

Davenport & Son Limited

**Directors' report and financial
statements**

Registered number 152407

31 March 2006



Contents

Directors' report	1
Accountants' report on the unaudited financial statements to the directors of Davenport & Son Limited	2
Profit and loss account	3
Balance sheet	4
Cash flow statement	5
Notes	6

Directors' report

The directors present their annual report and the financial statements for the year ended 31 March 2006.

Principal activities

The company continues to trade as a wine merchant and to own property from which it derives rental income.

Business review

The results of the company for the year are set out in detail on page 3.

Turnover for the year was £165,538 compared with £176,910 for last year. The profit before tax was £54,673 compared with a profit of £47,490 for last year.

Proposed dividend

The directors recommend the payment of a final dividend of £3,750 (2005: £3,750). As stated in note 22, dividends are now accounted for in the accounting period when they are approved.

Directors and directors' interests

The directors who held office during the year were as follows:

Mr AW Fenwick (Chairman)
Mrs CS Fenwick
Mr MJ Fenwick

The director retiring by rotation is Mr MJ Fenwick who, being eligible, offers himself for re-election.

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company as recorded in the register of directors' share and debenture interests:

	Interest at end of year	Interest at start of year
Mr MJ Fenwick	10,000	10,000

In addition Mr AW Fenwick had a non beneficial interest in 13,750 shares (2005: 13,750) shares and Mrs CS Fenwick had a non beneficial interest in 37,389 (2005: 37,389) shares.

By order of the board



Mr AW Fenwick
Director

The Granary
Eaton
Grantham
Lincs
NG32 1ET

28 July 2006



KPMG LLP

1 Waterloo Way

Leicester

LE1 6LP

United Kingdom

Accountants' report on the unaudited financial statements to the directors of Davenport & Son Limited

We have compiled the accounts for the year ended 31 March 2006 as set out on pages 3 to 13. As described on the balance sheet, you are responsible for the accounts. We have not audited or otherwise verified the accuracy or completeness of the records or other information given to us.

This report is made solely to you, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the accounts we have been engaged to compile and report to you that we have done so and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you, as a body, for our compilation work, or for this report.

KPMG LLP

Chartered Accountants

Leicester

2 August 2006

Profit and loss account
for the year ended 31 March 2006

	<i>Note</i>	2006 £	2005 restated (note 22) £
Turnover	2	165,538	176,910
Change in stocks of finished goods		(1,954)	2,430
Other operating income		-	14,024
Raw materials and consumables		-	(10,540)
Staff costs	4	(78,316)	(72,491)
Depreciation and other amounts written off tangible and intangible fixed assets		(3,848)	(4,104)
Other operating charges		(39,366)	(52,287)
Operating profit		42,054	53,942
Interest receivable and similar income	5	8,661	7,823
Interest payable and similar charges	6	(12,975)	(14,275)
Profit on disposal of fixed asset investments		16,933	-
Profit on ordinary activities before taxation		54,673	47,490
Tax on profit on ordinary activities	7	(8,785)	(8,592)
Profit for the financial year		45,888	38,898

All profits derived from continuing activities. There were no recognised gains or losses other than the profit for the year.

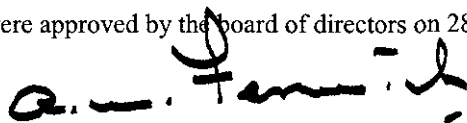
Balance sheet
at 31 March 2006

	Note	2006	2005 restated (note 22)
		£	£
Fixed assets			
Tangible assets	9	525,259	512,223
Investments	10	14,566	34,796
		<hr/>	<hr/>
		539,825	547,019
Current assets			
Stocks	11	7,104	9,058
Debtors	12	22,583	-
Cash at bank and in hand		189,023	166,639
		<hr/>	<hr/>
		218,710	175,697
Creditors: amounts falling due within one year	13	(246,031)	(259,403)
		<hr/>	<hr/>
Net current liabilities		(27,321)	(83,706)
		<hr/>	<hr/>
Total assets less current liabilities		512,504	463,313
Creditors: amounts falling due in more than one year	14	(7,053)	-
		<hr/>	<hr/>
Net assets		505,451	463,313
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	75,000	75,000
Capital reserve	16	7,557	7,557
General reserve	16	20,000	20,000
Profit and loss account	16	402,894	360,756
		<hr/>	<hr/>
		505,451	463,313
		<hr/>	<hr/>

In approving these financial statements as directors of the company we hereby confirm:

- (a) that for the year in question the company was entitled to the exemption conferred by section 249A(1) of the Companies Act 1985;
- (b) that no notice has been deposited at the registered office of the company pursuant to section 249B(2) requesting that an audit be conducted for the year ended 31 March 2006; and
- (c) that we acknowledge our responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with section 221, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit for the year then ended and which otherwise comply with the provisions of the Companies Act relating to accounts, as far as are applicable to the company.

