the financial support given to the Management Buy Out of the Pegasus Retirement Homes business which resulted in the new company becoming a subsidiary of the Organisation. This company is based in Cheltenham. Sites have already been acquired subject to planning at Worthing, Exeter and Caterham. The first sales of flats should start at Worthing early in 2000.

The Organisation has also concluded an arrangement with Nationwide Childcare Organisation to acquire nurseries for them on a similar basis to that which we do for Jigsaw Day Nurseries.

A company called R.O. Ventures Limited has been set up to be the holding company for all the trading companies that exist at present and for the future. Amongst its subsidiaries will be Pegasus Retirement Homes Limited and Shenley Homes Limited.

In December 1998 Sue Younghusband joined us from our new auditors, Arthur Andersen, as our first formal Finance Director.

Property Division

The Property Division's income has increased by 7%. The proportion of unlet property has reduced to about 2% of the Rent Roll. The major rent reviews on the former Macs Supermarkets were agreed satisfactorily as well as the Somerfield Supermarket at Tiverton.

The Neighbourhood Centre sites at Abbey Meads, Swindon and Shenley have now been completed and incorporate Jigsaw Nurseries. Neighbourhood Centres at Stone Cross Eastbourne and Hilton, Derbyshire have also been completed. There are only two units left to be let in these developments.

During the year a company, Shenley Homes Limited was set up to develop small housing sites. Sites have been acquired at London Colney, Finchley and Studland. The Joint Venture to develop two houses in Benfleet was completed in May satisfactorily and a further site has been acquired at Ramsden Bellhouse on a similar basis. A number of smaller properties with low growth potential have been sold at auction, and several long leases on properties have been sold to tenants.

Due to the continued buoyancy of the property market in general, only one property investment has been acquired at West Parley, Bournemouth and sites for re-development have been acquired at Edmonton and Acton.

The Rowlandson Organisation Limited

Chairman's Annual Review Year to 31 March 1999

The Organisation has by way of a sale of a number of properties become the majority shareholder in Derrymoyle Limited, a company where I hold nearly all the remaining shares. This has resulted in £2.9m of property being added to the Organisation's portfolio.

Retail Division

The supermarket business at Chepstow was sold to One Stop Limited who were subsequently taken over by T & S Stores PLC.

The supermarket at Abbey Meads, Swindon was opened in March and has proved to be the most successful the Organisation has ever owned. Another store at Moreton Hall, Bury St Edmunds is in the course of construction. A further sub Post Office was opened at Locking Castle.

Negotiations have nearly been completed concerning the acquisition of a site at Chatham Maritime. Our store at Moorhayes, Tiverton will not be constructed until next year.

The turnovers in all stores have improved. The older stores have shown very good year on year growth. The results of the Post Office in Tiverton are slowly improving.

Jigsaw

New nurseries have been developed for Jigsaw, as referred to above, at Abbey Meads Swindon, Shenley and Stockley Park, Heathrow. Sites at Basingstoke, Oxford and Reading are also in the course of construction. Terms for two other site acquisitions have been agreed.

Goodhearts

Our association with Goodhearts has unfortunately been brought to an end. This has resulted from some unreconcilable differences, although our confidence in the disability business remains undiminished.

General

The new computer systems continue to be developed to aid the management of all Group Companies and the project to ensure that the Organisation is prepared for the Year 2000 continues. During the year the benefits of the Management Development review have started to show.

As a result of greater sales of properties due to the market's overall buoyancy and delays in new investment caused by planning and other reasons, the Organisation still retains substantial financing resources and very low gearing.

The Rowlandson Organisation Limited

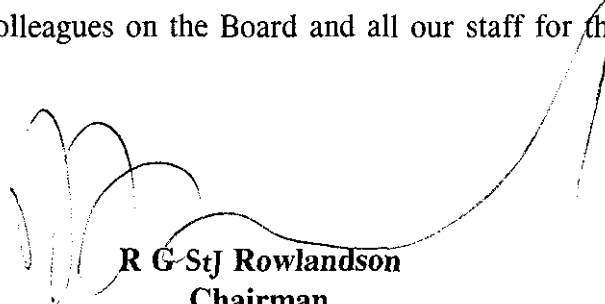
Chairman's Annual Review Year to 31 March 1999

Conclusion

The policy of investing for the future has continued and the investments made over the last year or two are starting to produce results and this should continue for a number of years.

