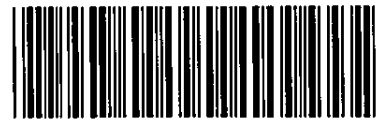


Company Registration No 1074343 (England and Wales)

**FRANKTON HOUSE LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2010**

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COMPANIES HOUSE

# FRANKTON HOUSE LIMITED

## COMPANY INFORMATION

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**Directors**

D J Kennedy (Managing Director)  
A E G Gulliford FRICS  
S P Hilton  
J H Nugent  
P C Schorb FCCA  
J N Shaw FRICS

**Secretary** P C Schorb FCCA

**Company number** 1074343

**Registered office**

St John's House  
East Street  
Leicester  
LE1 6NB

**Auditors**

Clear & Lane  
340 Melton Road  
Leicester  
LE4 7SL

**Business address**

St John's House  
East Street  
Leicester  
LE1 6NB

**Bankers**

Lloyds TSB Bank Plc  
7 High Street  
Leicester  
LE1 4FP

**Solicitors**

Druces and Attlee  
Salisbury House  
London Wall  
London  
EC2M 5PS

Spearing Waite  
41 Friar Lane  
Leicester  
LE1 5RB

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# **FRANKTON HOUSE LIMITED**

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| Profit and loss account           | 5           |
| Balance sheet                     | 6           |
| Notes to the financial statements | 7 - 13      |

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# **FRANKTON HOUSE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 JANUARY 2010**

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The directors present their report and financial statements for the year ended 31 January 2010

#### **Principal activities and review of the business**

The principal activity of the company continues to be that of property development and trading

During the year, a property in Skipton was sold, leaving one remaining property. The Directors continue to assess market conditions and intend to take advantage of opportunities when they arise. The remaining property continues to be held until the economic climate improves at which time it may be marketed for sale. The Directors have made provision in these accounts for the accumulated losses of its subsidiary F H Fletcher Gate Limited amounting to £861,686 at 31 January 2010 against the amounts shown as due from subsidiary undertakings (see note 11).

#### **Results and dividends**

The results for the year are set out on page 5.

The directors do not recommend the payment of a final dividend.

#### **Directors**

The following directors have held office since 1 February 2009

|                 |                         |
|-----------------|-------------------------|
| D J Kennedy     |                         |
| R G Groom       | (Retired 30 April 2009) |
| A E G Gulliford |                         |
| S P Hilton      |                         |
| J H Nugent      |                         |
| J N Shaw        |                         |
| P C Schorb      |                         |

In accordance with the Company's Articles of Association, J H Nugent and J N Shaw retire by rotation and, being eligible, offer themselves for re-election.

#### **Creditor payment policy**

It is the policy of the Company to agree payment terms with suppliers when entering into each transaction or series of transactions to ensure that suppliers are made aware of these terms and to abide by them. Creditor days at the end of the year were nil days (2009 nil days).

#### **Auditors**

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Clear & Lane be reappointed as auditors of the company will be put to the Annual General Meeting.

# FRANKTON HOUSE LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 JANUARY 2010**

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### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 judgements 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

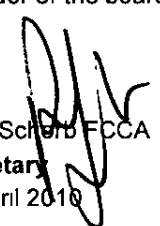
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

### Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

  
P. C. Scherff FCCA  
Secretary  
21 April 2010

# **FRANKTON HOUSE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF FRANKTON HOUSE LIMITED**

---

We have audited the financial statements of Frankton House Limited for the year ended 31 January 2010 set out on pages 5 to 13. 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 set out on pages 1 - 2, 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 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 31 January 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

have been prepared in accordance with the requirements of the Companies Act 2006.

