

ARTHUR NEWBERY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2001



Company no 57762

ARTHUR NEWBERY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2001

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: HSBC Bank
Bournemouth

Solicitors: Preston & Redman
Bournemouth

Auditors: Grant Thornton
Registered auditors
Chartered accountants

ARTHUR NEWBERY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2001

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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 2001.

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 £130,881 (2000: profit £363,780). The directors recommend payment of dividends of £165,315 (2000: £165,315), leaving £34,434 to be deducted from reserves.

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 2001 and 1 April 2000, were as follows:

	Ordinary shares		Preference shares	
	31 March 2001	1 April 2000	31 March 2001	1 April 2000
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	-	-	-	-
	Ordinary shares		Preference shares	
Other interests:				
Mr R A Graham) as trustees of	2,078	2,078	-	-
Mr G J Graham) Mr H A Graham's	2,078	2,078	-	-
Mr D L Graham) 1985 Settlements	2,078	2,078	-	-
Mr D L Graham as trustee of Mr R A Graham's 1985 Settlement	4,722	4,722	-	-

Charitable contributions

Donations to charitable organisations amounted to £2,000 (2000: £Nil).

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:

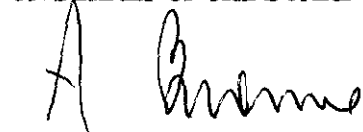
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

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 A Browne
Director

16th January 2002

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ARTHUR NEWBERY LIMITED**

We have audited the financial statements on pages 4 to 13 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 in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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.

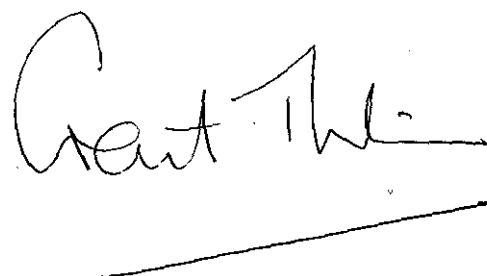
Except for the matter referred to above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the subject matter of the foregoing qualification is not material for determining whether the distribution of £165,315 proposed by the company is permitted under section 263 of the Act.

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

Poole

16 January 2002



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 year and are set out below.

INCOME

Income comprises rents receivable from investment properties owned, dividends declared during the accounting period, interest and other income receivable on bank deposits, listed and unlisted investments, and profit or loss on the disposal of investments.

TANGIBLE FIXED ASSETS AND 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.

WORK IN PROGRESS

Work in progress on investment properties is stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is provided for 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.

ARTHUR NEWBERRY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2001

	Note	2001 £	2000 £
Income	1/2	217,964	347,694
Administrative expenses		(129,596)	(142,171)
Operating profit		88,368	205,523
Exceptional items			
Profit on sale of fixed assets		45,818	243,884
Net interest	2	19,675	14,932
Profit on ordinary activities before taxation	1	153,861	464,339
Tax on profit on ordinary activities	4	(22,980)	(100,559)
Profit for the financial year	15	130,881	363,780
Dividends	5	(165,315)	(165,315)
(Loss)/profit transferred (from)/to reserves	14	(34,434)	198,465

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

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

ARTHUR NEWBERY LIMITED

BALANCE SHEET AT 31 MARCH 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	6		2,757,392		2,766,207
Investments	7		172,860		172,860
			<u>2,930,252</u>		<u>2,939,067</u>
Current assets					
Work in progress	8	101,781		-	
Debtors	9	36,573		13,962	
Cash at bank and in hand		526,081		611,868	
		<u>664,435</u>		<u>625,830</u>	
Creditors: amounts falling due within one year	10	(458,256)		(526,997)	
Net current assets			<u>206,179</u>		<u>98,833</u>
Total assets less current liabilities			<u>3,136,431</u>		<u>3,037,900</u>
Creditors: amounts falling due after more than one year	11		(830,745)		(697,780)
Provisions for liabilities and charges	12		(1,568)		(1,568)
			<u>2,304,118</u>		<u>2,338,552</u>
Capital and reserves					
Called up share capital	13		31,000		31,000
Profit and loss account	14		2,273,118		2,307,552
Shareholders' funds	15		<u>2,304,118</u>		<u>2,338,552</u>

The financial statements were approved by the Board of Directors on

16th January 2002

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 2001

1 INCOME AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Income is attributable to the activities of buying and selling of properties, property management and investment.

	2001 £	2000 £
An analysis of income by type is given below:		
Listed investments	-	1,793
Unlisted fixed asset investments	8,600	8,600
Net (loss) on sale of investments	-	(4,695)
Investment interest	-	434
Net rent receivable	209,364	341,562
	<u>217,964</u>	<u>347,694</u>

The profit on ordinary activities is stated after:

	2001 £	2000 £
Auditors' remuneration	2,500	2,275
Depreciation:		
Tangible fixed assets	<u>116</u>	<u>136</u>

2 NET INTEREST

	2001 £	2000 £
Interest payable	394	279
Interest receivable	(20,069)	(15,211)
	<u>(19,675)</u>	<u>(14,932)</u>

Interest payable of £63,765 (2000: £31,494) 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:

	2001 £	2000 £
Wages and salaries	97,283	106,113
Social security costs	9,324	10,493
Other pension costs	-	102
	<u>106,607</u>	<u>116,708</u>

ARTHUR NEWBERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

The average number of employees of the company during the year was 5 (2000: 5).

