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BAXTER GATE PROPERTIES LIMITED
FINANCIAL STATEMENTS
For the Year Ended 31 December 1989

REPORT OF THE DIRECTORS OF

BAXTER GATE PROPERTIES LIMITED

The directors present their report and the financial statements for the year ended 31 December 1989.

Results and Dividend

The profit for the financial year after taxation amounted to £1,859. The directors do not recommend the payment of a dividend.

Principal Activity

The principal activity of the company is that of property letting.

Review of the Year

Rents receivable were consistent with the previous year. Higher overheads, especially repairs and renewals to the property, have resulted in a lower net profit.

Fixed Assets

The movement in fixed assets is given in note 6 of the notes to the financial statements.

The freehold property is included in the balance sheet at the cost of £3,968 at 31 December 1989. Armstrong Mather, Chartered Surveyors, considered the open market value to be between £110,000 and £125,000 in August 1987. No valuation has taken place since that date.

Directors

The directors named below served throughout the year. Messrs R C Fletcher and H Putt retire by rotation and being eligible offer themselves for re-election.

The interests in the capital of the company of the directors holding office at 31 December 1989 were :

	Ordinary Shares	
	31 December 1989	1 January 1989
R C Fletcher	72	72
H Putt	170	170
P A Collin	642	42
H D Putt	10	10
D G Putt	5	5
C A Collin	114	114

Auditors

The company's auditors, Godkin & Co are willing to continue in office and a resolution proposing their re-appointment and authorising the directors to fix their remuneration will be put to the annual general meeting.

On Behalf of the Board

P A COLLIN

Secretary

27 July 1990

REPORT OF THE AUDITORS TO THE MEMBERS OF
BAXTER GATE PROPERTIES LIMITED

We have audited the financial statements on pages 3 to 7 in accordance with Auditing Standards.

Freehold property has been included in the balance sheet at the cost of £3,968 instead of open market value as required by Statement of Standard Accounting Practice No. 19.

Except for the above in our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1989 and of the profit for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

Loughborough

27 July 1990

GODKIN & CO

Chartered Accountants

BAXTER GATE PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1989

	<u>Note</u>	<u>1989</u>	<u>1988</u>
Rents receivable		8,759	8,720
Administrative expenses		<u>8,609</u>	<u>4,293</u>
Operating Profit		150	4 427
Interest receivable	3	<u>2,455</u>	<u>1,666</u>
Profit on Ordinary Activities before Taxation	4	2,605	6,093
Tax on profit on ordinary activities	5	<u>746</u>	<u>1,629</u>
Profit on Ordinary Activities after Taxation for the year		<u>£ 1,859</u>	<u>£ 4,464</u>
STATEMENT OF RETAINED PROFIT			
Retained profit brought forward		25,321	20,857
Retained profit for the year		<u>1,859</u>	<u>4,464</u>
Retained profit carried forward		<u>£27,180</u>	<u>£25,321</u>

BAXTER GATE PROPERTIES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1989

	<u>Note</u>	<u>1989</u>	<u>1988</u>
<u>Fixed Assets :</u>			
Tangible assets	6	5,230	4,915
<u>Current Assets :</u>			
Debtors	7	2,874	3,473
Investments	8	22,275	19,893
Cash at bank		972	2,168
		<u>26,121</u>	<u>25,534</u>
<u>Creditors : (amounts falling due within one year)</u>	9	<u>2,773</u>	<u>3,730</u>
<u>Net Current Assets</u>		<u>23,348</u>	<u>21,804</u>
<u>Total Assets less Current Liabilities</u>		<u>£28,578</u>	<u>£26,719</u>
 <u>CAPITAL AND RESERVES :</u>			
<u>Called Up Share Capital</u>	10	1,398	1,398
<u>Reserves :</u>			
<u>Profit and loss account</u>		<u>27,180</u>	<u>25,321</u>
<u>Shareholders' Funds</u>		<u>£28,578</u>	<u>£26,719</u>

P A COLLIN

R C FLETCHER

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Directors

Philip H. Collins
R. C. Fletcher

27 July 1990

NOTES TO THE FINANCIAL STATEMENTS1. Accounting Policies

The company has adopted the following accounting policies which should be read in conjunction with the financial statements set out on pages 3 to 7 which have been prepared under the historical cost convention.

