

Arthur Newbery Limited

Financial statements

For the year ended 31 March 2004

Grant Thornton 



Company No. 57762

Company information

Company registration number	57762
Registered office	2 Alton Chambers 37 Church Road Parkstone Poole Dorset 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 Plc London
Solicitors	Preston & Redman Bournemouth
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 2 Parkstone Road Poole Dorset BH15 2PJ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2004.

Principal activities and business review

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

There was a profit for the year after taxation amounting to £793,153 (2003: profit £293,818).

During the year, a dividend of £880,000 was paid. The directors have also proposed dividends of £165,315 (2003: £165,315).

Directors

The directors who served the company during the year were as follows:

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

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	2004 Ordinary Shares	2003 Ordinary Shares	2004 Preference Shares	2003 Preference Shares
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
Other interests; as trustees of Mr H A Graham's 1985 Settlements:				
Mr R A Graham	2,078	2,078	—	—
Mr G J Graham	2,078	2,078	—	—
Mr D L Graham	2,078	2,078	—	—
Mr R A Graham and Mr G J Graham are joint trustees of Mr R A Graham's 1985 Settlement:				
Mr R A Graham's 1985 Settlement	4,722	4,722	—	—

Directors' responsibilities

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 at the end of the year and of the profit or loss for the year then ended. 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 keeping 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.

Donations

During the year the company made the following contributions:

	2004	2003
	£	£
Charitable	<u>2,450</u>	-

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

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

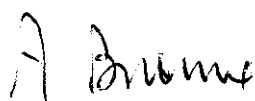
Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD

Mr A Browne
Secretary

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16 December 2004.

Report of the independent auditors to the members of Arthur Newbery Limited

We have audited the financial statements of Arthur Newbery Limited for the year ended 31 March 2004 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 17. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members 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 report of the directors and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 Directors' Report and consider whether it is consistent with the audited financial statements. 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 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 affairs of the company as at 31 March 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

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16 December 2004

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its associated undertaking, it qualifies as a small-sized group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group (see note 8 for details of the company's share of the associated undertaking's results, assets and liabilities).

Income

Income comprises net 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.

Investment properties

Investment properties are stated at cost.

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings - 15% reducing balance

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Investments

Investments are included at cost.

Profit and loss account

	Note	2004 £	2003 £
Turnover		653,521	654,337
Cost of sales		–	145,540
Gross profit		653,521	508,797
Other operating charges	1	129,356	129,570
Operating profit	2	524,165	379,227
Profit/(loss) on disposal of fixed assets		448,479	(9,316)
		972,644	369,911
Interest receivable		19,358	2,726
Interest payable and similar charges		–	(738)
Profit on ordinary activities before taxation		992,002	371,899
Tax on profit on ordinary activities	5	198,849	78,081
Profit on ordinary activities after taxation		793,153	293,818
Dividends (including non-equity)	6	1,045,315	165,315
(Loss)/retained profit for the financial year		(252,162)	128,503

The accompanying notes form part of these financial statements.

Balance sheet

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	7	3,229,732	3,698,699
Investments	8	333,660	333,660
		<u>3,563,392</u>	<u>4,032,359</u>
Current assets			
Debtors	9	24,482	18,510
Cash at bank		240,501	42,257
		<u>264,983</u>	<u>60,767</u>
Creditors: amounts falling due within one year	10	<u>622,371</u>	<u>511,453</u>
Net current liabilities		<u>(357,388)</u>	<u>(450,686)</u>
Total assets less current liabilities		<u>3,206,004</u>	<u>3,581,673</u>
Creditors: amounts falling due after more than one year	11	788,776	927,016
		<u>2,417,228</u>	<u>2,654,657</u>
Provisions for liabilities and charges			
Deferred taxation	12	52,085	37,352
		<u>2,365,143</u>	<u>2,617,305</u>

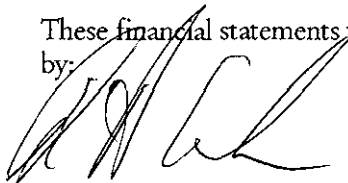
The Balance sheet continues on the following page.

The accompanying notes form part of these financial statements.