The accounts were approved by the board of directors on 28 July 2006 and were signed on its behalf by:



Mr AW Fenwick
Director

Cash flow statement
for the year ended 31 March 2006

Cash flow statement

	<i>Note</i>	2006 £	2005 £
Cash flow from operating activities	18	11,001	66,333
Returns on investments and servicing of finance	19	32,849	(1,687)
Taxation		(8,575)	(3,986)
Capital expenditure and financial investment	20	(16,884)	-
Equity dividends paid		(3,750)	(3,000)
		<hr/>	<hr/>
Cash inflow before financing		14,641	57,660
Financing			
Increase/(decrease) in short term borrowings		7,743	(2,898)
		<hr/>	<hr/>
Increase in cash in the year		22,384	54,762
		<hr/>	<hr/>

**Reconciliation of net cash flow to movement
in net debt**

Increase in cash in the year		22,384	54,762
Cash (inflow)/outflow from change in debt financing		(7,743)	2,898
		<hr/>	<hr/>
Movement in net debt in the year	21	14,641	57,660
Net debt at the start of the year	21	(23,197)	(80,857)
		<hr/>	<hr/>
Net debt at the end of the year	21	(8,556)	(23,197)
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

FRS 21 'Events after the balance sheet date' has been adopted in these financial statements for the first time and the effect is detailed in note 22.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings and equipment	-	25% - 33% per annum
Motor vehicles	-	25% per annum

Investment properties are stated at cost. This is not in accordance with Statement of Standard Accounting Practice No. 19, in that investment properties should be included at market value. No depreciation is provided on the properties in accordance with Statement of Standard Accounting Practice No. 19. The directors consider the market value to be in excess of book value but, in the absence of a valuation, are unable to quantify the amount of any surplus.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value, and consist wholly of goods for resale.

Taxation

The charge for taxation is based on the profit for the year, and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision is made for deferred tax, without discounting, except as otherwise required by FRS 19. Net debit balances are recognised as assets only to the extent that they are expected to be recovered.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Analysis of turnover

	2006 £	2005 £
As wine merchants	2,506	11,170
Property income	163,032	165,740
	<u>165,538</u>	<u>176,910</u>

3 Remuneration of directors

	2006 £	2005 £
Directors' emoluments		
As executives	75,884	68,972
	<u>75,884</u>	<u>68,972</u>

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2006	2005
Management and administration	3	3
	<u>3</u>	<u>3</u>

The aggregate payroll costs of these persons were as follows:

	2006 £	2005 £
Wages and salaries	70,749	65,703
Social security costs	7,567	6,788
	<u>78,316</u>	<u>72,491</u>

5 Interest receivable and similar income

	2006 £	2005 £
Income from fixed asset investments	1,226	2,793
Bank interest	7,435	5,030
	<u>8,661</u>	<u>7,823</u>

Notes (continued)

6 Interest payable and similar charges

	2006 £	2005 £
On bank loans and overdrafts	72	44
On other loans	12,903	14,231
	<u>12,975</u>	<u>14,275</u>

7 Taxation

	2006 £	2005 £
UK corporation tax at 19% (2005: 19%) on the profit for the year on ordinary activities	9,814	9,605
Adjustment relating to prior years	(1,029)	(1,013)
	<u>8,785</u>	<u>8,592</u>
Tax reconciliation:		
Profit before tax	54,673	47,490
Tax at 19% (2005: 19%)	10,388	9,023
Expenses not deductible for tax purposes	437	760
Non taxable dividend income	(233)	(531)
Capital allowances (in excess of)/lower than depreciation	(399)	209
Starting rate relief	-	(110)
Adjustment relating to prior years	(1,029)	(1,013)
Losses carried forward	-	254
Capital gain on disposal of investments lower than profit in financial statements	(379)	-
	<u>8,785</u>	<u>8,592</u>
Current tax charge for year	8,785	8,592

Taxation losses of approximately £40,000 (2005: £41,000) are available to carry forward and set against future profits of the wine trade.

