

BARLOWS HOLDINGS LIMITED

Report and Financial Statements

Year ended 30 June 2010

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REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Fildes
C R L Shepherd

SECRETARY

Barlows Secretarial Services Limited

REGISTERED OFFICE

Chepstow House
Dee Hills Park
Chester
CH3 5AR

SOLICITORS

Addleshaw Goddard
100 Barbirolli Square
Manchester

BANKERS

National Westminster Bank PLC
1 Spinningfields Square
Manchester

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester

DIRECTORS' REPORT

The directors are pleased to present their annual report together with the financial statements and auditors' report, for the year ended 30 June 2010

PRINCIPAL ACTIVITY

The principal activity of the company continues to be property investment

BUSINESS REVIEW AND FUTURE PROSPECTS

The company made a loss after taxation of £1 328,000 in the year (2009 £931,000) The company's net assets at the year end stood at £41,603,000 (2009 £40,880,000)

The company is a wholly owned subsidiary of Barlows Limited, which is the parent company of a property investment and development group The ultimate parent company is Squire Bowker and Son Limited

There have been no changes to the company's operations during the year The loss principally arises from the absence of a significant contribution from trading or development activities, together with a significant cost incurred to cancel two unfavourable interest rate swaps

However there have been positive revaluations of the company's investments in subsidiaries and joint ventures, the effect of which has only been marginally reduced by the negative revaluations of the company's properties resulting in an increase in the company's net assets at the balance sheet date More stable conditions in the commercial property market have emerged during the year however but trading and development opportunities remain limited The financial statements have been prepared on a going concern basis Further details of the basis of preparation are given in note 1 to the financial statements

On 30 September 2010, the company sold its 50% interest in the joint venture, BCP Knutsford Limited for consideration of £11 000 A profit of £11 000 was realised on the sale

The company recognises its responsibilities to its staff and to the wider community Details of employees and related costs can be found in note 5 to the financial statements

The company seeks to develop and maintain properties in line with environmental best practice

PRINCIPAL RISKS AND UNCERTAINTIES

As a property based business, the company is exposed to interest rate risks, as well as default risks from its tenants Interest risk is managed by the use of derivative instruments The company has entered into interest rate swaps and an interest rate cap details of which can be found in note 13 to the financial statements Tenant covenants are carefully considered by the company The directors monitor carefully the risks involved in speculative property development

In addition the company must comply with interest cover, loan to value, debt cover and net asset value covenants on its borrowings Covenant compliance is closely monitored and forecast on a rolling twelve month basis Further details in respect of covenant compliance are given in note 1 to the financial statements

Risks and uncertainties relating to the current uncertain economic outlook are discussed in the business review and future prospects section above

DIVIDENDS

An interim dividend of £nil was paid during the year (2009 – £10 000,000) No final dividend is proposed (2009 - £nil)

PROPERTY REVALUATION

The investment properties are included in the balance sheet at open market values which have been determined by an independent valuer at 30 June 2010

DIRECTORS' REPORT (continued)

DIRECTORS

The current directors are shown on page 1. All directors served throughout the year and thereafter apart from A C Bird who resigned on 2 April 2010.

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been held by the company during the year and remains in force at the date of this report.

AUDITORS

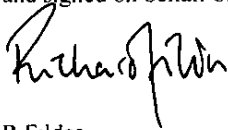
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R Fildes
Director
20 January 2011

Registered office
Chepstow House
Dee Hills Park
Chester
CH3 5AR

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARLOWS HOLDINGS LIMITED

We have audited the financial statements of Barlows Holdings Limited for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Damian Sindors (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, United Kingdom
26 January 2011