The year has seen a marked increase in business activity generally which has meant that our staffing levels at Graham House have been augmented to provide the Organisation with a team to manage the growth for the future. Steps have also been taken to encourage career development within the Organisation.

I would like to thank my colleagues on the Board and all our staff for their efforts in another exacting year.



**R G Stj Rowlandson
Chairman**

The Rowlandson Organisation Limited

Report of the Directors

The directors present their annual report and the audited accounts for the year ended 31 March 1999.

Principal Activities

The principal activities of the Group continues to be as follows:

- (1) The development of properties for investment.
- (2) Investment in commercial properties.
- (3) The development and operation of neighbourhood supermarkets.
- (4) The development of day care nurseries.
- (5) The development of sheltered housing.

Results and Business Review

The results for the year are set out on Page 10. During the year the group acquired;

- (i) a controlling interest in Pegasus Retirement Homes Limited, a company which develops and builds sheltered housing. Start up losses of £128,000 have been incorporated into these accounts.
- (ii) a controlling interest in Derrymoyle Limited a property investment company with net assets of £9.9m.
- (iii) a minority interest in D Goodheart & Son Limited. The investment in this company together with associated loans have been written off in these accounts.

A detailed review of the results and business is given in the Chairman's Annual Review Page 3.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 March 1999 (1998:£Nil).

Employees

The Group's employment policies are aimed at informing, training and motivating employees. The Group also gives every consideration, whenever practicable, to the employment of disabled persons, and will continue to make every effort to retrain and assist any employee who becomes disabled during his or her employment.

Donations

The Group made charitable donations of £9,504 during the year (1998:£2,344).

The Rowlandson Organisation Limited

Report of the Directors (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 Group and of the Company and of the profit or loss of the Group for the year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting and reporting standards have been followed, subject to any material departures disclosed and explained in the accounts.
- 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

The directors of the Company who have held office throughout the year to the date of this report are as follows:-

Mr Richard Graham St John Rowlandson

Mr John Keith Palmer

Mr Frederick George Elmes

Mr Paul Anthony Brettell

Mr Edward Ashton

Mrs Susan Margaret Younghusband (appointed 15 December 1998)

Mr Paul Anthony Brettell retires by rotation, and being eligible, offers himself for re-election.

Mr Frederick George Elmes resigned on 16 June 1999.

Year 2000

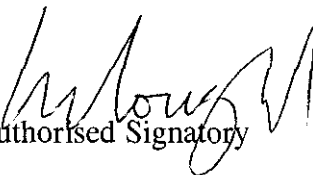
The Board are aware of the importance of the Year 2000 issue. A timetable has been drawn up to achieve Year 2000 compliance for any hardware and software which is not already compliant and the directors are confident that this will be achieved by the end of the year. The specific costs associated with this work are not separately identifiable from those incurred as part of the ongoing replacement of equipment, but are not expected to be material.

The Rowlandson Organisation Limited
Report of the Directors (continued)

Auditors

Geo. Little, Sebire & Co, resigned as auditors during the period and Arthur Andersen were appointed to fill a casual vacancy. In accordance with Section 385 of the companies Act 1985, a resolution proposing that Arthur Andersen be re-appointed as auditors of the company will be put to the Annual General Meeting.

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: 9 November 1999

The Rowlandson Organisation Limited

Report of the Auditors

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 in accordance with the accounting policies set out in Note 1 to the accounts.

Respective Responsibilities of Directors and Auditors

As described on Page 7, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

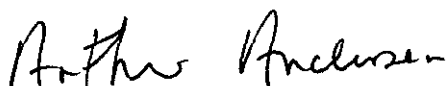
Basis of Opinion

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 and Group'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 and of the Group at 31 March 1999, and of the profit and cash flow of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Registered Auditors & Chartered Accountants
3 Victoria Square
Victoria Street
St Albans
Hertfordshire AL1 3TF

Date: 9 November 1999

The Rowlandson Organisation Limited
Consolidated Profit and Loss Account
For the year ended 31 March 1999