Remuneration in respect of directors was as follows:

	2001 £	2000 £
Emoluments	93,000	102,000

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2001 £	2000 £
UK Corporation tax at 30% (2000: 30%)	25,500	102,000
Deferred taxation	-	131
	25,500	102,131
Adjustments in respect of prior periods:		
Corporation tax	(2,520)	1,494
Deferred tax	-	(3,066)
	22,980	100,559

The 2001 taxation charge includes a tax liability of £nil (2000: £45,402) arising on the profit on sale of properties, disclosed as an exceptional item on the face of the profit and loss account.

5 DIVIDENDS

	2001 £	2000 £
Equity dividends:		
Ordinary shares - proposed dividend of 750p (2000: 750p) per share	165,000	165,000
Non-equity dividends:		
Preference dividend of 3.5p per share (2000: 3.5p)	315	315
	165,315	165,315

ARTHUR NEWBERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

6 TANGIBLE FIXED ASSETS

	Investment property £	Fixtures and fittings £	Total £
Cost			
At 1 April 2000	2,765,433	12,698	2,778,131
Additions	11,051	-	11,051
Disposals	(19,750)	-	(19,750)
At 31 March 2001	2,756,734	12,698	2,769,432
Depreciation			
At 1 April 2000	-	11,924	11,924
Provided in the year	-	116	116
At 31 March 2001	-	12,040	12,040
Net book amount at 31 March 2001	2,756,734	658	2,757,392
Net book amount at 31 March 2000	2,765,433	774	2,766,207

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

	Share in associated undertaking £
Cost and net book amount at 31 March 2001 and 31 March 2000	172,860

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.

ARTHUR NEWBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

The company's share of the results, assets and liabilities of James Trust Limited was:	2001 £	2000 £
Turnover	43,921	47,250
Profit before tax	20,062	41,030
Taxation	3,997	8,332
Profit after tax	16,065	32,698
Fixed assets	427,328	427,328
Current assets	10,827	6,903
Liabilities due within one year	29,878	29,978
Liabilities due after one year or more	-	-

The investment properties owned by James Trust Limited have been included within fixed assets above at cost and have not been revalued annually as required by Statement of Standard Accounting Practice Number 19. The auditor's report for the financial statements of James Trust Limited for the year ended 31 March 2000 was qualified in this respect. No audit has been performed on the financial statements for the year ended 31 March 2001.

8 WORK IN PROGRESS

	2001 £	2000 £
Work in progress on investment properties	101,781	-

9 DEBTORS

	2001 £	2000 £
Trade debtors	7,609	9,828
Other debtors	27,353	2,500
Prepayments and accrued income	1,611	1,634
	36,573	13,962

ARTHUR NEWBERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank loans and overdrafts	124,248	124,273
Corporation tax	25,500	102,047
Social security and other taxes	8,985	12,934
Proposed dividends	165,315	165,315
Other creditors	98,932	116,289
Accruals and deferred income	35,276	6,139
	<u>458,256</u>	<u>526,997</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

	2001 £	2000 £
Bank loans	<u>830,745</u>	<u>697,780</u>

Bank loan 1

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

Bank loan 2

The bank loan is secured by means of a fixed and floating charge over the company's assets. It is repayable in monthly instalments of £28,750, including interest at 1% per annum over the Base Rate, from March 2000 to March 2004.

Borrowings are repayable as follows:

	2001 £	2000 £
Within one year		
Bank overdraft and loans	124,248	124,273
After one and within two years		
Bank loans	132,744	132,418
After two and within five years		
Bank loans	449,120	340,416
After five years		
Bank loans	248,881	224,946
	<u>954,993</u>	<u>822,053</u>

ARTHUR NEWBERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April 2000 and 31 March 2001	1,568

Deferred taxation relates to accelerated capital allowances. There are no unprovided amounts.

13 SHARE CAPITAL

	2001 £	2000 £
Authorised		
22,000 ordinary shares of £1 each	22,000	22,000
10,000 preference shares of £1 each	10,000	10,000
	<u>32,000</u>	<u>32,000</u>
Allotted, called up and fully paid		
22,000 ordinary shares of £1 each	22,000	22,000
9000 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.

14 RESERVES

	Profit and loss account £
At 1 April 2000	2,307,552
Retained loss for the year	(34,434)
At 31 March 2001	<u>2,273,118</u>

ARTHUR NEWBERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	130,881	363,780
Dividends	(165,315)	(165,315)
Net decrease in shareholders' funds	(34,434)	198,465
Shareholders' funds at 1 April 2000	2,338,552	2,140,087
Shareholders' funds at 31 March 2001	2,304,118	2,338,552

16 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2001 or 31 March 2000.

17 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2001 or 31 March 2000.

18 RELATED PARTIES

Arthur Newbery Limited 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.