

Registration number 04899928

EAGLE STRATEGIC PROPERTY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2008

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EAGLE STRATEGIC PROPERTY LIMITED

COMPANY INFORMATION

Directors	H.C. Keig P.J. Macgregor
Company number	04899928
Registered office	68 Crockford Park Road Addlestone Surrey KT15 2LU
Auditors	Alan James & Co Quantum House 59-61 Guildford Street Chertsey Surrey KT16 9AX
Solicitors	Thomas Eggar 76 Shoe Lane London EC4A 3JB

EAGLE STRATEGIC PROPERTY LIMITED

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EAGLE STRATEGIC PROPERTY LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2008

The directors present their report and the financial statements for the year ended 28 February 2008.

Principal activity

The principal activity of the company is that of an intermediate parent company of a group engaged in the development and sale of real estate.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year are as stated below:

H.C. Keig

P.J. Macgregor

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements 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 UK 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She 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.

EAGLE STRATEGIC PROPERTY LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2008

(CONTINUED)

Directors' responsibilities (continued)

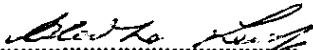
In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that she ought to have taken to make aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Alan James & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 10/9/08 and signed on its behalf by:


.....

H.C. Keig
Director

EAGLE STRATEGIC PROPERTY LIMITED

Independent auditors' report to the shareholders of **Eagle Strategic Property Limited**

We have audited the financial statements of Eagle Strategic Property Limited for the year ended 28 February 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and the 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.

EAGLE STRATEGIC PROPERTY LIMITED

Independent auditors' report to the
shareholders of Eagle Strategic Property Limited continued

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.


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 28 February 2008 and of its loss 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.

Emphasis of matter - Significant uncertainty regarding going concern

Without qualifying our opinion, we draw attention to the disclosures made in note 1 to the financial statements regarding going concern. Whilst ESL (Cheltenham) Limited does indeed have distributable reserves sufficient for it to pay a dividend to the company, it is unlikely to have sufficient cash flow to enable it to do so. Further, the terms of a creditors voluntary arrangement it entered into may actually prevent the payment of such a dividend. Lastly, there is significant uncertainty regarding the continued support of that company's bankers beyond 28 February 2010, casting further doubt on its future financial capability to pay a dividend.


.....
Alan James & Co
Chartered Accountants and
and Registered Auditors

Dated: 11 August 2008

Quantum House
59-61 Guildford Street
Chertsey
Surrey
KT16 9AX

EAGLE STRATEGIC PROPERTY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 2008

		Continuing operations	
		2008	2007
	Note	£	£
Administrative expenses		14,000	-
Operating profit		14,000	-
Amount written off investments	2	(7,762,361)	-
(Loss)/profit on ordinary activities before taxation		(7,748,361)	-
Tax on (loss)/profit on ordinary activities	4	-	-
(Loss)/profit for the year	9	(7,748,361)	-
Accumulated loss brought forward		(2,319,296)	(2,319,296)
Accumulated loss carried forward		<u>£(10,067,657)</u>	<u>£(2,319,296)</u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

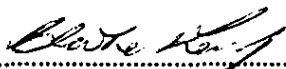
The notes on pages 7 to 11 form an integral part of these financial statements.

EAGLE STRATEGIC PROPERTY LIMITED

BALANCE SHEET
AS AT 28 FEBRUARY 2008

		2008		2007	
	Notes	£	£	£	£
Fixed assets					
Investments	5		10		7,762,371
Current assets					
Debtors	6	98		98	
		<u>98</u>		<u>98</u>	
Creditors: amounts falling due within one year	7	(475,398)		(489,398)	
Net current			(475,300)		(489,300)
Total assets less current liabilities			(475,290)		7,273,071
Net (liabilities)/assets			<u>£(475,290)</u>		<u>£7,273,071</u>
Capital and reserves					
Called up share capital	8		9,592,367		9,592,367
Profit and loss account	9		(10,067,657)		(2,319,296)
Shareholders' funds	10		<u>£(475,290)</u>		<u>£7,273,071</u>

The financial statements were approved by the Board on 10/8/09 and signed on its behalf by:


.....
H.C. Keig
Director

The notes on pages 7 to 11 form an integral part of these financial statements.

EAGLE STRATEGIC PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2008

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

The company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary of Eagle Strategic Land Limited, a company registered in the United Kingdom, in whose financial statements a consolidated cash flow statement is presented.

1.2. Investments

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

1.3. Going concern

At 28 February 2008 the balance sheet showed a net liabilities position, adding to uncertainties regarding the ability of the company to continue as a going concern. However, one of the company subsidiaries, ESL (Cheltenham) Limited, is now in a position of having considerable distributable reserves and therefore the means to pay the company a dividend sufficient for it to meet all of its outstanding obligations. Given the circumstances above, the directors are confident in the ability of the company to continue as a going concern for a further period of at least twelve months. On this basis the financial statements have been prepared applying the going concern basis of accounting.

2. Amounts written off investments

	2008	2007
	£	£
Amounts written off fixed asset investments:		
- permanent diminution in value	7,762,361	-
	<u> </u>	<u> </u>

3. Employees

There were no employees during the year apart from the directors, who received no remuneration during the year.

