

**ROCK FREEHOLDS LIMITED**

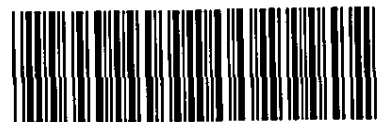
**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

Company Registration No 05195475 (England and Wales)

**SHELLEY STOCK HUTTER LLP**  
Chartered Accountants  
1st Floor  
7 - 10 Chandos Street  
London  
W1G 9DQ

WEDNESDAY



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13/08/2008  
COMPANIES HOUSE

# ROCK FREEHOLDS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr V D Goldstein Mr P Z Kemsley Mr T W Andrews
<b>Secretary</b>	Rock Group Secretaries Limited
<b>Company number</b>	05195475
<b>Registered office</b>	5th floor 20 North Audley Street Mayfair W1K 6HX
<b>Auditors</b>	Shelley Stock Hutter LLP 1st Floor 7 - 10 Chandos Street London W1G 9DQ
<b>Business address</b>	5th floor 20 North Audley Street Mayfair W1K 6HX
<b>Bankers</b>	Bank of Scotland 4th Floor, New Ueberior House 11 Earl Grey Street Edinburgh EH3 9BN

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# ROCK FREEHOLDS LIMITED

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# **ROCK FREEHOLDS LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2007***

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The directors present their report and financial statements for the year ended 31 December 2007

### **Principal activities and review of the business**

The principal activity of the company continued to be that of property development

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future

The company is taking advantage of small company exemptions in order not to disclose the company's use of financial instruments, key performance indicators and non-financial key performance indicators

### **Results and dividends**

The results for the year are set out on page 5

The directors do not recommend payment of an ordinary dividend

### **Directors**

The following directors have held office since 1 January 2007

Mr V D Goldstein

Mr P Z Kemsley

Mr T W Andrews

### **Creditor payment policy**

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Shelley Stock Hutter LLP be reappointed as auditors of the company will be put to the Annual General Meeting

# ROCK FREEHOLDS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

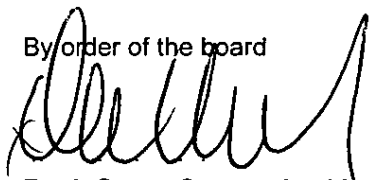
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



**Rock Group Secretaries Limited**  
**Secretary**

10 6 08

Date

# **ROCK FREEHOLDS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF ROCK FREEHOLDS LIMITED**

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We have audited the financial statements of Rock Freeholds Limited for the year ended 31 December 2007 set out on pages 5 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

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

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

# ROCK FREEHOLDS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF ROCK FREEHOLDS LIMITED

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#### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*Shelley Stock Hutter LLP*

Shelley Stock Hutter LLP  
Chartered Accountants  
Registered Auditor

*12/6/2008*  
Date

1st Floor  
7 - 10 Chandos Street  
London  
W1G 9DQ

# ROCK FREEHOLDS LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
Turnover	2	5,740,000	-
Cost of sales		(3,662,440)	-
Gross profit		2,077,560	-
Administrative expenses		(6,183)	(4,436)
Other operating income		305,191	306,056
Operating profit	3	2,376,568	301,620
Other interest receivable and similar income	4	15,452	367
Interest payable and similar charges	5	(226,768)	(147,276)
Profit on ordinary activities before taxation		2,165,252	154,711
Tax on profit on ordinary activities	6	-	-
Profit for the year	12	2,165,252	154,711

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

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

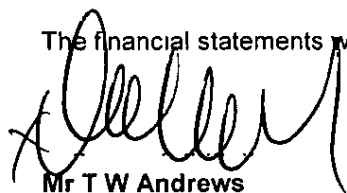


# ROCK FREEHOLDS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £	£	2006 £	£
<b>Fixed assets</b>					
Investments	7		1		-
<b>Current assets</b>					
Stocks	8	-		3,439,200	
Debtors	9	5,479,799		261,798	
Cash at bank and in hand		776,007		-	
		<u>6,255,806</u>		<u>3,700,998</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(3,856,218)</u>		<u>(3,466,661)</u>	
<b>Net current assets</b>			<u>2,399,588</u>		<u>234,337</u>
<b>Total assets less current liabilities</b>			<u><u>2,399,589</u></u>		<u><u>234,337</u></u>
<b>Capital and reserves</b>					
Called up share capital	11		2		2
Profit and loss account	12		<u>2,399,587</u>		<u>234,335</u>
<b>Shareholders' funds</b>	13		<u><u>2,399,589</u></u>		<u><u>234,337</u></u>

The financial statements were approved by the Board on 10.6.08



Mr T W Andrews  
Director

# ROCK FREEHOLDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### **1.3 Turnover**

Turnover represents amounts receivable from property dealing and development. Property sales are recognised when there has been an unconditional exchange of contracts

#### **1.4 Investments**

Fixed asset investments are stated at cost less provision for diminution in value

