

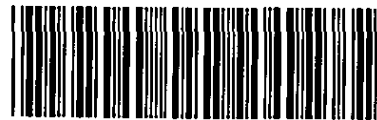
**Davenport & Son Limited**

**Directors' report and financial  
statements**

Registered number 152407

31 March 2007

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## Directors' report

The directors present their annual report and the financial statements for the year ended 31 March 2007

### 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 £207,648 compared with £165,538 for last year The profit before tax was £120,340 compared with a profit of £54,673 for last year

### Proposed dividend

The directors recommend the payment of a final dividend of £3,750(2006 £3,750)

### Directors

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 Mrs CS Fenwick who, being eligible, offers herself for re-election

By order of the board



Mr AW Fenwick  
Director

The Granary  
Eaton  
Grantham  
Lincs  
NG32 1ET

20 July 2007



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 2007 as set out on pages 3 to 12. 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

15 August 2007

**Profit and loss account**  
*for the year ended 31 March 2007*

	<i>Note</i>	2007 £	2006 £
<b>Turnover</b>	2	207,648	165,538
Change in stocks of finished goods		(2,338)	(1,954)
Raw materials and consumables		(749)	-
Staff costs	4	(85,555)	(78,316)
Depreciation and other amounts written off tangible and intangible fixed assets		(4,817)	(3,848)
Other operating charges		(37,297)	(39,366)
<b>Operating profit</b>		<u>76,892</u>	<u>42,054</u>
Interest receivable and similar income	5	5,772	8,661
Interest payable and similar charges	6	(17,846)	(12,975)
Profit on disposal of fixed asset investments		6,396	16,933
Profit on disposal of fixed assets		49,126	-
<b>Profit on ordinary activities before taxation</b>		<u>120,340</u>	<u>54,673</u>
Tax on profit on ordinary activities	7	(16,911)	(8,785)
<b>Profit for the financial year</b>		<u><u>103,429</u></u>	<u><u>45,888</u></u>

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

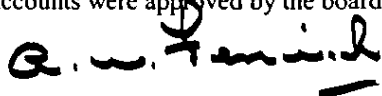
**Balance sheet**  
*at 31 March 2007*

	Note	£	2007	£	£	2006	£
<b>Fixed assets</b>							
Tangible assets	9		908,008			525,259	
Investments	10		12,808			14,566	
			<u>920,816</u>			<u>539,825</u>	
<b>Current assets</b>							
Stocks	11	4,766			7,104		
Debtors	12	8,154			22,583		
Cash at bank and in hand		-			189,023		
			<u>12,920</u>		<u>218,710</u>		
<b>Creditors: amounts falling due within one year</b>	13	(324,786)			(246,031)		
<b>Net current liabilities</b>			<u>(311,866)</u>			<u>(27,321)</u>	
<b>Total assets less current liabilities</b>			<u>608,950</u>			<u>512,504</u>	
<b>Creditors amounts falling due in more than one year</b>	14		<u>(3,820)</u>			<u>(7,053)</u>	
<b>Net assets</b>			<u>605,130</u>			<u>505,451</u>	
<b>Capital and reserves</b>							
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	502,573			402,894		
			<u>605,130</u>		<u>505,451</u>		

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 2007, 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 20 July 2007 and were signed on its behalf by



Mr AW Fenwick  
Director

**Cash flow statement**  
*for the year ended 31 March 2007*

**Cash flow statement**

	<i>Note</i>	<b>2007</b> £	2006 £
<b>Cash flow from operating activities</b>	<i>18</i>	<b>94,909</b>	11,001
<b>Returns on investments and servicing of finance</b>	<i>19</i>	<b>(12,074)</b>	(4,314)
<b>Taxation</b>		<b>(9,411)</b>	(8,575)
<b>Capital expenditure and financial investment</b>	<i>20</i>	<b>(338,440)</b>	20,279
<b>Equity dividends paid</b>		<b>(3,750)</b>	(3,750)
		<hr/>	<hr/>
<b>Cash (outflow)/inflow before financing</b>		<b>(268,766)</b>	14,641
<b>Financing</b>			
<b>(Decrease)/increase in short term borrowings</b>		<b>(3,233)</b>	7,743
		<hr/>	<hr/>
<b>(Decrease)/increase in cash in the year</b>		<b>(271,999)</b>	22,384
		<hr/> <hr/>	<hr/> <hr/>