BARLOWS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2010

	Note	2010 £'000	2009 £'000
TURNOVER	2	874	830
Property expenses		(83)	(130)
Administrative and other operating expenses		(1 458)	(1 380)
OPERATING LOSS		(667)	(680)
Loss on sale of tangible fixed assets		(2)	(4)
Profit on sale of investment properties and other investments		133	-
Provision against the value of investments		-	(794)
Income from shares in group undertakings		-	63
Profit on sale of interests in joint venture companies		-	726
Profit on sale of interests in associates	9(c)	489	-
Impairment of investment property	8	(295)	-
Income from other fixed asset investments		12	82
Write down of other investments		(14)	(65)
LOSS ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES		(344)	(672)
Finance charges			
Net interest payable	3	(1,179)	(463)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(1,523)	(1,135)
Tax on loss on ordinary activities	6	195	204
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	17	(1 328)	(931)

All results derive from continuing activities

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 30 June 2010

		2010 £'000	2009 £'000
Loss for the financial year	17	(1,328)	(931)
Unrealised surplus/(deficit) on revaluation of investments in subsidiaries	9(a) 16	1,719	(422)
Unrealised deficit on revaluation of investment properties	8,16	(175)	(696)
Unrealised surplus/(deficit) on revaluation of investment in joint ventures and associated undertakings	9(b),16	507	(657)
Total recognised gains and losses since last annual report		723	(2,706)

BARLOWS HOLDINGS LIMITED**NOTE OF HISTORICAL COST PROFITS AND LOSSES****Year ended 30 June 2010**

	Note	2010 £'000	2009 £'000
Reported loss on ordinary activities before taxation		(1 523)	(1,135)
Realisation of joint venture revaluation losses of previous years	16	(436)	(493)
Realisation of investment property profits of previous years	16	90	-
		<u> </u>	<u> </u>
Historical cost loss on ordinary activities before taxation and dividends		(1 869)	(1,628)
Taxation	6	195	204
Dividends	7	-	(10,000)
		<u> </u>	<u> </u>
Historical cost loss for the year retained after taxation and dividends		<u>(1,674)</u>	<u>(11,424)</u>

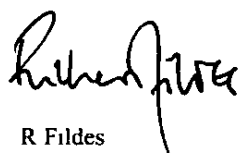
BARLOWS HOLDINGS LIMITED

BALANCE SHEET 30 June 2010

	Note	£'000	30 June 2010 £'000	30 June 2009 £'000
FIXED ASSETS				
Tangible assets	8		8,302	9,147
Investments				
- subsidiary undertakings	9(a)		12,741	10,219
- joint ventures	9(b)		991	685
- associated undertakings	9(c)		-	-
- other	9(d)		404	644
			<u>22,438</u>	<u>20,695</u>
CURRENT ASSETS				
Stocks	10	20		20
Debtors	11	26,490		25,717
Cash		-		-
		<u>26,510</u>		<u>25,737</u>
CREDITORS: amounts falling due within one year	12	(1,412)		(564)
			<u>25,098</u>	<u>25,173</u>
NET CURRENT ASSETS				
TOTAL ASSETS LESS CURRENT LIABILITIES				
			<u>47,536</u>	<u>45,868</u>
CREDITORS: amounts falling due after more than one year	13		(5,933)	(4,988)
NET ASSETS			<u>41,603</u>	<u>40,880</u>
CAPITAL AND RESERVES				
Called-up share capital	15		5,147	5,147
Share premium	16		8,216	8,216
Revaluation reserve	16		127	(2,270)
Capital redemption reserve	16		30	30
Merger reserve	16		5,251	5,251
Profit and loss account	16		22,832	24,506
SHAREHOLDER'S FUNDS	17		<u>41,603</u>	<u>40,880</u>

The financial statements of Barlows Holdings Limited, registered number 00171270, were approved by the Board of Directors on 20 January 2011

Signed on behalf of the Board of Directors



R Fildes
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2010

1 ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below. All policies have been applied consistently throughout the current and preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets. The financial statements have been prepared in accordance with applicable law and United Kingdom accounting standards. Compliance with SSAP 19 'Accounting for investment properties' requires departure from the requirements of the Companies Act 2006 and Accounting Regulations 2008 relating to depreciation and an explanation of the departure is given below.

Going concern

The company's business activities and results for the year, together with the factors likely to affect its future development, performance and position are set out in the director's report on page 2.