		1999	1998
	Notes	£'000	£'000
Turnover	2	7,439	6,139
Cost of sales		(2,685)	(1,858)
Gross profit		4,754	4,281
Administrative costs		(2,624)	(1,872)
Other operating income		146	1,018
Operating profit		2,276	3,427
Existing operations	2,404		
Acquisitions	(128)		
	<u>2,276</u>		
Profit on sale of investment properties		78	296
Profit on ordinary activities before interest		2,354	3,723
Interest receivable		195	122
Interest payable		(248)	(339)
Profit on ordinary activities before taxation	3	2,301	3,506
Taxation on profit on ordinary activities	6	(597)	(873)
Profit on ordinary activities after taxation		1,704	2,633
Minority interests	14	(204)	(253)
Dividends paid by subsidiaries		(50)	(50)
Profit for the financial year		1,450	2,330
Dividends		-	-
Retained profit for the year	13	1,450	2,330

The profit for the year arose from continuing operations. No turnover arose from acquisitions. Details of acquisitions are set out in Note 8.

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

The Rowlandson Organisation Limited

	1999 £'000	1998 £'000
Consolidated statement of total recognised gains and losses for the year ended 31 March 1999		
Profit for the financial year	1,450	2,330
Unrealised surplus on revaluation in the year	176	1,762
Total recognised gains and losses for the year	<u>1,626</u>	<u>4,092</u>

	1999 £'000	1998 £'000
Consolidated note of historical cost profits and losses for the year ended 31 March 1999		
Reported profit on ordinary activities before taxation	2,301	3,506
Realisation of property revaluation gains	<u>678</u>	<u>941</u>
Historical cost profit for the year before taxation	<u>2,979</u>	<u>4,447</u>
Historical cost profit for the year after taxation, minority interests and dividends	<u>2,128</u>	<u>3,080</u>

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
As at 31 March 1999

		1999	1998
	Notes	£'000	£'000
Fixed Assets			
Tangible assets	7	50,304	44,024
Intangible assets	7	61	82
Investments	8	469	416
		<u>50,834</u>	<u>44,522</u>
Current Assets			
Stocks	9	359	167
Debtors	10	1,418	883
Cash at bank and in hand		320	3,987
		<u>2,097</u>	<u>5,037</u>
Creditors:			
Amounts falling due within one year	11	<u>(5,504)</u>	<u>(5,745)</u>
Net Current Liabilities		<u>(3,407)</u>	<u>(708)</u>
Total Assets less Current Liabilities		47,427	43,814
Creditors:			
Amounts falling due after more than one year	11	<u>(1,586)</u>	<u>(2,615)</u>
Net Assets		<u>45,841</u>	<u>41,199</u>
Capital and Reserves			
Called up share capital	12	266	266
Share premium	13	2,944	2,944
Revaluation reserve	13	8,394	8,640
Shares held by Derrymoyle Limited in The Rowlandson Organisation	13	(2,122)	-
Profit and loss account	13	<u>23,127</u>	<u>21,847</u>
Equity shareholders' funds	15	32,609	33,697
Minority interests	14	<u>13,232</u>	<u>7,502</u>
Total capital employed		<u>45,841</u>	<u>41,199</u>


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

The Rowlandson Organisation Limited
Company Balance Sheet
As at 31 March 1999

	Notes	1999 £'000	1998 £'000
Fixed Assets			
Tangible assets	7	70	70
Investments	8	8,227	8,224
		<u>8,297</u>	<u>8,294</u>
Current Assets			
Debtors	10	12,489	10,137
Cash at bank and in hand		1	3,900
		<u>12,490</u>	<u>14,037</u>
Creditors:			
Amounts falling due within one year	11	<u>(13,380)</u>	<u>(13,448)</u>
Net Current(Liabilities)/Assets		<u>(890)</u>	<u>589</u>
Total Assets plus Net Current Assets		<u>7,407</u>	<u>8,883</u>
Creditors:			
Amounts falling due after more than one year	11	<u>(1,669)</u>	<u>(2,698)</u>
Net Assets		<u><u>5,738</u></u>	<u><u>6,185</u></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	2,292	2,739
Equity shareholders' funds		<u><u>5,738</u></u>	<u><u>6,185</u></u>

The accounts on Pages 10 to 35 were approved by the board of directors on 9 November 1999 and signed on its behalf by

