

PENMARRIC CONSULTANTS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2010

Company Registration Number: 01601005

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

Directors of the company

The directors who held office during the year were as follows

J C Dwek CBE FTI

L R Dwek

J V Dwek

Prof R A Dwek (resigned 9 August 2010)

Principal activity

The principal activity of the company in the year was the provision of management services and consultancy. The company also temporarily owns residential flats which it purchased with the intention of resale, an intention it still holds.

Business review

Fair review of the business

The company owns residential flats which it purchased with the intention of resale. The company will continue to rent out the residential properties until such time as the property market improves.

Financial instruments

Objectives and policies

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Approved by the Board on
and signed on its behalf by

19 JUL 2011


J C Dwek CBE FTI
Director



PENMARRIC CONSULTANTS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31 OCTOBER 2010

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 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, 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 AUDITOR'S REPORT TO THE MEMBERS OF
PENMARRIC CONSULTANTS LIMITED
YEAR ENDED 31 OCTOBER 2010**

We have audited the financial statements of Penmarric Consultants Limited for the year ended 31 October 2010, set out on pages 5 to 14. 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 auditor's 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 Statement of Directors' Responsibilities (set out on page 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 (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 the 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 October 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PENMARRIC CONSULTANTS LIMITED
YEAR ENDED 31 OCTOBER 2010**

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

Mr Nicholas Stockton (Senior Statutory Auditor)
For and on behalf of

Cassons, Statutory Auditors
Rational House
64 Bridge Street
Manchester
M3 3BN

Date **19 JUL 2011**

PENMARRIC CONSULTANTS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2010

	Note	2010 £	2009 £
Turnover			
Discontinued operations		135,799	227,578
Administrative expenses	2	(241,633)	(259,453)
Gross loss		(105,834)	(31,875)
Other operating income	2	32,178	17,995
Operating loss	3		
Continuing operations		(67,063)	(77,554)
Discontinued operations		(6,593)	63,674
Operating loss		(73,656)	(13,880)
Other interest receivable and similar income	5	-	4,656
Amounts written off investments		(334,744)	-
Interest payable and similar charges	6	(25)	-
Loss on ordinary activities before taxation		(408,425)	(9,224)
Tax on loss on ordinary activities	7	1,829	1,267
Loss for the financial year	17	(406,596)	(7,957)

The company has no recognised gains or losses for the year other than the results above

PENMARRIC CONSULTANTS LIMITED

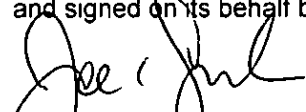
BALANCE SHEET

31 OCTOBER 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible fixed assets	8	-	-
Investments	9	-	3,000
		<u>-</u>	<u>3,000</u>
Current assets			
Debtors	10	24,771	43,684
Investments	11	950,000	1,284,744
		<u>974,771</u>	<u>1,328,428</u>
Creditors Amounts falling due within one year	12	(1,160,520)	(1,311,437)
Net current (liabilities)/assets		<u>(185,749)</u>	<u>16,991</u>
Total assets less current liabilities		(185,749)	19,991
Creditors Amounts falling due after more than one year	13	(200,856)	-
Net (liabilities)/assets		<u>(386,605)</u>	<u>19,991</u>
Capital and reserves			
Called up share capital	15	10,000	10,000
Profit and loss account	17	(396,605)	9,991
Shareholders' (deficit)/funds	18	<u>(386,605)</u>	<u>19,991</u>

Approved by the Board on
and signed on its behalf by

19 JUL 2011


J C Dwek CBE FTI
Director

PENMARRIC CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2010

1 Accounting policies

Basis of preparation

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

Going concern

The directors have confirmed that the parent company, Penmarric Limited (formerly Penmarric Plc), will not seek repayment of amounts due to it if this will cause cashflow difficulties for the company. In addition, Penmarric Limited has given an undertaking to support, if necessary, the daily operations and finances of the company

Accordingly, the directors are satisfied it is appropriate to prepare the financial statements on the going concern basis

Exemption from preparing a cash flow statement

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows

Fixtures and fittings	25% straight line
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Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value

Current asset investments

Current asset investments relates to residential properties held on a short term basis with the intention of resale. The properties are valued at the lower of cost and net realisable value. Net realisable value is based on selling price less anticipated costs to completion and selling costs

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

PENMARRIC CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2010

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

2 Cost of sales and operating expenses

	2010 £	2009 £
Administrative expenses		
Continuing operations	89,800	95,549
Discontinued operations	<u>151,833</u>	<u>163,904</u>
	<u>241,633</u>	<u>259,453</u>
Other operating income		
Continuing operations	22,737	17,995
Discontinued operations	<u>9,441</u>	<u>-</u>
	<u>32,178</u>	<u>17,995</u>

