

**SCOPERULE LIMITED**

Company No: 2854441

**FINANCIAL STATEMENTS**

for the year ended

31 DECEMBER 1997



**COHEN ARNOLD & CO**  
CHARTERED ACCOUNTANTS  
REGISTERED AUDITOR  
LONDON W1X 2JP

**SCOPERULE LIMITED**

**DIRECTORS**

Mr Leslie Frankel  
Mrs Zisi Frankel  
Mrs Esther Frankel  
Mr Harold Frankel  
Mrs Rebecca Frankel  
Mr Jacob Frankel

**SECRETARY**

Mrs Zisi Frankel

**REGISTERED OFFICE**

13-17 New Burlington Place  
Regent Street  
LONDON W1X 2JP

**AUDITORS**

Cohen Arnold & Co  
13-17 New Burlington Place  
Regent Street  
LONDON W1X 2JP

SCOPERULE LIMITED

INDEX TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

Page

1 - 2 Directors' Report

3 Auditors' Report

4 Profit and Loss Account

5 Balance Sheet

6 - 10 Notes to the Financial Statements

## **SCOPERULE LIMITED**

### **DIRECTORS' REPORT**

The directors have pleasure in presenting their annual report together with the audited financial statements of the company for the year ended 31 December 1997.

#### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the company is property investment which remained unchanged during the year and no change is envisaged in the immediate future.

#### **RESULTS AND DIVIDEND**

The financial results of the company's activities for the year ended 31 December 1997, are fully reflected in the attached financial statements together with the notes thereon.

The directors do not recommend the payment of a dividend for the year under review.

#### **LAND AND BUILDINGS**

The company's investment properties are included in the financial statements at historical cost. However the directors are of the opinion that the company's investment properties have an open market value at least equal to the amount at which it is included in the Financial Statements.

#### **DIRECTORS AND THEIR INTEREST IN SHARE CAPITAL**

The directors who served during the year and their interest in the issued share capital of the company are as follows:

	<b>Number of Ordinary Shares</b>	
	<b>1997</b>	<b>1996</b>
Mr Leslie Frankel and Mrs Zisi Frankel (As Trustees of the Gisella Gestetner Trust)	100	100
Mrs Esther Frankel	-	-
Mr Harold Frankel	-	-
Mrs Rebecca Frankel	-	-
Mr Jacob Frankel	-	-

The articles of association do not require directors to retire by rotation.

No director has a service contract with the company.

#### **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

- i) select suitable accounting policies and apply them consistently
- ii) make judgements and estimates that are reasonable and prudent

## SCOPERULE LIMITED

### DIRECTORS' REPORT

#### **DIRECTORS' RESPONSIBILITIES (Cont.)**

- iii) follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements
- iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### **POLITICAL AND CHARITABLE DONATIONS**

During the year the company made no charitable donation nor political contribution.

#### **YEAR 2000**

The Company is in the process of assessing the impact of the Year 2000 issue on its reporting systems and operations. The Year 2000 issue arises because many computer systems and applications currently use the 2-digit fields to designate a year. Consequently, certain data sensitive systems may therefore recognise the Year 2000 as 1900 or not at all, resulting in the applications not functioning or not operating correctly.

The Directors are satisfied that on-going reviews are appropriate to ensure that the Company's operations will not be adversely affected by the Year 2000 issue. It is envisaged that the financial costs of compliance are not significant to the Company.

#### **CLOSE COMPANY**

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

#### **AUDITORS**

The auditors, Cohen, Arnold & Co, are willing to continue in office and a resolution re-appointing them in accordance with Section 385 of the Companies Act 1985 and authorising the board to fix their remuneration will be proposed at the annual general meeting.

By Order of the Board

  
.....  
Mrs Zisi Frankel - Secretary

23... October 1998

**AUDITORS' REPORT**  
**TO THE SHAREHOLDERS**  
**- OF -**  
**SCOPERULE LIMITED**

We have audited the financial statements on pages 4 to 10.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As indicated in the directors' report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

**BASIS OF OPINION**

We have conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence and to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**DEPARTURE FROM ACCOUNTING STANDARD**

The company's investment properties are included in the financial statements on the basis indicated in note 1 on accounting policies. This does not comply with the requirements of Statement of Standard Accounting Practice No. 19 which requires such properties to be stated at their open market value. However, as stated in their report, the directors are of the opinion that the company's investment property has an open market value at least equal to the amount at which it is included in the financial statements.