 R G StJ 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 1999

	1999	1998
	£'000	£'000
Net cash inflow from operating activities (Note I)	2,048	3,946
Returns on investments and servicing of finance		
Interest received	195	122
Interest paid	(248)	(339)
Dividends paid to minority interests	(50)	(50)
	(103)	(267)
Taxation		
Tax paid	(1,104)	(859)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(5,308)	(5,160)
Purchase of fixed assets investments	(177)	(1,358)
Sale of tangible assets	1,953	3,450
Sale of fixed asset investments	-	3,392
Sale of trade investments	-	189
		513
Equity dividend paid	(3,532)	-
	(2,691)	3,333
Financing		
Repayment of debt	(976)	(100)
	(3,667)	3,233
Reconciliation of net cash flow to movement in net debt (Note II)		
(Decrease)/Increase in cash in the year	(3,667)	3,233
Cash outflow from decrease in debt	976	100
Movement in net debt in the year	(2,691)	3,333
Net debt at 1 April	352	(2,981)
Net debt at 31 March	(2,339)	352

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 1999

	1999		1998	
I Reconciliation of operating profit to cash flows	£'000	£'000	£'000	£'000
Operating profit		2,354		3,723
Depreciation charges	191		167	
Amortisation of intangibles	21		21	
Investment write down	177		(3)	
Profit on disposal of fixed asset investments	-		(804)	
Sale of trade investments	-		(189)	
Sale of other fixed assets	(28)		(27)	
		361		(835)
Increase in stock		(192)		(37)
(Increase)/Decrease in debtors and prepayments		(247)		602
Increase/(Decrease) in creditors		(228)		493
Net cash inflow from operating activities		<u>2,048</u>		<u>3,946</u>

II Analysis of net debt	1 April 98	Cash Flow	31 March 99
	£'000	£'000	£'000
Cash at bank and in hand	3,987	(3,667)	320
Bank loans and overdrafts	(1,020)	(53)	(1,073)
	2,967	(3,720)	(753)
Debt due after one year	(2,615)	1,029	(1,586)
	352	(2,691)	(2,339)

The Rowlandson Organisation Limited

Notes to the Accounts

For the year ended 31 March 1999

1. Basis of Preparation and Accounting Policies

Basis of Accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards. The principal accounting policies adopted by the group are as follows:

(a) Basis of Consolidation

The Group Accounts comprise the accounts of The Rowlandson Organisation Limited and all its subsidiary undertakings for the year ended 31 March 1999. Results of subsidiary undertakings are consolidated from the date of acquisition or to the date of disposal. A profit and loss account is not presented for the Company as provided by S230 of the Companies Act 1985.

(b) Turnover

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

(c) Depreciation and Fixed Assets

Depreciation and amortisation are calculated to write off the cost or valuation, less estimated residual value, of fixed assets evenly over their expected useful lives on the following basis:

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
Computer equipment	30% straight line
Motor vehicles	25% reducing balance
	30% straight line
Intangible assets	20% straight line

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

In accordance with the provisions of Statement of Standard Accounting Practice No. 19, no depreciation is charged on investment properties. Likewise, no depreciation is charged on other freehold and long leasehold properties. This is a departure from the requirements of the Companies Act 1985 which requires all properties to be depreciated. However, in the opinion of the directors, the residual values of these properties are such that any depreciation charge would be immaterial. The directors consider that this policy is necessary for the accounts to give a true and fair view.

The Rowlandson Organisation Limited

Notes to the Accounts

For the year ended 31 March 1999

1. Accounting Policies (continued)

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.

(d) Stocks

Stocks are stated at the lower of cost and estimated net realisable value.

(e) Deferred Taxation

Provision is made for deferred taxation only to the extent that, in the opinion of the directors, a material liability is expected to arise in the foreseeable future.

(f) Leasing Commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

(g) Leases

The amount due from lessees under finance leases is recorded as a debtor in the balance sheet after the deduction of unearned finance charges allocated to future periods and the provision for bad and doubtful debts. The cost of the assets acquired, for the purpose of letting under finance leases at the balance sheet date was £15,855 (1998:£223,274).

(h) Hire Purchase

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.

(i) 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. See Note 4.

(j) 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.

