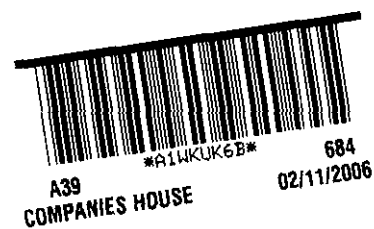


# **Celus Holdings Limited**

**Annual Report**

**Year ended 24 June 2006**



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## **Company Information**

Directors	Mrs J M R Dent (Chairman) Mr C D Dent Mr J P M Dent Ms C S Dent Ms L R Dent
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Secretary	Mrs J M R Dent
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Registered office	Bryanston Court Selden Hill Hemel Hempstead Herts HP2 4TN
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Registered number	1801851
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Auditors	RSM Robson Rhodes LLP Chartered Accountants 30 Finsbury Square London EC2P 2YU
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Bankers	Barclays Bank Plc 99 Hatton Garden London EC1N 8DN
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## Report of the Directors

The directors present their report and the audited financial statements for the year ended 24 June 2006.

### Principal activities

The principal activity of the company is unchanged since last year and consists of property investment in freehold and long leasehold commercial properties in the West End of London.

### Business review and future development

During the last year, the company continued to be profitable. All properties were fully let for most of the year, in one case at increased rent following a rent review. In the coming year, the company expects to remain profitable but will incur additional expenses by moving offices and increasing employee costs.

### Results and dividend

The results for the year are disclosed on page 5. The directors paid an ordinary dividend of 50p (2005 50p) per share totalling £500,000 for the year ended 24 June 2006 (2005 £500,000).

### Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which 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 estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material 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 proper accounting records which 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 1985. 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

### Directors

The directors who served during the year are detailed on page 1.

Those directors serving at the end of the year had interests in the share capital of the company at 24 June as follows:

	Ordinary shares of 50p each	
	2006	2005
Mr C D Dent	71,632	71,632
Mrs J M R Dent	71,632	71,632
Mr J P M Dent	5,000	5,000
Ms C S Dent	30,500	30,500
Ms L R Dent	30,632	30,632

## Report of the Directors *continued*

Throughout the year, Mr J P M Dent, Ms C S Dent and Ms L R Dent were joint trustees of a charitable trust, which had an interest in 120,000 (2005: 120,000) ordinary shares of 50p each of the company at 24 June 2006.

From 15 August 2005, Mr J P M Dent, Ms C S Dent and Ms L R Dent were joint trustees of a discretionary trust of which they were beneficiaries which had an interest in 475,000 ordinary shares of 50p each in the company at 24 June 2006.

From 1 June 2005 Mr J P M Dent has held 25,500 ordinary shares of 50p each in the company as a bare trustee for the benefit of his children.

None of the directors had any material interest in any contract or arrangement entered into by the company during the year.

### Charitable and political contributions

During the year the company subscribed £2,500 (2005: £4,500) for charitable purposes.

### Investment properties

The directors are of the opinion that the current value of the investment properties is substantially in excess of book value. The amount of the excess cannot be more closely determined without a professional valuation, the expense of which is not justified.

### Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

### Auditors

A resolution to re-appoint RSM Robson Rhodes LLP as external auditors will be proposed at the forthcoming annual general meeting.

The report of the directors was approved by the Board on 5 October 2006 and signed on its behalf by:



José Marianne Ruth Dent  
Secretary

## Independent Auditors' Report to the Shareholders of Celus Holdings Limited

We have audited the financial statements on pages 5 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Qualified opinion arising from disagreement about accounting treatment

In our opinion:

- Except for the failure to revalue annually investment properties, which are stated in the balance sheet at a cost of £1,425,648, the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 24 June 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.
- The information given in the directors' report is consistent with the financial statements.