3 Operating loss

Operating loss is stated after charging

	2010 £	2009 £
Operating leases - other assets	18,250	18,250
Profit on disposal of investments	(9,441)	-
Auditor's remuneration	<u>4,600</u>	<u>4,100</u>

4 Particulars of employees

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

	2010 No.	2009 No.
Management	2	2
Consultancy	<u>3</u>	<u>3</u>
	<u>5</u>	<u>5</u>

The aggregate payroll costs were as follows

	2010 £	2009 £
Wages and salaries	137,508	147,603
Social security costs	<u>14,325</u>	<u>16,301</u>
	<u>151,833</u>	<u>163,904</u>

PENMARRIC CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2010

5 Other interest receivable and similar income

	2010 £	2009 £
Bank interest receivable	-	2,234
Other interest receivable	-	2,422
	<u>-</u>	<u>4,656</u>

6 Interest payable and similar charges

	2010 £	2009 £
Interest on bank borrowings	25	-
	<u>25</u>	<u>-</u>

7 Taxation

Tax on loss on ordinary activities

	2010 £	2009 £
Current tax		
Adjustments in respect of previous years	(1,829)	(1,267)
UK Corporation tax	<u>(1,829)</u>	<u>(1,267)</u>

Factors affecting current tax charge for the year

Tax on loss on ordinary activities for the year is higher than (2009 - higher than) the standard rate of corporation tax in the UK of 21% (2009 - 21%)

The differences are reconciled below

	2010 £	2009 £
Loss on ordinary activities before taxation	(408,425)	(9,224)
Corporation tax at standard rate	(85,769)	(1,937)
Accelerated capital allowances	(82)	(158)
Expenses not deductible for tax purposes	1,842	1,571
Adjustments to tax charge in respect of prior year	(1,829)	(1,267)
Profit on sale of fixed asset investment	(1,982)	-
Tax losses carried forward	85,991	372
Tax losses carried back	-	152
Total current tax	<u>(1,829)</u>	<u>(1,267)</u>

Factors that may affect future tax charges

The company has £427,231 (2009 - £25,799) of taxable losses available to carry forward and offset against future profits it may earn

PENMARRIC CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2010

8 Tangible fixed assets

	Fixtures and fittings £	Total £
Cost or valuation		
At 1 November 2009	42,264	42,264
Depreciation		
At 1 November 2009	<u>42,264</u>	<u>42,264</u>
Net book value		
At 31 October 2010	<u>-</u>	<u>-</u>
At 31 October 2009	<u>-</u>	<u>-</u>

At 31 October 2010, the company was still using assets with an original cost of £42,264 (2009 - £42,264) which have been fully depreciated

9 Investments held as fixed assets

	2010 £	2009 £
Other investments	<u>-</u>	<u>3,000</u>

Other investments

	Listed investments £	Total £
Cost		
At 1 November 2009	15,181	15,181
Disposals	<u>(15,181)</u>	<u>(15,181)</u>
At 31 October 2010	<u>-</u>	<u>-</u>
Provision for impairment		
At 1 November 2009	(12,181)	(12,181)
Eliminated on disposal	<u>12,181</u>	<u>12,181</u>
At 31 October 2010	<u>-</u>	<u>-</u>
Net book value		
At 31 October 2010	<u>-</u>	<u>-</u>
At 31 October 2009	<u>3,000</u>	<u>3,000</u>

10 Debtors

	2010 £	2009 £
Other debtors	1,315	-
Prepayments and accrued income	7,535	27,763
Owed by/(from) group undertakings	<u>15,921</u>	<u>15,921</u>
	<u>24,771</u>	<u>43,684</u>

All debtors fall due within one year of the balance sheet date

PENMARRIC CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2010

Deferred tax

The movement in the deferred tax asset in the year is as follows

Analysis of deferred tax

	2010	2009
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	324	405
Tax losses available	<u>(89,718)</u>	<u>(5,418)</u>
	<u>(89,394)</u>	<u>(5,013)</u>

The deferred tax asset amounting to £89,394 (2009 - £5,013) has not been included in these financial statements as in the opinion of the directors it is uncertain as to when the asset will crystallise

11 Current asset investments

	2010	2009
	£	£
Other investments	<u>950,000</u>	<u>1,284,744</u>

The directors have reviewed the carrying value of the investment in residential flats in the light of current market conditions. Based on the directors' judgement and experience, a write down has been made of £334,744

12 Creditors. Amounts falling due within one year

	2010	2009
	£	£
Bank loans and overdrafts	30,550	3,613
Other loans	-	777,586
Other taxes and social security	84	16,071
Directors' current accounts	11	11
Accruals and deferred income	9,756	13,745
Owed by/(from) group undertakings	<u>1,120,119</u>	<u>500,411</u>
	<u>1,160,520</u>	<u>1,311,437</u>

PENMARRIC CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2010

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company

	2010 £	2009 £
Bank loan	18,401	-
Other loan	<u>-</u>	<u>777,586</u>
	<u>18,401</u>	<u>777,586</u>

The director's loan is unsecured and interest free. The bank loan is secured on the properties held within current asset investments by way of first legal charge and a debenture in favour of the bank, together with a personal guarantee from J C Dwek.