The Rowlandson Organisation Limited

Notes to the Accounts

For the year ended 31 March 1999

2. Turnover

The turnover is derived wholly from continuing operations in the UK market, unless otherwise stated, and represents:

	1999	1998
	£'000	£'000
Retail trading	2,784	1,438
Rents receivable	4,395	4,104
Hire purchase charges receivable	2	18
Commissions receivable	114	103
Fees receivable	61	33
Export sales - other EU markets	-	357
Post office trading	83	86
	<u>7,439</u>	<u>6,139</u>

3. Profit on ordinary activities before taxation

	1999	1998
	£'000	£'000
The profit on ordinary activities before taxation is stated after charging:		
Depreciation	191	166
Amortisation of intangibles	21	21
Leasing rentals	33	17
Auditors' remuneration for audit services	25	31
Auditors' remuneration for non-audit services	19	-
Write off of exceptional bad debt	410	-
Deficit on disposal of fixed assets	22	(3)
and after crediting:		
Profit on disposal of investment properties	(78)	(296)
Profit on sale of fixed asset investment	-	(804)

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

4. Directors and Employees

The average number of persons employed by the Group (including directors) during the period was:

Category	1999 No.	1998 No.
Shop staff	21	19
Administration staff	44	38
Directors	6	6
	<u>71</u>	<u>63</u>

Their total remuneration was:	£'000	£'000
Wages and salaries	1,153	1,159
Social security costs	101	102
Other pension costs	35	36
	<u>1,289</u>	<u>1,297</u>

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

The remuneration of directors of the parent company was as follows:

	1999 £'000	1998 £'000
Executive emoluments and fees	384	313
Pensions to directors	14	28
Pension contributions for directors	4	3
	<u>402</u>	<u>344</u>

Included in directors' emoluments is the remuneration of the highest paid director of £120,446 (1998:£109,010). Pension contributions paid in the year for this director were £Nil (1998:£Nil). Two directors are members of defined contribution schemes.

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

5. Interest payable and similar charges

	1999 £'000	1998 £'000
Interest payable within five years on:-		
Bank overdrafts and loans	105	166
Other loans	72	57
Interest payable after five years on:-		
Bank overdrafts and loans	71	116
	<u>248</u>	<u>339</u>

6. Taxation on profit on ordinary activities

	1999 £'000	1998 £'000
Corporation tax for the year at 21%/31% (1998:21%/31%)	577	954
Prior year adjustments	20	(81)
	<u>597</u>	<u>873</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.

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

7. Fixed Assets	Freehold	Leasehold	
The Group	Land &	Land &	
(a) Tangible fixed assets	Buildings	Buildings	Total
	£'000	£'000	£'000
Cost or valuation:			
At 1 April 1998	42,370	972	43,342
Additions	5,042	-	5,042
Acquisition of subsidiary	2,915	-	2,915
Movements on revaluation	241	33	274
Disposals	(1,809)	(114)	(1,923)
At 31 March 1999	48,759	891	49,650
Accumulated depreciation:			
At 1 April 1998	-	-	-
Charge for the year	-	-	-
Eliminated on revaluation	-	-	-
At 31 March 1999	-	-	-
Net book value 31 March 1999	48,759	891	49,650
Net book value at 31 March 1998	42,370	972	43,342

Freehold and leasehold land and buildings have been valued by a Director on an open market basis at 31 March 1999 and the movement on revaluation represents the net movement for the year. Freehold land and buildings with a carrying value of £16,611,000 (1998: £17,650,000) have been given as security against bank lending.

The net book value of leasehold land and buildings at 31 March 1999 includes short term leasehold property valued at £140,000 (1998:£140,000). The Group's freehold and leasehold land and buildings are all held as investment properties with the exception of one freehold property valued at £900,000 (1998:£900,000) and one leasehold property valued at £700,000 (1998:£652,000).