As highlighted in notes 12 and 13, the company meets its day to day working capital requirements through existing bank overdraft and term loan facilities. On 29 April 2010, the company agreed a bank borrowing facility of £8,000,000 until 31 December 2012 to fund property purchases as required. At 30 June 2010, £5,924,000 had been drawn. In addition, the company agreed an overdraft facility of £1,000,000 which is renewable annually on 30 September. At 30 June 2010, £691,000 had been used.

The company complied with all bank covenants in respect of this facility during the year and forecasts to be covenant compliant until at least 31 March 2012.

After making enquiries, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Investment properties

Investment properties are revalued annually as at the balance sheet date. Changes in the market value of investment properties are accounted for by way of a movement in revaluation reserve and are included in the statement of total recognised gains and losses unless a deficit (or its reversal) on an individual investment property is expected by the directors to be permanent, in which case the change in market value is charged or credited to the profit and loss account. On disposal, the cumulative revaluation surpluses or deficits are transferred from the revaluation reserve to the profit and loss account as a movement on reserves.

Additions to investment properties under development comprise construction costs including attributable interest incurred in bringing a project to its present state of completion.

In accordance with SSAP 19 (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 2006 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made, the profit for the financial period would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Capitalisation of interest

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditure for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

1 ACCOUNTING POLICIES (continued)

Stock

Trading properties land and investments which are purchased or held with the intention of resale are treated as current assets and are stated at the lower of cost and net realisable value

Acquisitions and disposals of properties

Acquisitions and disposal of properties are recognised by reference to the date of completion

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Tangible fixed assets other than investment properties

Individual freehold properties (including land) are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except when a deficit is in excess of any previously recognised surplus over depreciated cost for the same property, in which case the deficit is charged to the profit and loss account A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any previous surplus

All other tangible fixed assets are stated at cost net of depreciation and any other provision for impairment as appropriate

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value of each asset on a straight line basis over its expected useful life, as follows

Motor vehicles	25% per annum
Fixtures and fittings	33 33% per annum
Property improvements	20% per annum

Turnover

Turnover represents rental income for the period excluding VAT together with surpluses on disposals of trading properties, property and project management income and sale of stock

Rental income from properties is recognised in the period to which it relates in accordance with the lease terms

On new leases with rent free periods, rental income is allocated on a systematic basis over the period from lease commencement to the earlier of the first rent review to the prevailing market value and the lease end date

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

1 ACCOUNTING POLICIES (continued)

Investments in subsidiaries

Investments in subsidiaries are stated at cost adjusted to the level of the net assets value of the related subsidiaries. Any required adjustments to the investments value are processed through the revaluation reserve.

Investments in joint ventures and associated undertakings

Investments in joint ventures and associated undertakings are stated at directors' valuation which is based on the company's share of the net assets value of the related joint ventures. The directors consider that this policy more fairly represents the value of the company's investments than carrying them at cost. Any required adjustments to the investments value are passed through the revaluation reserve.

Other investments

Other investments comprise investments in third parties and are held at cost less any provision for impairment.

Deferred finance costs

Immediately after use, borrowings are recorded net of finance costs. Finance costs relating to borrowings are amortised over the repayment period of those borrowings.

Pension costs

For money purchase schemes the amount charged to the profit and loss account is the contributions payable in the year.

Cash flow statement

As permitted by Financial Reporting Standard No 1, the company has not produced a cash flow statement as it is a wholly owned subsidiary undertaking of Barlows Limited, which has produced group financial statements containing a cash flow statement which are publicly available.