8 Dividends

	2006 £	2005 restated (note 22) £
Ordinary shares:		
Final dividend paid in respect of prior year but not recognised as a liability in that year	3,750	3,000

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At beginning of year	523,404	14,355	79,932	617,691
Additions	-	16,102	782	16,884
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	523,404	30,457	80,714	634,575
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and diminution in value				
At beginning of year	14,781	10,765	79,922	105,468
Charge for year	-	3,588	260	3,848
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	14,781	14,353	80,182	109,316
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2006	508,623	16,104	532	525,259
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	508,623	3,590	10	512,223
	<hr/>	<hr/>	<hr/>	<hr/>

10 Listed investments

	£
Cost	
At beginning of year	34,796
Disposals in year	(20,230)
	<hr/>
At end of year	14,566
	<hr/>

Market value £22,678 (2005 - £57,500)

11 Stocks

	2006 £	2005 £
Goods for resale	7,104	9,058
	<hr/>	<hr/>

Notes (continued)

12 Debtors

	2006 Due within one year £	2005 Due within one year £
Sundry debtors	5,154	-
Prepayments	17,429	-
	<u>22,583</u>	<u>-</u>

13 Creditors: amounts falling due within one year

	2006 £	2005 – restated (note 22) £
Taxation and social security		
Corporation tax	9,814	9,605
Other taxes and social security	1,640	8,019
	<u>11,454</u>	<u>17,624</u>
Loans from settlements	187,000	187,000
Deferred income	27,434	34,912
Hire purchase	3,526	2,836
Accruals	16,617	17,031
	<u>246,031</u>	<u>259,403</u>

Interest at 3% over bank base rate is payable on the loans from settlements, of which Mr AW Fenwick is trustee of one. The loans are repayable on demand.

14 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Hire purchase	7,053	-
	<u>7,053</u>	<u>-</u>
The maturity of obligations under hire purchase contracts is as follows:		
	2006 £	2005 £
Within one year	3,526	2,836
In the second to fifth years	7,053	-
	<u>10,579</u>	<u>2,836</u>

Notes (continued)

15 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
75,000 ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>
<i>Allotted, called up and fully paid</i>		
75,000 ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>

16 Reserves

	Capital reserve £	General reserve £	Profit and loss account £	Total £
At beginning of year as previously reported	7,557	20,000	357,006	384,563
Prior year adjustment (note 22)	-	-	3,750	3,750
At beginning of year as restated	7,557	20,000	360,756	388,313
Profit for the financial year	-	-	45,888	45,888
Dividends (note 8)	-	-	(3,750)	(3,750)
At end of year	<u>7,557</u>	<u>20,000</u>	<u>402,894</u>	<u>430,451</u>

17 Reconciliation of movement in shareholders' funds

	2006 £	2005 restated (noted 22) £
At beginning of year as previously reported	459,563	424,415
Prior year adjustment (note 22)	3,750	3,000
Shareholders' funds at beginning of year - restated	<u>463,313</u>	<u>427,415</u>
Profit for the year	45,888	38,898
Dividends	(3,750)	(3,000)
Shareholders' funds at end of year	<u>505,451</u>	<u>463,313</u>

Notes (continued)

18 Reconciliation of operating profit to operating cash flows

	2006 £	2005 £
Operating profit	42,054	53,942
Depreciation	3,848	4,104
Decrease/(increase) in stocks	1,954	(2,430)
(Increase)/decrease in debtors	(22,583)	871
(Decrease)/increase in creditors	(14,272)	9,846
Net cash inflow from operating activities	<u>11,001</u>	<u>66,333</u>

19 Returns on investment and servicing of finance

	2006 £	2005 £
Income from fixed asset investments	1,226	2,793
Proceeds from disposal of fixed asset investments	37,163	-
Interest received	7,435	5,030
Interest paid	(12,975)	(9,510)
	<u>32,849</u>	<u>(1,687)</u>

20 Capital expenditure and financial investment

	2006 £	2005 £
Purchase of fixed assets	<u>16,884</u>	<u>-</u>

21 Analysis of net debt

	At end of year £	At beginning of year £	Cash flow £
Cash at bank	189,023	166,639	22,384
Debt due within one year	(197,579)	(189,836)	(7,743)
Total	<u>(8,556)</u>	<u>(23,197)</u>	<u>14,641</u>

Notes *(continued)*

22 Prior year adjustment

During the year the company adopted FRS 21 'Events after the balance sheet date' which superseded SSAP 17. Under the new standard, final dividends payable are recognised only in the period in which they are approved in the annual general meeting, and therefore become a liability, and interim dividends are recognised in the period in which they are paid, whereas under SSAP 17 dividends were accrued for when proposed. This has resulted in an increase in the opening profit and loss reserve of £3,750. The dividend charge in the year ended 31 March 2005 is lower by £750 than it would have been under SSAP 17. There is no tax impact of this prior year adjustment.