
LOWSLEM LIMITED

**UNAUDITED DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2006**

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LOWSLEM LIMITED

COMPANY INFORMATION

DIRECTORS	D B A Davis R W Hassett
SECRETARY	D B A Davis
COMPANY NUMBER	1898603
REGISTERED OFFICE	Suite 123 The Knightsbridge 199 Knightsbridge London SW7 1RH

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DIRECTORS' REPORT
For the year ended 31 January 2006

The directors present their report and the financial statements for the year ended 31 January 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law 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 those 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;
- 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 to 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.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company was that of letting properties. The property was sold during the year.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £88,090 (2005 - Loss £1,625).

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>31/1/06</u>	<u>1/2/05</u>
D B A Davis	51	51
R W Hassett	49	49

This report was approved by the board on 21 November 2006 and signed on its behalf.



D B A Davis
Director

UNAUDITED PROFIT AND LOSS ACCOUNT
For the year ended 31 January 2006

	Note	2006 £	2005 £
TURNOVER	1, 2	(360)	20,096
Administrative expenses		<u>(53,565)</u>	<u>(22,010)</u>
OPERATING LOSS	3	(53,925)	(1,914)
Profit on sale of Fixed Assets	3	149,480	-
Interest receivable		138	699
Interest payable	5	<u>(696)</u>	<u>(410)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		94,997	(1,625)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	6	<u>(6,907)</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u>£ 88,090</u>	<u>£ (1,625)</u>

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account.

The notes on pages 4 to 8 form part of these financial statements.

LOWSLEM LIMITED

**UNAUDITED BALANCE SHEET
As at 31 January 2006**

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible fixed assets	7	-	100,000
CURRENT ASSETS			
Debtors	8	538,820	278,140
Cash at bank		7,467	2,026
		<u>546,287</u>	<u>280,166</u>
CREDITORS: amounts falling due within one year	9	<u>(90,180)</u>	<u>(12,149)</u>
NET CURRENT ASSETS		<u>456,107</u>	<u>268,017</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>456,107</u>	<u>368,017</u>
CREDITORS: amounts falling due after more than one year	10	<u>(195,346)</u>	<u>(195,346)</u>
NET ASSETS		<u>£ 260,761</u>	<u>£ 172,671</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Revaluation reserve	12	-	24,279
Profit and loss account	12	260,661	148,292
		<u>£ 260,761</u>	<u>£ 172,671</u>
SHAREHOLDERS' FUNDS - All Equity	13	<u>£ 260,761</u>	<u>£ 172,671</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985 and members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2) of the Act. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 January 2006 and of its loss for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to the financial statements so far as applicable to the company.

The financial statements were approved by the board on 21 November 2006 and signed on its behalf.

D B A Davis
Director

The notes on pages 4 to 8 form part of these financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
For the year ended 31 January 2006

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of property and in accordance with applicable accounting standards.

1.2 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.3 Turnover

Turnover comprises the value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts, within the period.

1.4 Freehold Investment Properties

In accordance with SSAP19:

(i) Investment properties are stated at their open market value and are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, except to the extent of any impairment in value below cost, which is taken to the profit and loss account; and

(ii) No depreciation or amortisation is provided in respect of freehold investment properties.

Compliance with SSAP 19 "Accounting for Investment Properties" requires departures from the Companies Act 1985 relating to depreciation.

The requirements of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principles 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. Depreciation or amortisation is one of many factors reflected in the annual valuation and the directors consider that the amount which might otherwise have been shown cannot be separately identified or quantified.

1.5 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for timing differences arising on revaluations of fixed assets which are not intended to be sold and gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

2. TURNOVER

The whole of the turnover is attributable to the letting of property.

All turnover arose within the United Kingdom.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
For the year ended 31 January 2006

3. OPERATING PROFIT

During the year, no director received any emoluments £NIL (2005 - £NIL.).