2 TURNOVER

Turnover for the year comprised

	2010 £'000	2009 £'000
Rental income	698	585
Management fees	176	158
Project and advisory fees	-	84
Sale of stock	-	3
	<u>874</u>	<u>830</u>

Turnover arose entirely within the United Kingdom

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

3 NET INTEREST PAYABLE

	2010	2009
	£'000	£'000
Interest receivable and similar income		
- On joint ventures and associates	81	-
- Bank interest	1	99
- Other	35	191
	<u>117</u>	<u>290</u>
Interest payable and similar charges		
- On joint ventures	-	(195)
- Bank loans and overdrafts	(125)	(109)
- Swap cancellation costs	(760)	-
- Amortisation of debt finance costs and other bank charges	(90)	(294)
- Other interest	(321)	(155)
	<u>(1 296)</u>	<u>(753)</u>
Net interest payable	<u>(1,179)</u>	<u>(463)</u>

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£'000	£'000
Loss on ordinary activities before taxation is after charging		
Depreciation of fixed assets	41	43

The analysis of auditors' remuneration is as follows

	2010	2009
	£'000	£'000
Fees payable to the company auditors for the audit of the company's annual accounts	17	17
Non-audit fees - taxation services	-	44
	<u>17</u>	<u>61</u>

5 STAFF COSTS

	2010	2009
	£'000	£'000
Employee costs (including directors) during the year comprised		
Wages and salaries	724	594
Social security costs	57	91
Other pension costs (note 18)	107	80
	<u>888</u>	<u>765</u>
Average monthly number of employees (including directors) employed during the year was as follows		
Property and administration	No 13	No 14

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

5 STAFF COSTS (continued)

Directors' remuneration

The remuneration of the directors was as follows

	2010 £'000	2009 £'000
Emoluments	383	295
Benefits in kind	37	48
Contributions to money purchase pension scheme	96	58
Compensation for loss of office	138	-
	<u>654</u>	<u>401</u>

Two directors are members of a money purchase pension scheme (2009 - two)

Remuneration of the highest paid director	160	210
Benefits in kind of the highest paid director	23	33
Pension contributions of the highest paid director	26	36
	<u>209</u>	<u>279</u>

6 TAX ON LOSS ON ORDINARY ACTIVITIES

	2010 £'000	2009 £'000
United Kingdom corporation tax at 28% (2009 -- 28%)	(193)	-
Adjustment in respect of prior years	(2)	(291)
Deferred tax (note 14)	-	87
	<u>(195)</u>	<u>(204)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 28% (2009 -- 28%)
The actual tax charge for the current year is lower than the standard rate (2009 -- lower) The reasons are set out in the following reconciliation

	2010 %	2009 %
Standard rate of corporation tax as a percentage of profits	28	28
Effects of		
Expenses not deductible for tax purposes	-	(21)
Income not subject to tax	-	4
Capital allowances in excess of depreciation	3	8
Tax losses available for carry forward	(15)	(19)
Adjustment in respect of prior years	-	(26)
Capital gains tax difference	4	-
Tax losses surrendered to group undertakings	(8)	-
Tax losses surrendered to joint venture	(12)	-
Tax recoverable from joint venture	(13)	-
	<u>(13)</u>	<u>(26)</u>

The amount of tax that would arise if revalued properties were sold at their current valuation is £nil (2009 - £nil)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

7 DIVIDENDS PAID AND PROPOSED

	2010	2009
	£'000	£'000
Interim dividend of nil pence per ordinary share (2009 – 19 429 pence per share)	-	10,000
No final dividend was proposed (2009 - £nil)		

8. TANGIBLE FIXED ASSETS

The following comprises the net book value of tangible fixed assets

	2010	2009
	£'000	£'000
Investment properties		
Freehold	7,190	8,022
Long leasehold	463	450
	<u>7 653</u>	<u>8,472</u>
Others		
Freehold land and buildings	575	575
Motor vehicles fixtures and fittings	74	100
	<u>8,302</u>	<u>9 147</u>

Investment properties held by the company are included in the balance sheet at open market values which have been determined by Lambert Smith Hampton Independent Chartered Surveyors at 30 June 2010. The original cost of investment properties is as follows

	2010	2009
	£'000	£'000
Long leasehold	573	573
Freehold	8 495	8,670
	<u>9 068</u>	<u>9 243</u>

Land and buildings stated at a valuation of £575,000 (2009 - £575 000) as determined in the valuation described above had an original cost of £450 000 (2009 - £450,000) and were not depreciated