**QUALIFIED OPINION ARISING FROM DEPARTURE FROM ACCOUNTING STANDARD**

Except for non-compliance with the requirements of Statement of Standard Accounting Practice No. 19, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies' Act 1985.

London

Date: 23 October 1998

COHEN ARNOLD & CO  
Chartered Accountants and  
Registered Auditor

SCOPERULE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	<u>1997</u> £	<u>1996</u> £
Net Rental Income	2	62,187	141,263
Administrative Expenses	3	(7,792)	(34,538)
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>		54,395	106,725
Surplus on Disposal of Investment Properties	5	4,094	-
Interest Payable	4	(87,077)	(118,959)
Other Income		2,476	-
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION FOR THE FINANCIAL YEAR</b>	11	£(26,112)	£(12,234)
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains or losses other than those reflected in the above profit and loss account for the financial year nor for the previous year.

Reconciliation of movement in shareholders' funds is shown in note 12 to the financial statements.

The notes on pages 6 to 10 form part of these financial statements.

**SCOPERULE LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 1997**

	Notes	£	<u>1997</u>	£	£	<u>1996</u>	£
<b>FIXED ASSETS</b>							
Tangible Assets	6		935,155			1,536,061	
<b>CURRENT ASSETS</b>							
Debtors	7	22,054			512		
<b>CREDITORS:</b> Amounts falling due within one year	8	(324,437)			(469,762)		
<b>NET CURRENT LIABILITIES</b>			(302,383)			(469,250)	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			632,772			1,066,811	
<b>CREDITORS:</b> Amounts falling due after more than one year	9		(648,823)			(1,056,750)	
<b>NET (LIABILITIES)/ASSETS</b>			£(16,051)			£10,061	
<b>CAPITAL AND RESERVES</b>							
Called up Share Capital	10		100			100	
Profit and Loss Account	11		(16,151)			9,961	
			£(16,051)			£10,061	

The financial statements were approved by the board on 23... October 1998 and signed on its behalf by

  
.....  
MR LESLIE FRANKEL

**DIRECTORS**

  
.....  
MRS ZISI FRANKEL

The notes on pages 6 to 10 form part of these financial statements.



SCOPERULE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in the preparation of the company's financial statements.

**1.1 BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards except for the policy of accounting for investment properties referred to in note 1.2 below.

**1.2 INVESTMENT PROPERTIES**

Investment properties are included in the balance sheet at historical cost, which is not in accordance with Statement of Standard Accounting Practice No.19, which requires such properties to be stated at their open market value.

**1.3 DEPRECIATION**

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation or amortisation is provided in respect of freehold investment properties. This departure from the requirements of the Companies Act 1985, for all properties to be depreciated, is necessary, as the directors consider that this accounting policy results in the financial statements giving a true and fair view.

**1.4 ACQUISITIONS AND DISPOSALS OF PROPERTIES**

Acquisitions and disposals are considered to have taken place at the date of legal completion and are included in the financial statements accordingly.

**1.5 CASH FLOW STATEMENT**

The company is exempted from the requirement to prepare a cash flow statement (in accordance with Financial Reporting Standard No 1) on the basis of its being a "small company" as defined by Section 247 Companies Act 1985.

**SCOPERULE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

**2. TURNOVER AND NET RENTAL INCOME**

The Turnover of the company is represented by rents and charges receivable in respect of its investment properties.