	1999	1998
	£'000	£'000
The historical cost of revalued properties is as follows:		
Freehold land and buildings	36,546	31,532
Leasehold land and buildings	1,490	1,441
	38,036	32,973

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

7	Fixed Assets The Group	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Total
(a)	Tangible fixed assets (continued)	£'000	£'000	£'000	£'000
	Cost				
	At 1 April 1998	400	791	102	1,293
	Additions	95	171	-	266
	Disposals	(53)	(67)	-	(120)
	At 31 March 1999	442	895	102	1,439
	Depreciation				
	At 1 April 1998	170	396	45	611
	Charge for the year	75	98	18	191
	Eliminated on disposal	(11)	(6)	-	(17)
	At 31 March 1999	234	488	63	785
	Net book value at 31 March 1999	208	407	39	654
	Net book value at 31 March 1998	230	395	57	682

Summary of net book values:	1999 £'000	1998 £'000
Freehold Land and Buildings	48,759	42,370
Leasehold Land and Buildings	891	972
	49,650	43,342
Plant and Machinery	208	230
Fixtures and Fittings	407	395
Motor Vehicles	39	57
	50,304	44,024

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

7 Fixed Assets (continued)

The Company
Tangible Fixed Assets

**Freehold
Land &
Buildings
£'000**

Cost

At 1 April 1998 and at 31 March 1999

70

The above property is held as an investment property.

(b) The Group
Intangible assets
Post Office franchise
Cost:

£'000

At 1 April 1998 and at 31 March 1999

105

Depreciation:

At 1 April 1998

23

Charge for the year

21

At 31 March 1999

44

Net book value at 31 March 1999

61

Net book value at 31 March 1998

82

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

8	Fixed Asset Investments	Unquoted	Other	Total
	(a) The Group	Investments	Investments	£'000
		£'000	£'000	£'000
	At 1 April 1998	350	66	416
	Additions in year - loan stock	177	-	177
	On acquisition of subsidiary undertaking	2,175	-	2,175
	Written off	(177)	-	(177)
	Transfer to reserve	(2,122)	-	(2,122)
	At 31 March 1999	403	66	469

During the year the group acquired;

- (i) 25% of the issued share capital of D Goodheart & Son Limited for a consideration of with £150,000 on 21 April 1998 which was satisfied by the issue of loan stock. This investment and related indebtedness of £410,000 has now been written off (See Note 3).
- (ii) 50.6% of the issued share capital of Derrymoye Limited on 25 March 1999. This company was acquired at the year end and held shares in the parent undertaking. These have been transferred to reserves see note 13.
- (iii) 60% of the issued share capital in Pegasus Retirement Homes on 19 November 1998, held by a subsidiary undertaking, RO Ventures Limited. Start up losses of £128,000 are included in these accounts as part of administrative costs.

The remaining fixed asset investments comprise minority interests in unquoted companies and are stated at cost less provisions for impairment value.

(b) The Company

	Shares in		
	Subsidiary	Unquoted	
	Undertakings	Investments	Total
	£'000	£'000	£'000
At 1 April 1998	8,158	66	8,224
Additions in year	-	180	180
Written off	-	(177)	(177)
At 31 March 1999	8,158	69	8,227

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 the Accounts
For the year ended 31 March 1999 (continued)

8. Fixed Assets 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	-	51	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	75	-	
Harmer Securities Ltd Dealing in and holding of quoted And unquoted investments	Ordinary	100	-	
Hendon Central News Ltd Property Investment	Ordinary	71	-	
Macs Neighbourhood Centres Ltd Developers of neighbourhood centres and supermarket operators	Ordinary	5	82	Held by The Finance & Industrial Trust Ltd
Moorgate Services Ltd Industrial Finance, provision of HP and leasing finance	Ordinary	100	-	
Paragon Works Ltd Financial Investment	Ordinary	-	83	Held by Harmer Securities Ltd
Pegasus Retirement Developments Ltd* - Development of Sheltered Housing	Ordinary	-	60	Held by RO Ventures
Retreat Place Properties Ltd Property Investment	Ordinary	-	100	Held by Harmer Securities Ltd
R H Properties Ltd Provision of serviced office suites	Ordinary	-	100	Held by The Finance & Industrial Trust Ltd

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

8. Fixed Asset Investments(continued)
Subsidiary Undertakings (continued)

Name and Nature of Business	Share Class	% of shares held by The Company Subsidiary Undertakings		Note
RO Ventures Ltd* Holding Company	Ordinary	40	-	Held by The Rowlandson Organisation Limited and 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
Webb & Partners Ltd Estate & Property Managers	Ordinary	-	100	Held by RO Ventures Ltd
William Harris Bacon Holdings 1961 Ltd – Investment	Ordinary	-	51	Held by Harmer Securities Ltd

* Acquired in the year.

