

ARTHUR NEWBERY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 1998



ARTHUR NEWBERY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 1998

Company registration number: 57762

Registered office: 2 Alton Chambers
37 Church Road
Parkstone
Poole
BH14 8UF

Directors: Mr R A Graham
Mr G J Graham
Mr D L Graham
Mr A Browne

Secretary: Mr A Browne

Bankers: Midland Bank
Bournemouth

Solicitors: Preston & Redman
Bournemouth

Turners
Bournemouth

Auditors: Grant Thornton
Registered auditors
Chartered accountants

ARTHUR NEWBERY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 1998

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ARTHUR NEWBERY LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 March 1998.

Principal activities

The company is principally engaged in the buying and selling of properties, property management and investment.

Business review

The company has had a successful year and will continue to look for new investment opportunities in the future.

There was a profit for the year after taxation amounting to £241,549. The directors recommend payment of dividends of £165,315, leaving £76,234 retained.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

Mr R A Graham and Mr G J Graham retire by rotation and being eligible offer themselves for re-election.

The beneficial and other interests of the directors and their families in the shares of the company as at 31 March 1998 and 1 April 1997, were as follows:

	Ordinary shares		Preference shares	
	31 March 1998	1 April 1997	31 March 1998	1 April 1997
Beneficial interests:				
Mr R A Graham	534	534	3,000	3,000
Mr G J Graham	5,255	5,255	3,000	3,000
Mr D L Graham	5,255	5,255	3,000	3,000
Mr A Browne	-	-	-	-
Other interests:				
Mr R A Graham) as trustees of	2,078	2,078	-	-
Mr G J Graham) H A Graham's	2,078	2,078	-	-
Mr D L Graham) 1985 Settlement	2,078	2,078	-	-
Mr D L Graham as trustee of Mr R A Graham's 1985 Settlement	4,722	4,722	-	-

Charitable and political contributions

Donations to charitable organisations amounted to £3,165 (1997: £4,132).

ARTHUR NEWBERY LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000 Compliance

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. Although the company does not have computer systems, there may be some risk to the business from those of the company's customers and suppliers.

The company is in the process of assessing the risks resulting from this issue. When the analysis is complete, the company will consider the likely impact on the business, develop action plans to deal with the key risks, and estimate the costs to be incurred.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



Mr R A Graham
Director

16th December 1998

REPORT OF THE AUDITORS TO THE MEMBERS OF

ARTHUR NEWBERY LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We 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 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.

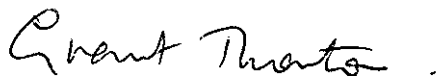
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity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

Qualified opinion arising from disagreement about accounting treatment

The company's investment properties have been included in the financial statements at cost and have not been revalued annually as required by Statement of Standard Accounting Practice Number 19. In the absence of such a valuation it is not practical to determine the amount of the adjustment which would be required.

Except for the matter referred to above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the subject matter of the foregoing qualification is not material for determining whether the distribution of £77,315 proposed by the company is permitted under section 263 of the Act.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

POOLE

16th December 1998

ARTHUR NEWBERY LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous period and are set out below.

INCOME

Income comprises rents receivable from property management, dividends declared during the accounting period, interest and other income receivable on listed and unlisted investments, and profit or loss on the disposal of investments.

DEPRECIATION

Depreciation is calculated to write down the cost of all tangible fixed assets excluding investment properties, on the reducing balance method. The rates generally applicable are:

Fixtures and fittings	15%
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INVESTMENT PROPERTIES

Investment properties are stated at cost.

INVESTMENTS

Investments are included at cost.

DEFERRED TAXATION

Deferred tax is provided using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

ARTHUR NEWBERY LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 1998

	Note	1998 £	1997 £
Income	1	431,313	354,085
Administrative expenses		(136,903)	(135,160)
		<u>294,410</u>	<u>218,925</u>
Exceptional items			
Profit on sale of fixed assets		-	113,924
Net interest	2	5,990	9,081
Profit on ordinary activities before taxation	1	<u>300,400</u>	<u>341,930</u>
Tax on profit on ordinary activities	4	(58,851)	(53,846)
Profit for the financial year	16	<u>241,549</u>	<u>288,084</u>
Dividends	5	(165,315)	(165,315)
Profit transferred to reserves	15	<u>76,234</u>	<u>122,769</u>

There were no recognised gains or losses other than the profit for the financial year.