EAGLE STRATEGIC PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2008
(CONTINUED)

4. Tax on (loss)/profit on ordinary activities

Analysis of charge in period	2008	2007
	£	£
Current tax		
UK corporation tax	-	-
Total current tax charge	-	-

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 30%.
The differences are explained below:

	2008	2007
	£	£
(Loss)/profit on ordinary activities before taxation	(7,748,361)	-
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (28 February 2007 : 30%)	(2,324,508)	-
Tax effects of:		
Expenses not deductible for tax purposes	2,328,708	-
Losses surrendered by another group company	(4,200)	-
Current tax charge for period	-	-

EAGLE STRATEGIC PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2008
(CONTINUED)

5. Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 March 2007		
At 28 February 2008	17,414,173	17,414,173
Provisions for diminution in value:		
At 1 March 2007	9,651,802	9,651,802
Movement	7,762,361	7,762,361
At 28 February 2008	17,414,163	17,414,163
Net book values		
At 28 February 2008	10	10
At 28 February 2007	7,762,371	7,762,371

Investments in the following subsidiary companies are wholly owned and registered in England and Wales:

Dormant companies:

Eagle Tower Management Limited	ESL (Bath Road) Limited
ESL (The Ranges) Limited	ESL (Ascot) Limited
ESL (Silver Street) Limited	ESL (Ducklington) Limited

Companies involved in the acquisition, development, management and sale of real estate:

ESL (Cheltenham) Limited
ESL (Shepperton) Limited
Hull City Investments Limited

Companies involved in the provision of chauffeur driven car services:

ESL (Reading) Limited (Owned 80% from 7 August 2007)

The following subsidiary companies were affected by subsequent events after the balance sheet date as follows:

Eagle Tower Management Limited	Application made for striking off
ESL (The Ranges) Limited	Application made for striking off
ESL (Silver Street) Limited	Application made for striking off
ESL (Bath Road) Limited	Application made for striking off
ESL (Ascot) Limited	Application made for striking off
ESL (Ducklington) Limited	Application made for striking off
Hull City Investments Limited	In liquidation
ESL (Reading) Limited	In administration

As a result of these subsequent events, the directors have increased the provision for diminution in value of these investments, writing each investment down to £1.

EAGLE STRATEGIC PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2008
(CONTINUED)

6. Debtors	2008	2007
	£	£
Other debtors	98	98
	<u> </u>	<u> </u>
7. Creditors: amounts falling due within one year	2008	2007
	£	£
Trade creditors	-	24,042
Amounts owed to group undertaking	475,398	451,356
Accruals and deferred income	-	14,000
	<u>475,398</u>	<u>489,398</u>
	<u> </u>	<u> </u>
8. Share capital	2008	2007
	£	£
Authorised equity		
413,668,700 Ordinary shares of £0.10 each	41,366,870	41,366,870
86,331,300 Deferred shares of £0.10 each	8,633,130	8,633,130
	<u>50,000,000</u>	<u>50,000,000</u>
	<u> </u>	<u> </u>
Allotted, called up and fully paid equity		
9,592,370 Ordinary shares of £0.10 each	959,237	959,237
86,331,300 Deferred shares of £0.10 each	8,633,130	8,633,130
	<u>9,592,367</u>	<u>9,592,367</u>
	<u> </u>	<u> </u>

On 27 February 2004, the 9,592,367 issued ordinary shares of £1 each were subdivided into 9,592,367 ordinary shares of 10p each and 86,331,303 deferred shares of 10p each. The 40,407,633 unissued ordinary shares of £1 each were subdivided into 404,076,330 ordinary shares of 10p each.

The deferred shares carry no rights to payment of any dividend; carry no rights to receive notice of or to attend, speak or vote at any general meeting of the company; on a return of capital (whether in a winding up or otherwise), carry no right to the repayment of the amount paid up on such deferred shares until after the repayment of the capital paid up on the ordinary shares together with the payment of £5,000,000 on each ordinary share, whereupon the deferred shares shall carry the right to repayment of the nominal capital paid up on them and no more; and not be transferable without the consent of the company.

EAGLE STRATEGIC PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2008
(CONTINUED)

9. Equity Reserves	Profit and loss account £	Total £
At 1 March 2007	(2,319,296)	(2,319,296)
Loss for the year	(7,748,361)	(7,748,361)
At 28 February 2008	<u>(10,067,657)</u>	<u>(10,067,657)</u>

10. Reconciliation of movements in shareholders' funds	2008 £	2007 £
(Loss)/profit for the year	(7,748,361)	-
Opening shareholders' funds	<u>7,273,071</u>	<u>7,273,071</u>
Closing shareholders' funds	<u>(475,290)</u>	<u>7,273,071</u>

11. Related party transactions

The company has taken advantage of the exemption from disclosure of transactions with related parties on the grounds that it is a wholly owned subsidiary and the consolidated financial statements of its parent company are publicly available. Details of parent undertakings are set out in note 11 below.

12. Ultimate parent undertaking

At 28 February 2008 the company's ultimate parent company was Octopus Developments Limited, a company incorporated in the Isle of Man. The company's immediate parent company is Eagle Strategic Land Limited.