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

8 TANGIBLE FIXED ASSETS (continued)

The movement in the Company's tangible fixed assets comprised

	Investment properties £'000	Freehold land and buildings £'000	Motor vehicles, fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 July 2009	8 472	575	375	9 422
Additions	-	-	21	21
Disposals	(350)	-	(13)	(363)
Impairment	(295)	-	-	(295)
Revaluation	(175)	-	-	(175)
At 30 June 2010	<u>7,652</u>	<u>575</u>	<u>383</u>	<u>8 610</u>
Depreciation				
At 1 July 2009	-	-	275	275
Disposals	-	-	(8)	(8)
Charge for the year	-	-	41	41
At 30 June 2010	<u>-</u>	<u>-</u>	<u>308</u>	<u>308</u>
Net book value				
At 30 June 2010	<u>7,652</u>	<u>575</u>	<u>75</u>	<u>8,302</u>
At 30 June 2009	<u>8,472</u>	<u>575</u>	<u>100</u>	<u>9 147</u>

Included within the above is an asset with a net book value of £16,000 held under a hire purchase contract (2009 £23,000)

On 18 August 2010, the group sold one of its investment properties for consideration of £20,000. The property was sold on an arms length basis, based on independent external valuations. No profit or loss was realised on the sale.

9 FIXED ASSET INVESTMENTS

Fixed asset investments comprise

	2010 £'000	2009 £'000
Investment in subsidiary undertakings	12,741	10,219
Investment in joint ventures	991	685
Investment in associated undertakings	-	-
Other investments	404	644
	<u>14,136</u>	<u>11,548</u>

The company has taken advantage of the exemption conferred in s400 of the Companies Act 2006 in not preparing consolidated financial statements as it is itself a wholly owned subsidiary of Barlows Limited. Accordingly these financial statements present information about the company only and not its group.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

9 FIXED ASSET INVESTMENTS (continued)

a) The principal subsidiary undertakings and their respective activities are as follows

	Percentage of nominal value of issued shares held		Principal activity
	by Barlows Holdings Limited	by subsidiary undertaking	
Barramat Limited	100%	-	Property Investment
Barlows Asset Management Limited	100%	-	Property Management
Barlows Securities Limited	100%	-	Holding Company
Barlows Investments Limited	-	100%	Property Investment
Barlows Development Limited	-	100%	Property Trading
Hallamshire Investments Limited	100%	-	Property Trading
Sandy Lane (Chester) Limited	100%	-	Property Development
Barlows Properties Portfolio Limited	100%	-	Property Investment
Barlows Falkirk Limited	50%	50%	Property Investment
Barlows Autozone Limited	50%	50%	Property Investment
BCP Knutsford Limited	50%	50%	Property Investment
Rufus Estates Limited	100%	-	Property Development

All subsidiary undertakings are incorporated in Great Britain and are registered and operate in England and Wales. The investments are represented by ordinary shares.

Investments in subsidiary undertakings comprise

	2010 £'000	2009 £'000
Cost	10,974	10,719
Share of post acquisition reserves	1,767	(500)
	<u>12,741</u>	<u>10,219</u>

The movement on investments in subsidiary undertakings during the year was as follows

	£'000
Balance at 1 July 2009	10,219
Net investment transferred from joint ventures (note 9(b))	255
Surplus on revaluation of investments	1,719
Reclassified to amounts owed from group undertakings	550
Amounts written off investments	(4)
Other	2
Balance at 30 June 2010	<u>12,741</u>

On 14 October 2009 the company acquired a further 50% interest in the issued share capital of Rufus Estates Limited such that Rufus Estates Limited became a wholly owned subsidiary.

Investments in joint ventures prior to this entity becoming a wholly owned subsidiary were reclassified accordingly (note 9(b)).