RSM Robson Rhodes LLP  
Chartered Accountants and Registered Auditors

5 October 2006

London, England

## Profit and Loss Account

For the year ended 24 June 2006

	Note	2006 £	2005 £
<b>Property revenue: continuing operations</b>		1,459,499	1,495,301
<i>Administrative expenses</i>		(185,252)	(176,558)
		<hr/>	<hr/>
<b>Operating profit – continuing operations</b>	2	1,274,247	1,318,743
Income from other fixed asset investments		52,414	49,220
Interest receivable and similar income	3	252,198	236,012
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		1,578,859	1,603,975
Tax on profit on ordinary activities	6	(458,027)	(466,295)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		1,120,832	1,137,680
Dividends paid: 50p (2005:50p) per share		(500,000)	(500,000)
		<hr/>	<hr/>
<b>Retained profit for the year</b>	15	620,832	637,680
		<hr/>	<hr/>

## Statement of Total Recognised Gains and Losses

For the year ended 24 June 2006

	2006 £	2005 £
Profit for the financial year	620,832	637,680
Unrealised surplus on revaluation of listed investments	365,156	318,940
	<hr/>	<hr/>
	985,988	956,620
	<hr/>	<hr/>

## Note of Historical Cost Profits and Losses

For the year ended 24 June 2006

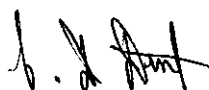
	2006 £	2005 £
Profit for the year	620,832	637,680
Historical cost surplus for the year	<hr/>	<hr/>
	620,832	637,680
	<hr/>	<hr/>

# Balance Sheet

at 24 June 2006

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Tangible assets	7	1,045	1,243
Investment properties	8	1,425,648	1,425,648
Subsidiary undertakings	9	49,246	49,246
Other investments	10	2,003,635	1,638,478
		<hr/>	<hr/>
		3,479,574	3,114,615
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors due after one year	11	190,000	190,000
Debtors due within one year	11	405,945	485,112
Cash at bank and in hand		6,100,262	5,411,410
		<hr/>	<hr/>
		6,696,207	6,086,522
<b>Creditors: Amounts falling due within one year</b>	12	(683,689)	(695,361)
		<hr/>	<hr/>
<b>Net current assets</b>		6,012,518	5,391,161
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		9,492,092	8,505,776
		<hr/>	<hr/>
<b>Provision for liabilities and charges</b>	13	(8,635)	(8,307)
		<hr/>	<hr/>
<b>Net assets</b>		9,483,457	8,497,469
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	14	500,000	500,000
Share premium account	15	237,591	237,591
Revaluation reserve	15	1,582,099	1,216,943
Profit and loss account	15	7,163,767	6,542,935
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		9,483,457	8,497,469
		<hr/>	<hr/>

The financial statements were approved by the Board on  
by:



Cecil David Dent  
Director

5 October

2006 and signed on its behalf



## Cash Flow Statement

For the year ended 24 June 2006

	Note	2006 £	2005 £
<b>Net cash inflow from operating activities</b>	17	1,341,813	1,284,046
		<hr/>	<hr/>
<b>Returns on investment and servicing of finance</b>			
Dividends received		55,940	42,326
Interest received		253,784	236,012
		<hr/>	<hr/>
		309,724	278,338
		<hr/>	<hr/>
<b>Taxation</b>			
UK corporation tax paid		(462,685)	(468,650)
		<hr/>	<hr/>
<b>Equity dividends paid</b>		(500,000)	(500,000)
		<hr/>	<hr/>
<b>Increase in cash</b>	18	688,852	593,734
		<hr/>	<hr/>

## Notes to the Financial Statements

24 June 2006

### 1. Accounting Policies

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention as modified by the inclusion of listed investments at revalued amounts.

The company is not required to prepare group accounts because the group qualifies as small under section 249 of the Companies Act 1985.

#### **Property revenue**

Property revenue represents rents receivable, less ground rent and maintenance expenses. Where properties are subject to rent reviews, the increase in the rental is only brought into account when agreed, including the increase, which may relate to a period commencing in a previous accounting period. Payments for dilapidations are brought into account when received.