ARTHUR NEWBERY LIMITED

BALANCE SHEET AT 31 MARCH 1998

	Note	1998 £	1998 £	1997 £	1997 £
Fixed assets					
Tangible assets	6		2,394,247		1,372,191
Investments	7		172,860		172,860
			<u>2,567,107</u>		<u>1,545,051</u>
Current assets					
Debtors	8	44,681		43,870	
Investments	9	35,336		151,490	
Cash at bank and in hand		10		276,828	
		<u>80,027</u>		<u>472,188</u>	
Creditors: amounts falling due within one year	10	(412,225)		(313,878)	
Net current liabilities			<u>(332,198)</u>		<u>158,310</u>
Total assets less current liabilities			<u>2,234,909</u>		<u>1,703,361</u>
Creditors: amounts falling due after more than one year	11	(455,796)		-	
Provisions for liabilities and charges	12	(2,985)		(3,467)	
			<u>1,776,128</u>		<u>1,699,894</u>
Capital and reserves					
Called up share capital	14		31,000		31,000
Profit and loss account	15		1,745,128		1,668,894
Shareholders' funds	16		<u>1,776,128</u>		<u>1,699,894</u>
Equity shareholders' funds			1,767,128		1,690,894
Non-equity shareholders' funds			9,000		9,000
			<u>1,776,128</u>		<u>1,699,894</u>

The financial statements were approved by the Board of Directors on

16th December 1998

R A Graham

Director

A Browne

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

ARTHUR NEWBERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

1 INCOME AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Income is attributable to the activities of property management and investment.

An analysis of turnover by type is given below:

	1998	1997
	£	£
Listed investments	4,217	14,612
Unlisted fixed asset investments	10,750	17,200
Net profit / (loss) on sale of investments	69,393	771
Net rent receivable	346,953	321,502
	<u>431,313</u>	<u>354,085</u>

The profit on ordinary activities is stated after:

	1998	1997
	£	£
Auditors' remuneration	2,100	2,100
Depreciation:		
Tangible fixed assets, owned	<u>189</u>	<u>222</u>

2 NET INTEREST

	1998	1997
	£	£
Other interest payable and similar charges	488	3,576
Other interest receivable and similar income	<u>(6,478)</u>	<u>(12,657)</u>
	<u>(5,990)</u>	<u>(9,081)</u>

Interest of £32,667 (1997: £nil) payable on the bank loan has been charged in arriving at the figure disclosed as income on the face of the profit and loss account.

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1998	1997
	£	£
Wages and salaries	106,182	105,557
Social security costs	9,900	10,161
Other pension costs	104	104
	<u>116,186</u>	<u>115,822</u>

ARTHUR NEWBERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

The average number of employees of the company during the year was 5 (1997: 5).

Remuneration in respect of directors was as follows:

	1998 £	1997 £
Emoluments	<u>102,000</u>	<u>102,000</u>

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	1998 £	1997 £
UK Corporation tax at 21% (1997: 24%)	54,000	49,602
Deferred taxation	(482)	(1,139)
Tax attributable to franked investment income	<u>2,993</u>	<u>5,408</u>
	56,511	53,871
Adjustments in respect of prior periods:		
Corporation tax	<u>2,340</u>	<u>(25)</u>
	<u>58,851</u>	<u>53,846</u>

The 1997 taxation charge was not affected by the profit on sale of properties, disclosed as an exceptional item on the face of the comparative profit and loss account.

5 DIVIDENDS

	1998 £	1997 £
Equity dividends:		
Ordinary shares - interim dividend of 400p per share paid 18 March 1998	88,000	88,000
Ordinary shares - proposed final dividend of 350p per share	<u>77,000</u>	<u>77,000</u>
Non-equity dividends:		
Preference dividend of 3.5p per share	<u>315</u>	<u>315</u>
	<u>165,315</u>	<u>165,315</u>

ARTHUR NEWBERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

6 TANGIBLE FIXED ASSETS

	Investment property £	Fixtures and fittings £	Total £
Cost			
At 1 April 1997	1,370,932	12,698	1,383,630
Additions	1,022,245	-	1,022,245
At 31 March 1998	2,393,177	12,698	2,405,875
Depreciation			
At 1 April 1997	-	11,439	11,439
Provided in the year	-	189	189
At 31 March 1998	-	11,628	11,628
Net book amount at 31 March 1998	2,393,177	1,070	2,394,247
Net book amount at 31 March 1997	1,370,932	1,259	1,372,191

Investment properties

The directors are of the opinion that in aggregate the market value of the land and buildings exceeds the book value of these assets. In the absence of a professional valuation and because of the wide fluctuation in property values, it is not possible to quantify this excess.

As a result, no provision has been made in the deferred taxation account for the Corporation Tax that would be payable on disposal of these properties at their market value.