On 30 September 2010 the company sold its 50% interest in the joint venture, BCP Knutsford Limited for consideration of £11,000. A profit of £11,000 was realised on the sale.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

9 FIXED ASSET INVESTMENTS (continued)

b) Investments in joint ventures comprise

	Issued ordinary shares of £1 each	Percentage of nominal value of issued shares held by Barlows Limited
Barlows Eastbourne Holdings Limited	100	50%
Preston Brook Partnership	N/A	50%
Calver Estates Limited	100	50%
Endeavour Ware (Guernsey) Limited	10,000	23.75%
Hylton Road Investments Limited	100	25%
Rufus Estates (Boughton) Limited	100	50%
Endeavour Congleton Limited	2	50%
Gorse Stacks Rufus Limited	1,000	50%

The companies are incorporated in Great Britain and are registered and operate in England and Wales

The investments in the joint ventures comprise

	2010 £'000	2009 £'000
Cost of shares	4	4
Loans (net)	894	1,668
Revaluation surplus/(deficit)	93	(987)
	<u>991</u>	<u>685</u>

The movement on investments in joint ventures during the year was as follows

	£'000
Balance as at 1 July 2009	685
Acquired in year	-
Dividends received	(11)
Loan repayments	(229)
Share of net profit for year	507
Additional loan advances	207
Net investment transferred on acquisition as a subsidiary (note 9(a))	(255)
Loan transferred to intercompany on acquisition as a subsidiary	(96)
Tax recoverable	193
Other	(10)
Balance as at 30 June 2010	<u>991</u>

Acquisitions in the year relate to Rufus Estates Limited prior to this company becoming a wholly owned subsidiary during the year (note 9(a))

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

9 FIXED ASSET INVESTMENTS (continued)

c) Investments in associated undertakings comprise

	Issued ordinary shares of £1 each	Percentage of nominal value of issued shares held by Barlows Holdings Limited
Kids Allowed Group Limited	275,000	-

The movement on investments in associated undertakings during the year was as follows

	£'000
Balance as at 1 July 2009	-
Share of net loss for the year	(18)
Reclassified from other creditors	(8)
Proceeds received from the sale of the investment	(500)
Profit realised on the sale of the investment	489
Costs of sale of the investment	37
Balance as at 30 June 2010	-

On 3 March 2010 the company disposed of its 22% interest in Kids Allowed Group Limited realising a net profit on sale after costs of £489,000

d) Other investments comprise investments at cost as follows

	£'000
Cost	
At 1 July 2009	3,063
Additions	323
Disposals	(2,982)
At 30 June 2010	404
Impairment	
At 1 July 2009	2,419
Disposals	(2,419)
At 30 June 2010	-
Net book value	
At 30 June 2010	404
At 30 June 2009	641

	2010 £'000	2009 £'000
Listed investments included above	-	561
Aggregate market value	-	561
Tax liability if they were sold at this value	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

10 STOCKS

	2010	2009
	£'000	£'000
Ground rents	20	20

11 DEBTORS

	2010	2009
	£'000	£'000
Trade debtors	101	56
Other debtors	4	305
Corporation tax	-	129
Amounts owed by group undertakings	26,331	24 965
Prepayments and accrued income	54	262
	<u>26,490</u>	<u>25 717</u>

All amounts are due within one year

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£'000	£'000
Trade creditors	3	15
Bank loans and overdrafts (see note 13)	691	151
Hire purchase contracts	9	9
VAT	78	58
Social security	16	55
Other creditors	132	21
Accruals	483	255
	<u>1,412</u>	<u>564</u>

13 CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2010	2009
	£'000	£'000
Hire purchase contracts	9	18
Bank loans	5 924	4,970
	<u>5,933</u>	<u>4,988</u>

The above loans are repayable as follows

	2010	2009
	£'000	£'000
Greater than two years but not more than five years	5 924	4,970

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company and fellow group companies. The loans are repayable on 31 December 2012. In addition, the company meets its day to day working capital requirements through an existing bank overdraft facility of £1,000 000 which is renewable annually on 30 September.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

13 CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR (continued)

The company has entered into two interest rate swaps which are both effective from 29 June 2012. The notional principal on the swaps were £6,000,000 and £4,000,000. The swaps mature on 30 June 2014 and 30 June 2016 respectively. At 30 June 2010, the fair value of the interest rate swaps was a liability of £399,000 (2009 – an asset of £73,000).