# FRANKTON HOUSE LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF FRANKTON HOUSE LIMITED

---

### **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

*Clear & Lane*

**David Hope BSc FCA (Senior Statutory Auditor)**  
**for and on behalf of Clear & Lane**  
**Chartered Accountants**  
**Statutory Auditor**

340 Melton Road  
Leicester  
LE4 7SL

21 April 2010

# FRANKTON HOUSE LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2010

|  | Notes     | 2010<br>£        | 2009<br>£        |
|--|-----------|------------------|------------------|
| Turnover   | 3         | 1,430,667        | 220,017          |
| Cost of sales                                      |           | (1,460,837)      | (608,634)        |
| <b>Gross loss</b>                                  |           | <b>(30,170)</b>  | <b>(388,617)</b> |
| Administrative expenses                            |           | (863,063)        | (7,068)          |
| Other operating income                             |           | 1,300            | 40               |
| <b>Operating loss</b>                              | <b>4</b>  | <b>(891,933)</b> | <b>(395,645)</b> |
| Other interest receivable and similar income       | 5         | 172,891          | 230              |
| Interest payable and similar charges               | 6         | (528)            | (519)            |
| <b>Loss on ordinary activities before taxation</b> |           | <b>(719,570)</b> | <b>(395,934)</b> |
| Tax on loss on ordinary activities                 | 7         | (33,529)         | 118,477          |
| <b>Loss for the year</b>                           | <b>14</b> | <b>(753,099)</b> | <b>(277,457)</b> |

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account



# FRANKTON HOUSE LIMITED

## BALANCE SHEET AS AT 31 JANUARY 2010

|   | Notes | 2010<br>£        | £                       | 2009<br>£        | £                       |
|---|-------|------------------|-------------------------|------------------|-------------------------|
| <b>Fixed assets</b>                                   |       |                  |                         |                  |                         |
| Investments   | 9     |                  | 1                       |                  | 1                       |
| <b>Current assets</b>                                 |       |                  |                         |                  |                         |
| Development properties                                | 10    | 420,000          |                         | 1,856,800        |                         |
| Debtors   | 11    | 5,496,838        |                         | 4,845,964        |                         |
| Cash at bank and in hand                              |       | 1,782            |                         | 453              |                         |
|   |       | <u>5,918,620</u> |                         | <u>6,703,217</u> |                         |
| <b>Creditors: amounts falling due within one year</b> | 12    | <u>(38,529)</u>  |                         | <u>(70,027)</u>  |                         |
| <b>Net current assets</b>                             |       |                  | <u>5,880,091</u>        |                  | <u>6,633,190</u>        |
| <b>Total assets less current liabilities</b>          |       |                  | <u><u>5,880,092</u></u> |                  | <u><u>6,633,191</u></u> |
| <b>Capital and reserves</b>                           |       |                  |                         |                  |                         |
| Called up share capital                               | 13    |                  | 100                     |                  | 100                     |
| Profit and loss account                               | 14    |                  | <u>5,879,992</u>        |                  | <u>6,633,091</u>        |
| <b>Shareholders' funds - equity interests</b>         | 15    |                  | <u><u>5,880,092</u></u> |                  | <u><u>6,633,191</u></u> |

The financial statements were approved by the Board on 21 April 2010

D J Kennedy  
Director



# FRANKTON HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2010

---

### 1 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (GAAP) and the Companies Act 2006.

#### 1.2 Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Profit and Loss Account.

#### 1.3 Group accounts

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Glenstone Property Plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that Company.

#### 1.4 Development property

Development properties are stated at the lower of cost and net realisable value. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure is included in the asset's carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other repair and maintenance expenditures are charged to the Profit and Loss Account during the financial period in which they are incurred.

#### 1.5 Debtors

Trade debtors are recognised initially at invoice value and are subsequently measured less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned. The amount of the provision is recognised in the Profit and Loss Account.

# FRANKTON HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2010

---

### 1 Accounting policies (continued)

#### 1.6 Cash at bank and in hand

Cash at bank and in hand are carried in the Balance Sheet at cost. They comprise cash in hand and deposits held at call with banks. Bank overdrafts are included within borrowings in current liabilities on the Balance Sheet.

#### 1.7 Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the Balance Sheet date.

#### 1.8 Turnover

Turnover represents the proceeds received from the sale of development properties, and rents received from development properties prior to their sale. Proceeds from the sale of development properties are included in turnover on legal completion.