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

<b>Decrease/increase in cash in the year</b>		<b>(271,999)</b>	22,384
<b>Cash (inflow)/outflow from change in debt financing</b>		<b>3,233</b>	(7,743)
		<hr/>	<hr/>
<b>Movement in net debt in the year</b>	<i>21</i>	<b>(268,766)</b>	14,641
<b>Net debt at the start of the year</b>	<i>21</i>	<b>(8,556)</b>	(23,197)
		<hr/>	<hr/>
<b>Net debt at the end of the year</b>	<i>21</i>	<b>(277,322)</b>	(8,556)
		<hr/> <hr/>	<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

#### ***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

	2007 £	2006 £
As wine merchants	4,707	2,506
Property income	202,941	163,032
	<hr/> 207,648	<hr/> 165,538
	<hr/> <hr/>	<hr/> <hr/>

### 3 Remuneration of directors

	2007 £	2006 £
Directors' emoluments		
Remuneration as executives	71,206	67,871
Director's bonus	6,334	2,878
Benefits	3,640	3,447
	<hr/> 81,180	<hr/> 74,196
	<hr/> <hr/>	<hr/> <hr/>

### 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 2007	2006
Management and administration	3	3
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Directors' remuneration	71,206	67,871
Directors' bonus	6,334	2,878
Social security costs	8,015	7,567
	<hr/> 85,555	<hr/> 78,316
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 5 Interest receivable and similar income

	2007 £	2006 £
Income from fixed asset investments	785	1,226
Bank interest	4,987	7,435
	<u>5,772</u>	<u>8,661</u>

### 6 Interest payable and similar charges

	2007 £	2006 £
On bank loans and overdrafts	3,316	72
On other loans	14,530	12,903
	<u>17,846</u>	<u>12,975</u>

### 7 Taxation

	2007 £	2006 £
UK corporation tax at 19% (2006 19%) on the profit for the year on ordinary activities	17,314	9,814
Adjustment relating to prior years	(403)	(1,029)
	<u>16,911</u>	<u>8,785</u>
<b>Tax reconciliation</b>		
Profit before tax	120,340	54,673
Tax at 19% (2006 19%)	22,865	10,388
Expenses not deductible for tax purposes	28	437
Non taxable dividend income	(149)	(233)
Capital allowances (in excess of) depreciation	(945)	(399)
Adjustment relating to prior years	(403)	(1,029)
Capital gain lower than profit in financial statements	(4,485)	(379)
	<u>16,911</u>	<u>8,785</u>

Taxation losses of approximately £40,000 (2006 £40,000) are available to carry forward and set against future profits of the wine trade

### 8 Dividends

	2007 £	2006 £
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 £
<b>Cost</b>				
At beginning of year	523,404	30,457	80,714	634,575
Additions	567,230	-	2,127	569,357
Disposals	(181,789)	(14,355)	-	(196,144)
At end of year	908,845	16,102	82,841	1,007,788
<b>Depreciation and diminution in value</b>				
At beginning of year	14,781	14,353	80,182	109,316
Charge for year	-	4,026	791	4,817
Eliminated on disposals	-	(14,353)	-	(14,353)
At end of year	14,781	4,026	80,973	99,780
<b>Net book value</b>				
At 31 March 2007	894,064	12,076	1,868	908,008
At 31 March 2006	508,623	16,104	532	525,259

### 10 Listed investments

	£
<b>Cost</b>	
At beginning of year	14,566
Disposals in year	(1,758)
At end of year	12,808