	Note	2004 £	2003 £
Capital and reserves			
Called-up share capital	13	31,000	31,000
Profit and loss account	14	2,334,143	2,586,305
Shareholders' funds (including non-equity interests)		<u>2,365,143</u>	<u>2,617,305</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on 16.12.04 and are signed on their behalf by:



Mr R A Graham



Mr A Browne

Notes to the financial statements

1 Other operating income and charges

	2004	2003
	£	£
Administrative expenses	<u>129,356</u>	<u>129,570</u>

2 Operating profit

Operating profit is stated after charging:

	2004	2003
	£	£
Directors' emoluments	93,500	93,000
Depreciation of owned fixed assets	71	84
Auditors' fees	<u>4,000</u>	<u>2,750</u>

3 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2004	2003
	No	No
Number of administrative staff	<u>5</u>	<u>5</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	95,763	99,243
Social security costs	9,746	9,160
	<u>105,509</u>	<u>108,403</u>

4 Directors

Remuneration in respect of directors was as follows:

	2004	2003
	£	£
Emoluments	<u>93,500</u>	<u>93,000</u>

5 Taxation on ordinary activities

	2004 £	2003 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	187,000	61,000
Over/under provision in prior year	(2,884)	(4,017)
Total current tax	184,116	56,983
Deferred tax:		
Increase in deferred tax provision (note 12)		
Capital allowances	14,733	21,098
Tax on profit on ordinary activities	198,849	78,081

6 Dividends

	2004 £	2003 £
Equity dividends:		
Proposed dividend on ordinary shares	165,000	165,000
Dividend paid on ordinary shares	880,000	–
	1,045,000	165,000
Non-equity dividends:		
Proposed dividend on preference shares	315	315
	1,045,315	165,315

7 Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Total £
Cost			
At 1 April 2003	3,698,224	12,698	3,710,922
Disposals	(468,896)	–	(468,896)
At 31 March 2004	3,229,328	12,698	3,242,026
Depreciation			
At 1 April 2003	–	12,223	12,223
Charge for the year	–	71	71
At 31 March 2004	–	12,294	12,294
Net book value			
At 31 March 2004	3,229,328	404	3,229,732
At 31 March 2003	3,698,224	475	3,698,699

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.

8 Investments

Share of associated undertaking

	£
Cost	
At 1 April 2003 and 31 March 2004	<u>333,660</u>
Net book value	
At 31 March 2004	<u>333,660</u>
At 31 March 2003	<u>333,660</u>

The above investment is in respect of a 49.41% (2003: 49.41%) holding in the ordinary share capital of James Trust Limited. This company is engaged in the business of property management and investment.

The company's share of the results, assets and liabilities of James Trust Limited was:

	2004	2003
	£	£
Turnover	91,344	86,918
Profit before tax	70,125	56,528
Taxation	10,310	12,242
Profit after tax	59,815	44,286
Fixed assets	610,985	610,985
Current assets	20,023	128,249
Liabilities due within one year	50,843	50,049

9 Debtors

	2004	2003
	£	£
Trade debtors	4,702	12,505
Amounts owed by related party	–	6,005
Other debtors	19,780	–
	<u>24,482</u>	<u>18,510</u>

	2004	2003
	£	£
Bank loans and overdrafts	134,728	127,486
Corporation tax	187,000	61,000
PAYE and social security	16,931	17,837
Proposed dividends	165,315	165,315
Other creditors	3,126	19,520
Accruals and deferred income	115,271	120,295
	<u>622,371</u>	<u>511,453</u>

	2004	2003
	£	£
Bank loans and overdrafts	788,776	927,016

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.

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 June 2009.

Included within creditors falling due after more than one year is an amount of £217,265 (2003 - £312,586) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

	2004 £	2003 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	37,352	16,254
Profit and loss account movement arising during the year	14,733	21,098
Provision carried forward	52,085	37,352

	2004	2003
	£	£
Excess of taxation allowances over depreciation on fixed assets	52,085	37,352

13 Share capital

Authorised share capital:

	2004	2003
	£	£
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:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	22,000	22,000	22,000	22,000
Preference shares of £1 each	9,000	9,000	9,000	9,000
	<u>31,000</u>	<u>31,000</u>	<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 2003	2,586,305
Loss for the year	<u>(252,162)</u>
At 31 March 2004	<u>2,334,143</u>

15 Pensions

The company has not operated, or contributed to any pension scheme on behalf of its employees.

16 Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 March 2004.

17 Capital commitments

The directors have confirmed that there were no capital commitments at 31 March 2004.