

Registered number
04899928

Eagle Strategic Property Limited

Report and Accounts

28 February 2007



Eagle Strategic Property Limited
Report and accounts
Contents

	Page
Company information	1
Directors' report	2
Independent auditors' report	3
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

**Eagle Strategic Property Limited
Company Information**

Directors

H C Keig
P J Macgregor

Secretary

Thomas Eggar Secretaries Limited
The Corn Exchange
Baffins Lane
Chichester
West Sussex
PO19 1GE

Auditors

Alan James & Co
Chartered Accountants and Registered Auditors
16 Shepperton Marina
Felix Lane
Shepperton
Middlesex
TW17 8NS

Solicitors

Thomas Eggar
76 Shoe Lane
London
EC4A 3JB

Registered office

76 Shoe Lane
London
EC4A 3JB

Registered number

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Eagle Strategic Property Limited Directors' Report

The directors present their report and accounts for the year ended 28 February 2007

Principal activities and review of business

The company's principal activity 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 period are set out in the profit and loss account on page 5

The directors do not recommend the payment of a dividend

Directors

The directors who served during the year and their interests in the share capital of the company were as follows

H C Keig

P J MacGregor

None of the directors held interests in the ordinary share capital of the company

Directors' responsibilities

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

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

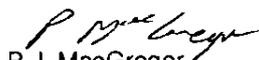
The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of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

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 they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Alan James & Co have been appointed by the directors as auditors in place of Hazlewoods. A resolution to reappoint Alan James & Co as auditors will be put to the member at the Annual General Meeting

This report was approved by the board on 28 September 2007


P J MacGregor
Director

Eagle Strategic Property Limited

Independent auditors' report to the shareholder of Eagle Strategic Property Limited

We have audited the accounts of Eagle Strategic Land Limited for the year ended 28 February 2007 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.

The financial statements for the year ended 28 February 2006 were audited by another auditor whose report dated 19 February 2007, expressed an unqualified opinion on those accounts.

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 auditor's 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 auditors

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Directors' Report.

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 transactions with the company is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Director's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Eagle Strategic Property Limited

Independent auditors' report (continued) to the shareholder of Eagle Strategic Property Limited

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 2007 and of its profit for the year then ended and 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

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of disclosures made in note 1 to the financial statements concerning the valuation of the Company's investments. ESL (Cheltenham) Limited, a subsidiary undertaking of the Company, is currently negotiating alternative sources of finance to enable it to continue its operations. There can be no certainty at this stage that these negotiations will be successful, though the directors are confident that finance will be secured. In the event that ESL (Cheltenham) Limited is unable to secure finance it will be unable to repay amounts owed to other group companies, the value of which may, as a result be impaired. These conditions indicate the existence of a material uncertainty that may cast doubt about the valuation of the investments included in the Company's balance sheet. The financial statements do not include adjustments that would result if the value of the company's investments were impaired.



Alan James & Co
Chartered Accountants and Registered Auditors
16 Shepperton Marina
Felix Lane
Shepperton
Middlesex
TW17 8NS

28 September 2007

Eagle Strategic Property Limited
Profit and Loss Account
for the year ended 28 February 2007

	Notes	2007 £	2006 £
Administrative expenses - normal costs		-	(701)
Operating loss		<u>-</u>	<u>(701)</u>
Loss on ordinary activities before taxation		<u>-</u>	<u>(701)</u>
Tax on loss on ordinary activities	2	-	-
Loss for the financial year		<u>-</u>	<u>(701)</u>
Retained loss for the financial year	7	<u>-</u>	<u>(701)</u>

Continuing operations

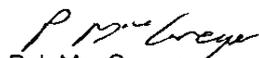
None of the company's activities were acquired or discontinued during the above two financial years

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the loss for the above two financial years

Eagle Strategic Property Limited
Balance Sheet
as at 28 February 2007

	Notes	2007 £	2006 £
Fixed assets			
Investments	3	7,762,371	7,762,371
Current assets			
Debtors	4	98	98
Creditors: amounts falling due within one year			
	5	(489,398)	(489,398)
Net current liabilities		<u>(489,300)</u>	<u>(489,300)</u>
		<u>7,273,071</u>	<u>7,273,071</u>
Capital and reserves			
Called up share capital	6	9,592,367	9,592,367
Profit and loss account	7	(2,319,296)	(2,319,296)
Shareholder's funds		<u>7,273,071</u>	<u>7,273,071</u>
Equity	8	<u>7,273,071</u>	<u>7,273,071</u>


P J MacGregor

Director

Approved by the board on 28 September 2007

Eagle Strategic Property Limited
Notes to the Accounts
for the year ended 28 February 2007