Market value £20,992 (2006 - £22,678)

### 11 Stocks

	2007 £	2006 £
Goods for resale	4,766	7,104

### Notes (continued)

## 12 Debtors

	2007 Due within one year £	2006 Due within one year £
Sundry debtors	8,154	5,154
Prepayments	-	17,429
	<hr/>	<hr/>
	8,154	22,583

**13 Creditors: amounts falling due within one year**

	2007	2006
	£	£
Bank overdraft	<b>82,976</b>	-
Taxation and social security		
Corporation tax	<b>17,314</b>	9,814
Other taxes and social security	<b>1,975</b>	1,640
	<u>19,289</u>	<u>11,454</u>
Loans from settlements – 1992 settlement	<b>102,000</b>	102,000
– 1973 settlement	<b>85,000</b>	85,000
Deferred income	<b>21,193</b>	37,434
Hire purchase	<b>3,526</b>	3,526
Accruals	<b>10,802</b>	16,617
	<u><b>324,786</b></u>	<u>246,031</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**

	2007 £	2006 £
Hire purchase	3,820	7,053

The maturity of obligations under hire purchase contracts is as follows

	2007 £	2006 £
Within one year	3,526	3,526
In the second to fifth years	3,820	7,053
	<hr/> 7,346	<hr/> 10,579

## Notes (continued)

### 15 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
75,000 ordinary shares of £1 each	<b>75,000</b>	75,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
75,000 ordinary shares of £1 each	<b>75,000</b>	75,000
	<hr/>	<hr/>

### 16 Reserves

	Capital reserve £	General reserve £	Profit and loss account £	Total £
At beginning of year	7,557	20,000	402,894	430,451
Profit for the financial year	-	-	103,429	103,429
Dividends (note 8)	-	-	(3,750)	(3,750)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	<b>7,557</b>	<b>20,000</b>	<b>502,573</b>	<b>530,130</b>
	<hr/>	<hr/>	<hr/>	<hr/>

### 17 Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Shareholders' funds at beginning of year	<b>505,451</b>	463,313
Profit for the year	<b>103,429</b>	45,888
Dividends	<b>(3,750)</b>	(3,750)
	<hr/>	<hr/>
Shareholders' funds at end of year	<b>605,130</b>	<b>505,451</b>
	<hr/>	<hr/>

## Notes (continued)

### 18 Reconciliation of operating profit to operating cash flows

	2007 £	2006 £
Operating profit	76,892	42,054
Depreciation	4,817	3,848
Decrease in stocks	2,338	1,954
Decrease/(increase) in debtors	22,583	(22,583)
Decrease in creditors	(11,721)	(14,272)
	<hr/>	<hr/>
Net cash inflow from operating activities	94,909	11,001
	<hr/>	<hr/>

### 19 Returns on investment and servicing of finance

	2007 £	2006 £
Income from fixed asset investments	785	1,226
Interest received	4,987	7,435
Interest paid	(17,846)	(12,975)
	<hr/>	<hr/>
	(12,074)	(4,314)
	<hr/>	<hr/>

### 20 Capital expenditure and financial investment

	2007 £	2006 £
Purchase of fixed assets	(569,357)	16,884
Proceeds from disposal of fixed assets investments	-	37,163
Proceeds from disposal of fixed assets	230,917	-
	<hr/>	<hr/>
	(338,440)	20,279
	<hr/>	<hr/>

### 21 Analysis of net debt

	At end of year £	At beginning of year £	Cash flow £
Cash at bank	189,023	(189,023)	-
Bank overdraft	-	(82,976)	(82,976)
		<hr/>	
		(271,999)	
Debt due within one year	(190,526)	-	(190,526)
Debt due within more than one year	(7,053)	3,233	(3,820)
	<hr/>	<hr/>	<hr/>
Total	(8,556)	(268,766)	(277,322)
	<hr/>	<hr/>	<hr/>