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

8. Fixed Asset Investments (continued)

Acquisition of subsidiary undertakings

On 25 March 1999 the group acquired 50.3% of the issued share capital of Derrymoyle Limited. The consideration comprised various freehold and leasehold properties. The fair value of the total consideration was £4,994,000.

The following table sets out the book values of the identifiable assets and liabilities acquired.

	Book Value £'000	Revaluation to Fair Value £'000	Accounting Policy Alignment £'000	Fair Value to Group £'000
Fixed Assets				
Tangible	1,102	-	1,920	7,910
Investments	502	1,673	-	2,175
Current Assets				
Debtors	288	-	-	288
Total Assets	<u>1,892</u>	<u>1,673</u>	<u>1,920</u>	<u>10,373</u>
Creditors				
Other Creditors	130	-	-	130
ACT payable	76	-	-	76
Accruals and deferred income	280	-	-	280
Total Liabilities	<u>486</u>	<u>-</u>	<u>-</u>	<u>486</u>
Net Assets	<u>1,406</u>	<u>1,673</u>	<u>1,920</u>	9,887
Minority Interests				<u>(4,888)</u> <u>4,999</u>
Satisfied by transfer of various freehold and leasehold properties				4,994
Cash				<u>5</u> <u>4,999</u>

The revaluation to fair value represents an uplift of investments to estimated market value and the accounting policy realignment represents the valuation of investment properties in accordance with group accounting policies.

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

9. Stocks	1999	1998
	£'000	£'000

The Group

Retail Stocks	359	167
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The replacement cost of stock does not differ materially from the figure above.

10. Debtors

	1999	1998
The Group	£'000	£'000

Net investment in

Finance Leases	-	2
Hire Purchase Contracts	98	94
Trade debtors	453	402
Amounts owed by participating interests	-	20
Other debtors	504	45
Prepayments and accrued income	186	147
ACT recoverable	24	114
Other taxes	153	59
	<u>1,418</u>	<u>883</u>

	1999	1998
The Company	£'000	£'000
Amounts owed by subsidiary undertakings	11,998	10,058
Other debtors	474	6
Prepayments and accrued income	3	11
ACT recoverable	14	62
	<u>12,489</u>	<u>10,137</u>

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

11. Creditors

The Group

	1999	1998
Amounts falling due within one year	£'000	£'000
Bank loans and overdrafts	1,073	1,020
Trade creditors	588	801
Other creditors	1,359	998
Unclaimed dividends	9	9
Dividends	-	50
Corporation tax	561	1,068
ACT Payable	95	-
Other taxes and social security	157	156
Accruals and deferred income	1,662	1,643
	<u>5,504</u>	<u>5,745</u>

Amounts falling due after more than one year	1999	1998
	£'000	£'000
Bank Loans		
Repayable by instalments:		
Between two and five years	400	1,542
After five years	1,150	1,037
	<u>1,550</u>	<u>2,579</u>
Unsecured loan stock		
December 2000 non-interest bearing	36	36
	<u>1,586</u>	<u>2,615</u>

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 the Accounts
For the year ended 31 March 1999 (continued)

11. Creditors (continued)

The Company	1999	1998
Amounts falling due within one year	£'000	£'000
Bank loans and overdraft	468	417
Trade creditors	31	-
Amounts due to subsidiary undertakings	11,797	12,041
Other creditors	1,068	968
ACT Payable	7	-
Other taxes and social security	-	3
Accruals and deferred income	9	19
	<u>13,380</u>	<u>13,448</u>

The Company

Amounts falling due after more than one year	1999	1998
	£'000	£'000
Bank loans		
Repayable by instalments:		
Between two and five years	400	1,542
After five years	1,150	1,037
	<u>1,550</u>	<u>2,579</u>
Unsecured loan stock		
December 2000 non-interest bearing	119	119
	<u>1,669</u>	<u>2,698</u>

The bank loans and overdrafts are secured by guarantees and charges on properties owned by subsidiary undertakings.