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates

Group accounts

The financial statements present information about the company as an individual undertaking and not its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary of Eagle Strategic Land Limited (formerly Plc) and is included in the consolidated financial statements of that company

Investments

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

Various of the companies subsidiary undertakings are due money from ESL (Cheltenham) Limited, a subsidiary undertaking of this company. ESL (Cheltenham) Limited is funded by a bank loan made to Florana Limited ("Florana") a fellow group Company for which it accepted responsibility for settlement on acquisition of freehold investment property and stock from Florana. ESL (Cheltenham) Limited also has an overdraft facility with the same bank. The bankers have indicated that they are not willing to extend this facility and ESL (Cheltenham) Limited's cash flow projections indicate that further funds are likely to be required to fund future net cash outflows until such time as the tenancy levels in that company's investment property are sufficient to cover ongoing operating and finance costs. The directors are in the process of negotiating alternative sources of finance for that company, which they believe will provide them with sufficient working capital to enable that company to continue operating activities. The current bankers have indicated that they are willing to allow ESL (Cheltenham) Limited a reasonable period to secure replacement funding.

There can be no certainty at this stage that the alternative funds currently being negotiated will be confirmed, in which case ESL (Cheltenham) Limited would not be able to continue operations, and would not be able to settle debts it owes to various of the Companies subsidiary undertakings. In the event that ESL (Cheltenham) Limited was unable to continue operating it would be necessary to write down the value of the company's investments to their estimated recoverable value.

Eagle Strategic Property Limited
Notes to the Accounts
for the year ended 28 February 2007

2 Taxation **2007**
£ **2006**
£

No corporation tax arises based on the results for the period

Tax on profit on ordinary activities - -

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2007 £	2006 £
Loss on ordinary activities before tax	-	(701)
Standard rate of corporation tax in the UK	30%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	-	(210)
Effects of Costs and expenses not deductible for tax purposes	-	210
Current tax charge for period	-	-

3 Investments
Investments in subsidiary undertakings

	2007 £	2006 £
Cost at 1 March 2006	17,414,173	17,414,173
Provision for diminution in value at 1 March 2006	(9,651,802)	(9,651,802)
Net book value at 28 February 2007	<u>7,762,371</u>	<u>7,762,371</u>

Investments in subsidiary companies all of which are wholly owned and registered in England and Wales are as follows

Dormant companies
ESL (Bath Road) Limited
ESL (The Ranges) Limited
ESL (Silver Street) Limited
Eagle Tower Management Limited

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

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

Eagle Strategic Property Limited
Notes to the Accounts
for the year ended 28 February 2007

Companies involved in the provision of chauffeur driven car services
ESL (Reading) Limited

4 Debtors			2007	2006
			£	£
Other debtors			98	98
			<u>98</u>	<u>98</u>
5 Creditors: amounts falling due within one year			2007	2006
			£	£
Trade creditors			24,042	417,868
Amounts owed to group undertakings			451,356	57,530
Accruals and deferred income			14,000	14,000
			<u>489,398</u>	<u>489,398</u>
6 Share capital			2007	2006
			£	£
Authorised				
Ordinary shares of 10p each			41,366,870	41,366,870
Deferred shares of 10p each			8,633,130	8,633,130
			<u>50,000,000</u>	<u>50,000,000</u>
	2007	2006	2007	2006
	No	No	£	£
Allotted called up and fully paid				
Ordinary shares of 10p each	9,592,367	9,592,367	959,237	959,237
Deferred shares of 10p each	86,331,303	86,331,303	8,633,130	8,633,130
			<u>9,592,367</u>	<u>9,592,367</u>
Movement in share capital			2007	2006
			£	£
At 1 March 2006			9,592,367	9,592,367
			<u>9,592,367</u>	<u>9,592,367</u>
At 28 February 2007			<u>9,592,367</u>	<u>9,592,367</u>

Eagle Strategic Property Limited
Notes to the Accounts
for the year ended 28 February 2007

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.

7 Profit and loss account	2007	2006
	£	£
At 1 March 2006	(2,319,296)	(2,318,595)
Retained loss	-	(701)
At 28 February 2007	<u>(2,319,296)</u>	<u>(2,319,296)</u>

8 Reconciliation of movement in shareholder's funds	2007	2006
	£	£
At 1 March 2006	7,273,071	7,273,772
Loss for the financial year	-	(701)
At 28 February 2007	<u>7,273,071</u>	<u>7,273,071</u>

9 Cash flow statement

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 (formerly Plc), a company registered in the United Kingdom, in whose financial statements a consolidated cash flow statement is presented.

10 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.

11 Ultimate parent company and controlling party

At 28 February 2006 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 (formerly Plc).

The directors consider the ultimate controlling party to be Mr Clarke Keig.