7 FIXED ASSETS INVESTMENTS

	Shares in associated undertaking £
Cost and net book amount at 31 March 1998	172,860
Cost and net book amount at 31 March 1997	172,860

ARTHUR NEWBERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

The directors are of the opinion that the market value of this investment at 31 March 1998 is not materially different from cost.

The above investment is in respect of a 33.73% holding in the ordinary share capital of James Trust Limited. This company is incorporated in England and is engaged in the business of property management and investment.

The audited accounts of James Trust Limited at 31 March 1998 showed the following results:

	Capital and reserves £	Profit for the financial year £
James Trust Limited	1,094,174	28,121

The accounts of James Trust Limited for the year ended 31 March 1998 contain a qualified audit report. The qualification arises in respect of investment properties which are included at cost rather than their revalued amounts as required by Statement of Standard Accounting Practice Number 19. The accounts also state that the directors of James Trust Limited believe that the market value of the investment properties exceeds the book value of those assets.

8 DEBTORS

	1998 £	1997 £
Trade debtors	20,617	21,328
Other debtors	21,468	21,792
Prepayments and accrued income	2,596	750
	<u>44,681</u>	<u>43,870</u>

Included in other debtors is an amount of £19,329 (1997: £19,329) for ACT recoverable outside one year.

9 CURRENT ASSET INVESTMENTS

	1998 £	1997 £
Listed investments	<u>35,336</u>	<u>151,490</u>

The aggregate market value of these investments at 31 March 1998 was £49,450 (1997: £223,380). The directors are of the opinion that no material loss will be taken on these investments and so no provision has been made.

ARTHUR NEWBERY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1998

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Bank loans and overdrafts	151,671	95,394
Corporation tax	15,369	9,991
Social security and other taxes	9,730	8,981
Proposed dividends	77,315	77,315
Other creditors	149,459	110,511
Accruals and deferred income	8,681	11,686
	<u>412,225</u>	<u>313,878</u>

The bank overdraft is secured by a legal mortgage over certain of the company's investment properties.

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Bank loans	<u>455,796</u>	<u>-</u>

Bank loans

The bank loan is secured by a legal mortgage over certain of the company's investment properties. The bank loan is repayable in equal quarterly instalments of £16,290 including interest at 1.75% per annum over Base Rate from July 1997 to June 2009.

Borrowings are repayable as follows:	1998 £	1997 £
Within one year		
Bank overdraft and loan	151,671	95,394
After one and within two years		
Bank loan	27,271	-
After two and within five years		
Bank loan	97,031	-
After five years		
Bank loan	331,494	-
	<u>607,467</u>	<u>95,394</u>

ARTHUR NEWBERY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1998

Borrowings repayable after five years comprise:	1998 £	1997 £
Repayable by instalments		
Bank loans	331,494	-

The total value of borrowings repayable by instalments any part of which falls due after five years is as follows:

	1998 £	1997 £
Bank loans	480,867	-

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April 1997	3,467
Utilised during the year	(482)
At 31 March 1998	2,985

13 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below.

	Amount provided	
	1998 £	1997 £
Accelerated capital allowances	2,985	3,467

ARTHUR NEWBERY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1998

14 SHARE CAPITAL

	1998 £	1997 £
Authorised		
22,000 ordinary shares of £1 each	22,000	22,000
10,000 preference shares of £1 each	10,000	10,000
8,000 unclassified shares of £1 each	8,000	8,000
	<u>40,000</u>	<u>40,000</u>
Allotted, called up and fully paid		
22,000 ordinary shares of £1 each	22,000	22,000
10,000 preference shares of £1 each		
3.5% plus tax credit	9,000	9,000
	<u>31,000</u>	<u>31,000</u>

Preference shares

The preference shares are non-equity shares which carry an entitlement to a dividend at the rate of 3.5% (net) per share per annum.

15 RESERVES

	Profit and loss account £
At 1 April 1997	1,668,894
Retained profit for the year	76,234
At 31 March 1998	<u>1,745,128</u>

ARTHUR NEWBERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	241,549	288,084
Dividends	(165,315)	(165,315)
Net increase in shareholders' funds	76,234	122,769
Shareholders' funds at 1 April 1997	1,699,894	1,577,125
Shareholders' funds at 31 March 1998	1,776,128	1,699,894

17 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 1998 or 31 March 1997.

18 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 1998 or 31 March 1997.

19 RELATED PARTIES

The company holds 33.73% of the ordinary share capital of James Trust Limited. Mr D L Graham, Mr R A Graham and Mr G J Graham are directors of both Arthur Newbery Limited and James Trust Limited.