Rents Receivable

Rents receivable are calculated on an accruals basis to the nearest month.

Fixed Assets and Depreciation

Fixed assets are stated at purchase price, less depreciation. Depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values over their estimated useful lives at the following annual rates :

Freehold land and buildings	Nil
Alterations to freehold buildings	10%
Fixtures and fittings	10%
Office equipment	10%

Freehold land and buildings are held for their investment potential and any income is negotiated at arm's length. Therefore they are not subject to periodic charges for depreciation in accordance with SSAP 19. However, they are included in the balance sheet at cost rather than at open market value as required by SSAP 19.

Deferred Taxation

Provision is made using the liability method for taxation at the current rate of corporation tax in respect of items when there is a material timing difference between their treatment for accounts and taxation purposes if, in the opinion of the directors, it is probable that a tax liability will crystallise in the foreseeable future. At present no provision is required due to immateriality.

2. Particulars of Staff

	<u>1989</u>	<u>1988</u>
The average weekly number of persons (including directors) employed during the year was :		
Administrative	6	6
	=	=
Staff costs :		
Fees	£ 1,650	£ 1,500
	<u> </u>	<u> </u>

3. Interest Receivable

Building society interest	£ 2,455	£ 1,666
	<u> </u>	<u> </u>

4. Profit on Ordinary Activities Before Taxation

This is stated after charging :

Directors' fees	1,650	1,500
Depreciation	157	117
Auditors' remuneration	633	590
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

	<u>1989</u>	<u>1988</u>
5. <u>Tax on Profit on Ordinary Activities</u>		
The charge for tax is made up as follows :		
Current year :		
Corporation tax :		
Current at 25% (1988 : 27%/25%)	£ <u>746</u>	£ <u>1,629</u>

6. Tangible Assets

	<u>Freehold Land and Buildings</u>	<u>Alterations to Freehold Buildings</u>	<u>Fixtures and Fittings</u>	<u>Office Equipment</u>	<u>Total</u>
Cost :					
At 1 January 1989	3,968	4,520	2,973	109	11,570
Additions in year	-	472	-	-	472
At 31 December 1989	<u>3,968</u>	<u>4,992</u>	<u>2,973</u>	<u>109</u>	<u>12,042</u>
Depreciation ;					
At 1 January 1989	-	3,616	2,958	81	6,655
Charge for the year	-	147	-	10	157
At 31 December 1989	<u>-</u>	<u>3,763</u>	<u>2,958</u>	<u>91</u>	<u>6,812</u>
Net Book Value :					
At 31 December 1989	£ <u>3,968</u>	£ <u>1,229</u>	£ <u>15</u>	£ <u>18</u>	£ <u>5,230</u>

Armstrong Mather, Chartered Surveyors, considered the open market value of the freehold property to be between £110,000 and £125,000 in August 1987. No valuation has been carried out since that date.

7. <u>Debtors</u>	<u>1989</u>	<u>1988</u>
Rent receivable	2,595	3,213
Prepayments and accrued income	<u>279</u>	<u>260</u>
	£ <u>2,874</u>	£ <u>3,473</u>

8. Investments

Loughborough Building Society	3,230	3,058
Birmingham Midshires Building Society	3,546	3,345
Shepshed Building Society	<u>15,499</u>	<u>13,490</u>
	£ <u>22,275</u>	£ <u>19,843</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

	<u>1989</u>	<u>1988</u>
9. <u>Creditors</u> : (amounts falling due within one year)		
Sundry creditors	2,628	2,517
Corporation tax	<u>145</u>	<u>1,213</u>
	<u>£ 2,773</u>	<u>£ 3,730</u>
10. <u>Called Up Share Capital</u>		
Authorised :		
6,000 ordinary shares of 50p each	<u>£ 3,000</u>	<u>£ 3,000</u>
Allotted, called up and fully paid :		
2,795 ordinary shares of 50p each	<u>£ 1,398</u>	<u>£ 1,398</u>