The net rental income is comprised as follows:

	<u>1997</u>	<u>1996</u>
	£	£
Rents and Charges Receivable	144,946	182,757
Property Outgoings	(82,759)	(41,494)
	<hr/>	<hr/>
	£62,187	£141,263
	<hr/>	<hr/>

**3. ADMINISTRATIVE EXPENSES**

	<u>1997</u>	<u>1996</u>
	£	£
Auditors Remuneration	1,763	5,103
Service Charges	-	2,340
General Expenses	233	402
Travelling	-	768
Legal and Professional Fees	400	588
Provision against Loan Debtor	4,990	24,953
Bank Charges	406	384
	<hr/>	<hr/>
	£7,792	£34,538
	<hr/>	<hr/>

**4. INTEREST PAYABLE**

	<u>1997</u>	<u>1996</u>
	£	£
Bank Loans and Overdrafts	28,642	17,989
Other Loans not wholly repayable within five years	58,423	99,795
Cost of Obtaining Finance	-	1,175
Interest on Overdue Tax	12	-
	<hr/>	<hr/>
	£87,077	£118,959
	<hr/>	<hr/>

**SCOPERULE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

**5. SURPLUS ON DISPOSAL OF INVESTMENT PROPERTIES**

	<u>1997</u> £	<u>1996</u> £
Sale Proceeds	605,000	-
Cost of Property	(600,906)	-
	<hr/>	<hr/>
	£4,094	£ -
	<hr/>	<hr/>

**6. TANGIBLE FIXED ASSETS**

	<u>Freehold</u>
Investment Properties - at cost	
At 1st January 1997	1,536,061
Disposals	(600,906)
	<hr/>
At 31st December 1997	£935,155
	<hr/>

In accordance with the company's stated accounting policy (see note 1.3) no depreciation has been provided in respect of freehold properties which are held for investment purposes.

**7. DEBTORS**

	<u>1997</u> £	<u>1996</u> £
Loan Debtors	22,054	54
Other Debtors	-	458
	<hr/>	<hr/>
	£22,054	£512
	<hr/>	<hr/>

Loan Debtors represent amounts due from companies of which Mr L Frankel and Mrs Z Frankel are Directors. The loans are interest free and repayable on demand.

**SCOPERULE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

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

	<u>1997</u> £	<u>1996</u> £
Bank Loans and Overdrafts (Secured)	270,377	301,914
Loan Creditors	44,468	159,299
Directors Loan Account	668	767
Corporation Tax	-	660
Other Creditors and Accruals	8,924	7,122
	<u>£324,437</u>	<u>£469,762</u>

Loan Creditors represent amounts due to companies in which Directors of this company are also Directors. The loans are interest free and repayable on demand.

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

	<u>1997</u> £	<u>1996</u> £
Mortgages Advances (9%)	£648,823	£1,056,750
Analysis of Creditors falling due after more than one year:		
Amounts repayable between 1 January 1999 and 31 December 1999	18,877	22,000
Amounts repayable between 1 January 2000 and 31 December 2002	56,631	66,000
Amounts repayable after 1 January 2003	573,315	968,750
	<u>£648,823</u>	<u>£1,056,750</u>

The Mortgage Advances are secured by first legal charges over the property of the Company coupled with a Mortgage Debenture providing a floating charge over the assets of the Company.

**SCOPERULE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

**10. CALLED UP SHARE CAPITAL**

	<u>1997</u>	<u>1996</u>
	£	£
<u>Authorised, Issued and Fully Paid:</u>		
100 Ordinary Shares of £1 each	£100	£100
	<u>          </u>	<u>          </u>

**11. PROFIT AND LOSS ACCOUNT**

	£
Balance at 1 January 1997	9,961
Loss for the financial year	(26,112)
	<u>          </u>
Adverse Balance at 31 December 1997	£(16,151)
	<u>          </u>

**12. RECONCILIATION OF MOVEMENT IN SHAREHOLDER FUNDS**

	<u>1997</u>	<u>1996</u>
	£	£
Shareholders' funds brought forward	10,061	22,295
Loss for the financial year	(26,112)	(12,234)
	<u>          </u>	<u>          </u>
Shareholders' funds carried forward	£(16,051)	£10,061
	<u>          </u>	<u>          </u>

**13. RELATED PARTY TRANSACTIONS**

Mr L Frankel, a director of the Company, provided a personal guarantee to a lending bank, on a full indemnity basis, limited to £250,000.