#### **Deferred taxation**

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

#### **Depreciation on tangible assets**

Depreciation is provided in equal annual instalments over the anticipated useful lives of the assets. The rates of depreciation used are as follows:

Furniture and equipment	-	10%
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#### **Investment properties**

Investment properties are stated at cost when acquired by the company on transfer following the reconstruction of the predecessor company on 15 June 1984 and by subsidiaries before that date.

The directors are of the opinion that the current market value of the properties is considerably in excess of their net book value. The directors also consider the expense of professional valuations unjustifiable. Investment properties are not depreciated, as in the opinion of the directors any such depreciation would be immaterial.

#### **Other investments**

Other investments are shown at market value; investments in subsidiaries are shown at cost to the parent company.

Income from listed investments is recognised on an accruals basis.

## Notes to the Financial Statements

**2. Operating Profit**

Operating profit is arrived at after charging:

	<b>2006</b> £	<b>2005</b> £
Auditors' remuneration	13,000	12,500
Depreciation	198	198
	<u>13,198</u>	<u>12,698</u>

**3. Interest Receivable and Similar Income**

	<b>2006</b> £	<b>2005</b> £
Bank interest receivable	251,960	235,867
Other Interest receivable	238	145
	<u>252,198</u>	<u>236,012</u>

**4. Employees**

	<b>2006</b> No	<b>2005</b> No
Average number of people (including directors employed by the company during the year in an administrative capacity was:	6	6
	<u>6</u>	<u>6</u>

Staff costs, including directors:

	<b>2006</b> £	<b>2005</b> £
Wages and salaries	99,365	98,412
Social security costs	8,369	8,464
	<u>107,734</u>	<u>106,876</u>

**5. Directors**

	<b>2006</b> £	<b>2005</b> £
Directors remuneration	90,000	90,000
Chairman	10,000	10,000
Highest paid director	55,000	55,000

## Notes to the Financial Statements

## 6. Tax on Profit on Ordinary Shares

	2006 £	2005 £
<b>United Kingdom Corporation Tax</b>		
Current tax on income for the year	457,500	466,000
Group relief	230	-
Adjustments in respect of prior years	(31)	(162)
	<hr/>	<hr/>
<b>Current taxation</b>	457,699	465,838
<b>Deferred taxation</b>		
Net origination (reversal) of timing differences	328	457
Adjustments in respect of prior years	-	-
	<hr/>	<hr/>
<b>Current taxation charge</b>	458,027	466,295
	<hr/>	<hr/>
<b>Current tax reconciliation</b>		
Profit on ordinary activities before taxation	1,578,859	1,603,975
	<hr/>	<hr/>
Theoretical tax at UK corporation tax rate 30% (2005:30%)	473,658	481,193
Effects of: -		
- adjustments in respect of prior years	(31)	(162)
- accelerated capital allowances	(328)	(457)
- UK dividends not taxable	(15,724)	(14,766)
- Other adjustments	124	30
	<hr/>	<hr/>
<b>Actual current taxation charge</b>	457,699	465,838
	<hr/>	<hr/>

## 7. Tangible Fixed Assets

	Furniture and equipment £
<b>Cost</b>	
At 25 June 2005	1,985
Disposal	-
	<hr/>
At 24 June 2006	1,985
<b>Depreciation</b>	
At 25 June 2005	742
Charge for the year	198
Disposals	-
	<hr/>
At 24 June 2006	940
<b>Net book value</b>	
At 24 June 2006	1,045
	<hr/>
At 24 June 2005	1,243
	<hr/>

## Notes to the Financial Statements

## 8. Investment Properties

	Long leasehold £	Freehold £	Total £
<b>Cost or valuation</b>			
At 25 June 2005	472,723	952,925	1,425,648
Additions	-	-	-
Disposals	-	-	-
At 24 June 2006	<u>472,723</u>	<u>952,925</u>	<u>1,425,648</u>

No provision for deferred taxation of approximately £28,000 (2005 - £34,000) which would be payable if the properties were sold at their book value has been made, as there is no intention to dispose of any properties in the foreseeable future.