#### **1.5 Stock**

The company's stock comprises trading properties and developments. These assets are included in the accounts at the lower of cost and net realisable value. Cost for this purpose comprises the purchase cost of land and buildings, development expenditure and attributable overheads. Finance costs relating to these properties are recognised in the profit and loss account in the period in which they arise and are not capitalised as part of the cost of the trading property

#### **1.6 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Rock Investment Holdings Plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company

#### **1.7 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### **1.8 Property purchases**

Completion monies due in respect of property purchases are recognised in the accounting period that binding contracts are exchanged

### **2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

# ROCK FREEHOLDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2007

<b>3</b>	<b>Operating profit</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging		
	Operating lease rentals		
	- Land and buildings	37,367	35,702
	and after crediting		
	Rents receivable	343,269	349,925
		<u>          </u>	<u>          </u>
	<b>Auditors' remuneration</b>		
	Fees payable to the company's auditor for the audit of the company's		
	annual accounts	4,124	2,280
	Other non audit fees in relation to taxation	881	588
		<u>          </u>	<u>          </u>
		5,005	2,868
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Bank interest	15,452	367
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	On amounts payable to group companies	32,690	-
	On bank loans and overdrafts	194,078	147,276
		<u>          </u>	<u>          </u>
		226,768	147,276
		<u>          </u>	<u>          </u>

# ROCK FREEHOLDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

6	Taxation	2007 £	2006 £
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	2,165,252	154,711
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 30.00%)	649,576	46,413
	Effects of		
	Non deductible expenses	-	75
	Group loss relief	(649,576)	(46,488)
		(649,576)	(46,413)
	Current tax charge	-	-

# ROCK FREEHOLDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 7 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2007	-
Additions	1
	<hr/>
At 31 December 2007	1
	<hr/>
<b>Net book value</b>	
At 31 December 2007	1
	<hr/>

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
48-50 Minories Limited	England & Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2007 £	Profit/(loss) for the year 2007 £
	<b>Principal activity</b>		
48-50 Minories Limited	Property Development	607,033	607,032
		<hr/>	<hr/>

8	Stocks	2007 £	2006 £
	Properties held for re-sale	-	3,439,200
		<hr/>	<hr/>

# ROCK FREEHOLDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

9 Debtors	2007 £	2006 £
Trade debtors	5,477,500	87,500
Amounts owed by parent and fellow subsidiary undertakings	-	141,825
Other debtors	-	30,284
Prepayments and accrued income	2,299	2,189
	<u>5,479,799</u>	<u>261,798</u>

10 Creditors: amounts falling due within one year	2007 £	2006 £
Bank loans and overdrafts	2,800,001	2,452,600
Trade creditors	7,283	9,500
Amounts owed to parent and fellow subsidiary undertakings	671,890	906,259
Amounts owed to subsidiary undertakings	150,001	-
Accruals and deferred income	227,043	98,302
	<u>3,856,218</u>	<u>3,466,661</u>

Bank loans and overdrafts totalling £2,800,001 (2006 £2,452,600) are secured by a legal charge over the assets of the group

11 Share capital	2007 £	2006 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

# ROCK FREEHOLDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 12 Statement of movements on profit and loss account

**Profit and  
loss  
account  
£**

Balance at 1 January 2007	234,335
Profit for the year	2,165,252
	<hr/>
Balance at 31 December 2007	2,399,587
	<hr/>

### 13 Reconciliation of movements in shareholders' funds

**2007  
£**

**2006  
£**

Profit for the financial year	2,165,252	154,711
Opening shareholders' funds	234,337	79,626
	<hr/>	<hr/>
Closing shareholders' funds	2,399,589	234,337
	<hr/>	<hr/>

### 14 Contingent liabilities

#### Cross guarantees

Cross guarantees have been provided by the company for bank facilities utilised by fellow group companies. The bank facilities utilised as at 31 December 2007 are £73,762,957 (2006 - £55,406,679). The maximum facility available is £99.5 million (2006 - £99.5 million).

### 15 Employees

#### Number of employees

There were no employees during the year apart from the directors.

### 16 Control

The company is a wholly owned subsidiary of Rock One Limited. The parent company of Rock One Limited is Rock Investment Holdings Plc. On 27 December 2007, Rock Investment Holdings Plc became a subsidiary of PML Group, which is a subsidiary of Rapallo Limited. Prior to that date, there was no controlling party of Rock Investment Holdings Plc. From 27 December 2007, the ultimate controlling party is Mr J Lewis by virtue of his beneficial majority shareholding in Rapallo Limited.

# ROCK FREEHOLDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **17 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

As at the balance sheet date the company owed £Nil (2006 - £906,259) to its parent company Rock One Limited

As at the balance sheet date the company was owed £Nil (2006 - £141,825) by Goodview Limited, a fellow subsidiary of Rock Investment Holdings Plc

As at the balance sheet date the company owed its parent company, Rock Investment Holdings Plc, £671,890 (2006 - £Nil)

As at the balance sheet date, the company owed its wholly owned subsidiary, 48-50 Minorities Limited, £150,001 (2006 £nil)