The Rowlandson Organisation Limited

Notes to the Accounts

For the year ended 31 March 1999 (continued)

12. Share Capital	1999 £'000	1998 £'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, issued 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	Profit & Loss Account £'000	Share Premium £'000	Revaluation Reserve £'000	Shares held in The Rowlandson Organisation £'000
At 1 April 1998	21,847	2,944	8,640	-
Retained profit for the year	1,450	-	-	-
Realised on disposal of investment properties	678	-	(678)	-
Movement on revaluation of investment properties	-	-	147	-
Movement on revaluation of operating properties			29	
Movement arising from increase/decrease in group holdings	(848)	-	256	-
Transfer from investments	-	-	-	(2,122)
At 31 March 1999	<u>23,127</u>	<u>2,944</u>	<u>8,394</u>	<u>(2,122)</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 share 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 the Accounts
For the year ended 31 March 1999 (continued)

13. Reserves (continued)

The Company

	Profit & Loss Account £'000	Share Premium £'000	Capital Profits Reserve £'000
At 1 April 1998	2,739	2,944	236
Loss for the year	(447)	-	-
At 31 March 1999	<u>2,292</u>	<u>2,944</u>	<u>236</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:

	1999 £'000	1998 £'000
Company	(562)	(147)
Subsidiary undertakings	1,174	2,477
	<u>612</u>	<u>2,330</u>

The loss of the Company is after receipt of a dividend of £122,580 (1998:£15,000) from a subsidiary undertaking.

14. Minority Interests

	£'000
At 1 April 1998	7,502
Share of profit on ordinary activities after taxation	204
Share capital issued in year	50
Share of excess of valuation over cost in the year	212
Share of movement on revaluation reserves in year	(113)
Share of pre-acquisition capital and reserves acquired in year	5,377
At 31 March 1999	<u>13,232</u>

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

15. Statement of reconciliation of movement in shareholders' funds

The Group	1999 £'000	1998 £'000
Profit for the financial year	1,450	2,330
Other recognised gains and losses relating to the year	176	1,762
	<hr/> 1,626	<hr/> 4,092
Dividends paid and proposed	-	-
	<hr/> 1,626	<hr/> 4,092
Shareholders' funds at 1 April 1998	33,697	29,605
Transfer of investment in own shares	(2,122)	-
Share of minority interests in profit and loss and revaluation reserves acquired.	(592)	-
	<hr/>	<hr/>
Shareholders' funds at 31 March 1999	32,609	33,697
	<hr/>	<hr/>

Shareholders' funds are attributable to equity interests.

16. Capital Commitments

The Group	1999 £'000	1998 £'000
Contracted for but not provided	1,146	2,584
	<hr/>	<hr/>

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

17. Contingent Liabilities and Financial Commitments

The Group

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 £2,484,828 (1998:£2,384,540). The full potential liability to deferred taxation on accelerated capital allowances amounts to £1,093,027 (1998:£428,121) and the potential deferred taxation on the surplus on disposal of supermarkets in previous years not currently rolled into new trading assets amounts to £Nil (1998:£241,942). No provision has been made in the accounts for this disposal as the company fully expects to roll over the gains.

Financial Commitments

The Group is committed to the following annual payments under operating leases in respect of land, buildings and motor vehicles in 1998/99:

	Land & Buildings £	Non-Land £
Expiring:		
Up to one year	-	5,038
Two to five years	-	30,652
Over five years	18,000	-
	<hr/> 18,000 <hr/>	<hr/> 35,690 <hr/>

The Company

Contingent Liabilities

The company has guaranteed certain of the bank loans and overdrafts of its subsidiary undertakings to an unlimited extent. At 31 March 1999 the total liability of the group amounted to £2,623,135 (1998:£3,554,400). However, in view of the financial stability of, and security given by these companies, the directors consider there to be no resultant liability on The Rowlandson Organisation limited at 31 March 1999.

The Rowlandson Organisation Limited
Notes to the Accounts
For the year ended 31 March 1999 (continued)

18. 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 1999	31 March 1998
	Total %	Total %
The Rowlandson Organisation Ltd	32.83	32.83
Derrymoyle Ltd	47.52	-
Graham House Properties Ltd	10.00	10.00
Hendon Central Garages Ltd - Preferential	20.00	20.00
Hendon Central News Ltd	10.50	10.50
Macs Neighbourhood Centres Ltd	3.66	3.66
R.O. Ventures Ltd	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 £1,010,473 (1998:£668,173) 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.

19. 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.

During the year the group acquired an interest in Derrymoyle Limited a company in which Mr R G StJ Rowlandson already had an interest. See Note 8.