#### 1.9 Revenue recognition

##### (a) Rental income

Revenue comprises the fair value of rental income, service charges and management charges from properties (net of value added tax).

This income is recognised as it falls due, in accordance with the lease to which it relates. Any lease incentives are spread evenly across the period of the lease.

##### (b) Interest income

Interest income on any short-term deposits is recognised in the Profit and Loss Account as it accrues.

#### 1.10 Taxation

The tax charge in the Profit and Loss Account comprises tax currently payable and deferred tax.

##### (a) Deferred Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

##### (b) Current Tax

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates of tax that have been enacted by the Balance Sheet date.

#### 1.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

# FRANKTON HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2010

### 1 Accounting policies

(continued)

#### 1.12 Financial risk management

The Company's activities expose it to a variety of financial risks, credit risk, liquidity risk and cash flow interest rate risk

##### (a) Credit risk

The Company has no concentrations of credit risk. It has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. The Company has policies that limit the amount of credit exposure to any financial institution.

##### (b) Cash flow and fair value interest rate risk

The Company has no significant interest bearing assets. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

##### (c) Capital risk

The Company's objective in managing capital is to maintain a strong capital base to support current operations and planned growth, and to provide for an appropriate level of dividend payments to shareholders.

The Company is not subject to external regulatory capital requirements.

### 2 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Fair value of development properties

Development properties are revalued at fair value by independent external valuers, King Sturge LLP each year at 31 January.

### 3 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 4 Operating loss

Operating loss is stated after charging  
Auditors' remuneration

2010

£

1,000

2009

£

3,500

# FRANKTON HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2010

|          |   |                   |                   |
|----------|---|-------------------|-------------------|
| <b>5</b> | <b>Interest receivable</b>  | <b>2010</b>       | <b>2009</b>       |
|          |   | <b>£</b>          | <b>£</b>          |
|          | Other interest  | 172,891           | 230               |
|          |   | <u>          </u> | <u>          </u> |
| <b>6</b> | <b>Interest payable</b>   | <b>2010</b>       | <b>2009</b>       |
|          |   | <b>£</b>          | <b>£</b>          |
|          | On bank loans and overdrafts  | 528               | 519               |
|          |   | <u>          </u> | <u>          </u> |
| <b>7</b> | <b>Taxation</b>   | <b>2010</b>       | <b>2009</b>       |
|          |   | <b>£</b>          | <b>£</b>          |
|          | <b>Domestic current year tax</b>  |                   |                   |
|          | U K corporation tax   | 33,529            | (112,141)         |
|          | Adjustment for prior years  | -                 | (6,336)           |
|          |   | <u>          </u> | <u>          </u> |
|          | <b>Current tax charge</b>   | <b>33,529</b>     | <b>(118,477)</b>  |
|          |   | <u>          </u> | <u>          </u> |
|          | <b>Factors affecting the tax charge for the year</b>  |                   |                   |
|          | Loss on ordinary activities before taxation   | (719,570)         | (395,934)         |
|          |   | <u>          </u> | <u>          </u> |
|          | Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.59% (2009 - 28.32%) | (169,747)         | (112,141)         |
|          |   | <u>          </u> | <u>          </u> |
|          | Effects of  |                   |                   |
|          | Adjustments to previous periods   | -                 | (6,336)           |
|          | Other tax adjustments   | 203,276           | -                 |
|          |   | <u>          </u> | <u>          </u> |
|          |   | 203,276           | (6,336)           |
|          |   | <u>          </u> | <u>          </u> |
|          | <b>Current tax charge</b>   | <b>33,529</b>     | <b>(118,477)</b>  |
|          |   | <u>          </u> | <u>          </u> |
| <b>8</b> | <b>Dividends</b>  | <b>2010</b>       | <b>2009</b>       |
|          |   | <b>£</b>          | <b>£</b>          |
|          | Ordinary interim paid   | -                 | 100,000           |
|          |   | <u>          </u> | <u>          </u> |