## 9. Subsidiary Undertakings

	Total £
<b>Cost and net book value</b>	
At 24 June 2005	49,246
At 24 June 2006	<u>49,246</u>

Principal subsidiary	Country of incorporation or registration	Capital and reserves £	Loss for the financial year £	Parent interest in ordinary shares
White Lodge Limited	England & Wales	81,420	1,154	100%

Under the equity method of valuation the investment in subsidiary undertakings would be £81,420 (2005: £82,574)

## Notes to the Financial Statements

## 10. Other investments

## Listed investments

	£
<b>Market value</b>	
At 25 June 2005	1,566,603
Change in valuation during the year	265,395
Acquisition of new shares in Leo Capital plc	99,761
Delisted investments converted to ordinary shares	71,876
At 24 June 2006	<u>2,003,635</u>
The original cost of the listed investments held at 24 June 2006 was	<u>421,535</u>

On 12 June 2006, Celus Holdings Ltd was allocated 175,020 ordinary shares in Leo Capital plc following the demerger of the LMS Investment Division into Leo Capital plc. No consideration was paid for these shares, which were valued at 57 pence per share on issue.

No provision has been made for the deferred tax of £360,000 (2005: £256,000) on gains on revaluing investments to their market value, as there is no intention to dispose of the investments in the foreseeable future.

## 11. Debtors

	2006 £	2005 £
<b>Due after one year</b>		
Amounts owed by subsidiary undertaking	<u>190,000</u>	<u>190,000</u>
<b>Due within one year</b>		
Amount owed by subsidiary undertaking	-	11,432
Rental income receivable	372,913	419,112
Sundry debtors and prepayments	<u>33,032</u>	<u>54,568</u>
	<u>405,945</u>	<u>485,112</u>

# Notes to the Financial Statements

## 12. Creditors: Amounts Falling Due Within One Year

	2006 £	2005 £
Corporation tax	224,382	229,835
Other tax and social security	60,542	64,098
Accruals and deferred income	381,605	401,428
Amounts due to subsidiary undertaking	6,145	-
Other creditors	11,015	-
	<u>683,689</u>	<u>695,361</u>

## 13. Provisions for Liabilities and Charges

	Deferred taxation £
At 25 June 2005	8,307
Transfer from profit and loss account	328
	<u>8,635</u>
At 24 June 2006	<u>8,635</u>

Deferred taxation comprises:

	Amounts provided 2006 £	2005 £
Capital allowances	<u>8,635</u>	<u>8,307</u>

## 14. Called Up Share Capital

	2006 £	2005 £
Authorised, allotted and fully paid 1,000,000 ordinary shares of 50p each	<u>500,000</u>	<u>500,000</u>

## Notes to the Financial Statements

## 15. Reserves

	Share premium account £	Revaluation Reserve £	Profit and loss account £
At 25 June 2005	237,591	1,216,943	6,542,935
Retained profit	-	-	620,832
Investment revaluation surplus	-	365,156	-
At 24 June 2006	<u>237,591</u>	<u>1,582,099</u>	<u>7,163,767</u>

## 16. Reconciliation of Shareholders Funds

	2006 £	2005 £
Total recognised gains	985,988	956,620
Opening shareholders' funds	<u>8,497,469</u>	<u>7,540,849</u>
Closing shareholders' funds	<u>9,483,457</u>	<u>8,497,469</u>

## 17. Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	2006 £	2005 £
Operating profit	1,274,247	1,318,743
Depreciation	198	198
Decrease/(increase) in debtors	79,167	(28,738)
(Decrease) in creditors	(11,799)	(6,157)
	<u>1,341,813</u>	<u>1,284,046</u>

## 18. Analysis of Cash

	2006 £	2005 £
At 25 June 2005	5,411,410	4,817,676
Net cash inflow	<u>688,852</u>	<u>593,734</u>
At 24 June 2006	<u>6,100,262</u>	<u>5,411,410</u>