13 Creditors: Amounts falling due after more than one year

	2010 £	2009 £
Bank loans and overdrafts	<u>200,856</u>	<u>-</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company

	2010 £	2009 £
Bank loan	<u>200,856</u>	<u>-</u>

14 Derivatives

The company has no financial instruments that fall to be classified as derivatives.

15 Share capital

Allotted, called up and fully paid shares

	2010		2009	
	No.	£	No.	£
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

16 Dividends

	2010 £	2009 £
Dividends paid		
Dividend paid	<u>-</u>	<u>1,590,000</u>

PENMARRIC CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2010

17 Reserves

	Profit and loss account £	Total £
At 1 November 2009	9,991	9,991
Loss for the year	<u>(406,596)</u>	<u>(406,596)</u>
At 31 October 2010	<u>(396,605)</u>	<u>(396,605)</u>

18 Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Loss attributable to the members of the company	(406,596)	(7,957)
Dividends	<u>-</u>	<u>(1,590,000)</u>
Net reduction to shareholders' funds	(406,596)	(1,597,957)
Shareholders' funds at 1 November	<u>19,991</u>	<u>1,617,948</u>
Shareholders' (deficit)/funds at 31 October	<u>(386,605)</u>	<u>19,991</u>

19 Commitments

Operating lease commitments

As at 31 October 2010 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2010 £	2009 £
Land and buildings		
Within one year	<u>18,250</u>	<u>18,250</u>

20 Related party transactions

Other related party transactions

During the year the company made the following related party transactions

Penmarric Limited (formerly Penmarric Plc)

- Parent company

At the balance sheet date the amount due to Penmarric Limited (formerly Penmarric Plc) was £1,120,119 (2009 - £500,411)

Penmarric Properties Limited Limited

- Fellow subsidiary

At the balance sheet date the amount due from Penmarric Properties Limited Limited was £15,921 (2009 - £15,921)

PENMARRIC CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2010

Mercury Recycling Limited

Mr J C Dwek, a director of the company and a director and shareholder of the parent company, Penmarric Limited is also a director of Mercury Recycling Limited

During the year the company received consultancy fees of £4,375 (2009 - £4,333)

At the balance sheet date the amount due (to)/from Mercury Recycling Limited was £nil (2009 - £1,458)

Opal Property Group Limited

Mr J C Dwek, a director of the company and a director and shareholder of the parent company Penmarric Limited is also a director of Opal Property Group Limited

During the year the company received consultancy fees of £17,812 (2009 - £24,979)

At the balance sheet date the amount due (to)/from Opal Property Group Limited was £nil (2009 - £1,979)

Flight Options Limited

The parent undertaking, Penmarric Limited (formerly Penmarric Plc), holds 25 1% of the ordinary share capital in Flight Options Limited

The company received management charges from Flight Options Limited of £113,611 (2009 - £198,265) and paid salaries to Flight Options Limited of £140,274 (2009 - £163,904) In August 2010, Flight Options Limited went into administration

At the balance sheet date the amount due (to)/from Flight Options Limited was £nil (2009 - £16,722)

Worthington Group Plc

Mr J C Dwek, a director of the company and a director and shareholder of the parent company, Penmarric Limited, was also a director of Worthington Group Plc until 27 September 2010

During the year, the company recharged rent of £2,500 (2009 - £5,000) to Worthington Group Plc

At the balance sheet date the amount due to Worthington Group Plc was £nil (2009 - £nil)

The company has taken exemption under FRS8 Related Party Disclosures, not to disclose transactions with entities that are part of the group or investors of the group qualifying as related parties, on the grounds that the company itself is a subsidiary company, 100% of whose voting rights are controlled within the group, and is included in the consolidated financial statements of its parent undertaking

21 Control

The company is controlled by Mr J C Dwek CBE FTI Mr J C Dwek CBE FTI, is a director of the company and a director and shareholder of the parent company Penmarric Limited (formerly Penmarric Plc)

The parent undertaking of the group which includes the company and for which group accounts are prepared is Penmarric Limited (formerly Penmarric Plc) Copies of the group financial statements are available from Companies House, Crown Way, Maundy, Cardiff, CF14 3UZ