Profit on sale of Fixed Assets	2006 £	
Proceeds	250,000	
New Book value at disposal	<u>(100,520)</u>	
Profit on sale of Fixed Assets	<u>£ 149,480</u>	

4. STAFF COSTS

Staff costs were as follows:

	2006 £	2005 £
Social security costs	<u>-</u>	<u>-</u>

The average monthly number of employees, including directors, during the year was as follows:

	2006	2005
	<u>2</u>	<u>2</u>

5. INTEREST PAYABLE

	2006 £	2005 £
On bank loans and overdrafts	<u>£ 696</u>	<u>£ 410</u>

6. TAXATION

Tax on profit/(loss) on ordinary activities	2006 £	2005 £
Current year	8,256	-
Adjustment in respect of prior years	<u>(1,349)</u>	<u>-</u>
	<u>£ 6,907</u>	<u>£ -</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
For the year ended 31 January 2006

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the company (19%). The differences are explained below:

	2006 £	2005 £
Profit/(Loss) on ordinary activities before tax	<u>94,997</u>	<u>(1,625)</u>
Profit/(Loss) on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19% (2005 - 19%)	18,049	(308)
Effects of:		
Losses (brought)/carried forward against future tax charges	(883)	308
Capital gain	(8,910)	-
	<u>£ 8,256</u>	<u>£ -</u>
Current tax charge for year (see note above)	<u>£ 8,256</u>	<u>£ -</u>

Factors that may affect future tax charges

There are losses carried forward as of 31 January 2006 of some £NIL (2005: £4,600) which are available for carry forward against future trading profits.

7. TANGIBLE FIXED ASSETS

	Investment Property £
Cost or valuation	100,000
At 1 February 2005	<u>520</u>
Additions	100,520
Disposals	<u>(100,520)</u>
At 31 January 2006	<u>£ -</u>
Depreciation	
At 1 February 2005 and 31 January 2006	<u>-</u>
Net book value	
At 31 January 2006	<u>£ -</u>
At 31 January 2005	<u>£ 100,000</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
For the year ended 31 January 2006

8. DEBTORS

	2006	2005
	£	£
Amounts owed by related parties	538,820	254,820
Other debtors	-	20,208
Prepayments and accrued income	-	3,112
	<u>£ 538,820</u>	<u>£ 278,140</u>

9. CREDITORS:
Amounts falling due within one year

	2006	2005
	£	£
Trade Creditors	2,350	-
Amounts owed by related parties	-	10,300
Social security and other taxes	43,400	1,849
Corporation Tax	8,256	-
Accruals and deferred income	36,174	-
	<u>£ 90,180</u>	<u>£ 12,149</u>

10. CREDITORS:
Amounts falling due after more than one year

	2006	2005
	£	£
Director's loan accounts	<u>£ 195,346</u>	<u>£ 195,346</u>

Included within the above are amounts falling due as follows:

	2006	2005
	£	£
Between two and five years		
Directors loan accounts	<u>£ 195,346</u>	<u>£ 195,346</u>

All directors' loans are wholly repayable within five years. There is no interest payable on these loans.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
For the year ended 31 January 2006

11. SHARE CAPITAL

	2006 £	2005 £
Authorised		
50,000 Ordinary shares of £1 each	<u>£ 50,000</u>	<u>£ 50,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>

12. RESERVES

Revaluation reserve	£
At 1 February 2005	24,279
Realised on sale of Fixed Assets	<u>(24,279)</u>
At 31 January 2006	<u>£ -</u>
Profit and loss account	£
At 1 February 2005	148,292
Profit retained for the year	88,090
Revaluation reserve realised on sale of Fixed Assets	<u>24,279</u>
At 31 January 2006	<u>£ 260,661</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit/(Loss) for the year	88,090	(1,625)
Opening shareholders' funds	<u>172,671</u>	<u>174,296</u>
Closing shareholders' funds	<u>£ 260,761</u>	<u>£ 172,671</u>

14. RELATED PARTY TRANSACTIONS

During the year Lowslem Limited settled certain liabilities of DBAD Limited, a company in which the director D B A Davis has a financial interest. At 31 January 2006 an amount of £232,932 (2005: £206,820) was owed by DBAD Limited to Lowslem Limited.

During the year Lowslem Limited received services totalling £NIL (2005: £nil) from Margram plc, a company in which the director, D B A Davis has a financial interest. At 31 January 2006 £NIL (2005: £10,300) was owed by Lowslem Limited to Margram plc.

During the year Lowslem Limited received services totalling £28,000 (2005: £17,500) from Supermart Stores Limited, a company in which the director, D B A Davis has a financial interest. At 31 January 2006 an amount of £305,888 (2005: £65,500) was owed by Supermart Stores Limited to Lowslem Limited.