# FRANKTON HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2010

### 9 Fixed asset investments

|   | Shares in subsidiary undertakings<br>£ |
|---|--|
| <b>Cost</b>                             |  |
| At 1 February 2009 & at 31 January 2010 | <u>1</u>                               |

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

| Company                        | Country of registration or incorporation | Class    | Shares held % |
|--------------------------------|--|----------|---------------|
| <b>Subsidiary undertakings</b> |  |          |               |
| F H Fletcher Gate Limited      | England and Wales                        | Ordinary | 100 00        |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

|                           |                           | Capital and reserves<br>2010<br>£ | Profit/(loss)<br>for the year<br>2010<br>£ |
|---------------------------|---------------------------|-----------------------------------|--|
|                           | <b>Principal activity</b> |                                   |  |
| F H Fletcher Gate Limited | Property Investment       | <u>(861,686)</u>                  | <u>95,545</u>                              |

### 10 Development properties

|                        | 2010<br>£      | 2009<br>£        |
|------------------------|----------------|------------------|
| Development properties | <u>420,000</u> | <u>1,856,800</u> |

# FRANKTON HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2010

| <b>11 Debtors</b>                       | <b>2010</b>      | <b>2009</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Trade debtors                           | 4,983            | -                |
| Amounts owed by parent undertaking      | 2,177,745        | 733,057          |
| Amounts owed by subsidiary undertakings | 3,312,545        | 4,000,765        |
| Corporation tax                         | -                | 112,142          |
| Other debtors                           | 1,565            | -                |
|   | <u>5,496,838</u> | <u>4,845,964</u> |

| <b>12 Creditors amounts falling due within one year</b> | <b>2010</b>   | <b>2009</b>   |
|---|---------------|---------------|
|   | <b>£</b>      | <b>£</b>      |
| Bank overdraft - secured                                | -             | 52,949        |
| Trade creditors   | 4,999         | 17,077        |
| Amounts owed to parent undertaking                      | 1             | 1             |
| Corporation tax   | 33,529        | -             |
|   | <u>38,529</u> | <u>70,027</u> |

| <b>13 Share capital</b>                   | <b>2010</b> | <b>2009</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| <b>Authorised</b>                         |             |             |
| 100 Ordinary shares of £1 each            | <u>100</u>  | <u>100</u>  |
| <b>Allotted, called up and fully paid</b> |             |             |
| 100 Ordinary shares of £1 each            | <u>100</u>  | <u>100</u>  |

| <b>14 Statement of movements on profit and loss account</b> | <b>Profit and loss account</b> |
|---|--------------------------------|
|   | <b>£</b>                       |
| Balance at 1 February 2009                                  | 6,633,091                      |
| Loss for the year   | (753,099)                      |
| Balance at 31 January 2010                                  | <u>5,879,992</u>               |

# FRANKTON HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2010

---

|  |             |             |
|--|-------------|-------------|
| <b>15 Reconciliation of movements in shareholders' funds</b> | <b>2010</b> | <b>2009</b> |
|  | <b>£</b>    | <b>£</b>    |
| Loss for the financial year                                  | (753,099)   | (277,457)   |
| Dividends  | -           | (100,000)   |
|  | <hr/>       | <hr/>       |
| Net depletion in shareholders' funds                         | (753,099)   | (377,457)   |
| Opening shareholders' funds                                  | 6,633,191   | 7,010,648   |
|  | <hr/>       | <hr/>       |
| Closing shareholders' funds                                  | 5,880,092   | 6,633,191   |
|  | <hr/>       | <hr/>       |

### 16 Contingent liabilities

There is an omnibus guarantee and set off agreement in favour of the company's bankers for amounts due by group companies

At 31 January 2010 the net liability owed to the bank by all group undertakings, including this company, amounted to £21,184,624 (2009 - £23,892,264)

### 17 Employees

#### Number of employees

There were no employees during the year apart from the directors

### 18 Ultimate parent company

The ultimate parent undertaking is Glenstone Property Plc, a company registered in England and Wales

Copies of Glenstone Property Plc's consolidated accounts are available from the Company Secretary at St John's House, East Street, Leicester, LE1 6NB

### 19 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company