The company has also entered into an interest rate cap effective from 30 June 2009. The notional principal on the cap was £5,000,000. The cap matures on 30 June 2014. At 30 June 2010, the fair value of the interest rate cap was an asset of £31,000 (2009 – £132,000).

14 DEFERRED TAX

	2010 £'000	2009 £'000
Asset brought forward	-	(87)
Charge to profit and loss account (note 6)	-	87
Asset at 30 June	-	-

There is a potential deferred tax asset of 28% of £3,484,000 (2009: £1,394,000) due to losses carried forward. This has not been recognised due to the uncertainty surrounding its ultimate recovery.

15 CALLED-UP SHARE CAPITAL

	2010 £'000	2009 £'000
Authorised 59,966,250 ordinary shares of 10p each	5,997	5,997
Called-up, allotted and fully paid 51,470,068 ordinary shares of 10p each	5,147	5,147

16 RESERVES

	Share premium account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 July 2009	8,216	(2,270)	30	5,251	24,506	35,733
Loss for the year	-	-	-	-	(1,328)	(1,328)
Surplus on revaluation of investments in joint ventures and associated undertakings	-	507	-	-	-	507
Deficit realised from joint ventures and associated undertakings	-	436	-	-	(436)	-
Surplus on revaluation of investments in subsidiaries	-	1,719	-	-	-	1,719
Unrealised deficit on revaluation of investment properties	-	(175)	-	-	-	(175)
Surplus realised on sale of investment property	-	(90)	-	-	90	-
At 30 June 2010	8,216	127	30	5,251	22,832	36,456

Of the total amount of company reserves £13,624,000 (2009: £11,227,000) is not available for distribution.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2010

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2010	2009
	£'000	£'000
Loss for the financial year	(1,328)	(931)
Dividends paid	-	(10,000)
	<u>(1,328)</u>	<u>(10,931)</u>
Other recognised gains and losses relating to the year (net)	2,051	(1,775)
	<u>723</u>	<u>(12,706)</u>
Net increase/(reduction) in shareholder's funds	40,880	53,586
Shareholder's funds at beginning of year	<u>41,603</u>	<u>40,880</u>
Shareholder's funds at end of year	<u>41,603</u>	<u>40,880</u>

18 FINANCIAL COMMITMENTS

Pension obligations

The company provided pension and other benefits to certain employees during the year by contributing to individual money purchase pension plans. The pensions charge for the year representing payments to the individual plans was £107,000 (2009 - £80,000).

Capital commitment

The company has capital commitments of £nil at the year end (2009 - £212,500).

19 RELATED PARTY TRANSACTIONS

During the year the company received interest on loans to its joint venture undertakings of £81,000 (2009 - £nil). In addition, management fees of £129,000 (2009 - £90,000) were charged to joint venture companies.

At the year end £573,000 (2009 - £118,000) was owed by joint ventures.

At the year end £1,000 (2009 - £21,000) was owed to joint ventures.

At the year end, the company owed £119,000 to R Fildes (2009 - £nil).

The company has taken advantage of the exemption provided by paragraph 3(c) of FRS 8 'Related Party Transactions' in not disclosing transactions with the Barlows Limited group of companies.

20 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a subsidiary undertaking of Barlows Limited, a company incorporated in Great Britain and registered in England and Wales. Squire Bowker and Son Limited, a company incorporated in Great Britain and registered in England and Wales, is deemed by the directors to be the ultimate parent of the company.

The largest and smallest group of which the company is a member and for which group financial statements are drawn up is that headed by Barlows Limited, whose principal place of business is at the registered office of the company. The consolidated financial statements of this group are available to the public and may be obtained from the company's registered office.

R Fildes, a director of the company, and members of his close family control the company as a result of controlling directly or indirectly, 75.23% of the issued share capital of Squire Bowker and Son Limited.