

**MARTIN SERVICES LIMITED**

**FINANCIAL STATEMENTS**

**31 AUGUST 2000**

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**MGI Watson Buckle**  
**CHARTERED ACCOUNTANTS**

**MARTIN SERVICES LIMITED**

**FINANCIAL STATEMENTS**

**for the year ended 31 August 2000**

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**The following page does not form part of the statutory accounts**

9	Detailed operating statement
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**MARTIN SERVICES LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

Mr. B.R. Martin  
Mrs. E. Martin  
Mr. F.D. Martin  
Mr. C.A. Griffin

**SECRETARY**

Mr. C.A. Griffin

**REGISTERED OFFICE**

Thorpe Underwood Hall  
Ouseburn  
York  
YO26 9SS

**BANKERS**

Lloyds TSB Bank Plc  
8 – 11 Cambridge Crescent  
Harrogate  
HG1 1PQ

**SOLICITORS**

Hart and Company  
St. James Street  
Wetherby  
LS22 4RS

**AUDITORS**

MGI Watson Buckle  
York House  
Cottingley Business Park  
Bradford  
BD16 1PF

**COMPANY NUMBER**

2292443

# MARTIN SERVICES LIMITED

## DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 31 August 2000.

### Principal activity

The company's principal activity is the leasing of property and equipment.

### Business review

In the opinion of the directors the state of the company's affairs was satisfactory at the balance sheet date.

### Future developments

The company will continue to develop established activities subject to the necessary finance being available.

### Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 4

The directors do not recommend payment of a dividend for the current year.

### Fixed assets

Changes in fixed assets during the year are set out in note 8 to the accounts.

### Directors

The directors of the company throughout the year were Mr B.R. Martin, Mr F.D. Martin, Mr C.A. Griffin and Mrs E. Martin. None of the directors had any interests in the issued ordinary share capital of the company. Their interests in the share capital of the parent undertaking, Buckedge Limited, are disclosed in that company's accounts.

### 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 apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable 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.

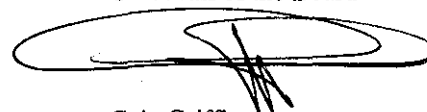
The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

A resolution to reappoint MGI Watson Buckle as auditors to the company will be proposed at the Annual General Meeting.

Thorpe Underwood Hall  
Ouseburn  
York  
YO26 9SS

On behalf of the Board



C.A. Griffin  
Secretary

12 June 2001

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**MARTIN SERVICES LIMITED**  
**FOR THE YEAR ENDED 31 AUGUST 2000**

We have audited the financial statements of Martin Services Limited for the year ended 31 August 2000 which comprise the Profit and Loss Account, Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

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

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report is not consistent with the financial statements, if 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MGI Watson Buckle

MGI Watson Buckle  
Chartered Accountants and  
Registered Auditors  
Bradford

Dated 12 June 2001

**MARTIN SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the year ended 31 August 2000**

	Note	2000 £	1999 restated £
Turnover	2	71,952	76,130
Administration costs		(519,073)	(6,000)
<b>Operating (loss)/profit</b>	3	<u>(447,121)</u>	<u>70,130</u>
Interest receivable	4	2,630	0
Interest payable	5	(59,740)	(60,870)
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(504,231)</u>	<u>9,260</u>
Taxation	6	2,200	(1,900)
<b>(Loss)/profit on ordinary activities after taxation</b>	13	<u><u>(506,431)</u></u>	<u><u>7,360</u></u>

The company made no recognised gains and losses in 2000 or 1999 other than the (loss)/profit for the year

The notes on pages 6 to 8 form part of these financial statements.

**MARTIN SERVICES LIMITED**

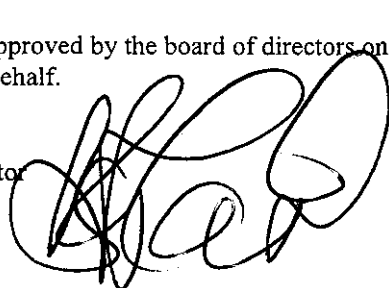
**BALANCE SHEET**

at 31 August 2000

	Note	£	2000 £	1999 restated £	£
<b>Fixed assets</b>					
Tangible assets	8		1,000,000		1,513,073
<b>Current assets</b>					
Debtors	9	118,070		176,118	
Creditors: amounts falling due within one year	10	(832,691)		(887,881)	
<b>Net current liabilities</b>			(714,621)		(711,763)
<b>Total assets less current liabilities</b>			285,379		801,310
Provision for liabilities and charges	11		(13,100)		(22,600)
<b>Total net assets</b>			272,279		778,710
<b>Capital and reserves</b>					
Called up share capital	12		600,100		600,100
Profit and loss account	13		(327,821)		178,610
<b>Shareholders' funds</b>	14		272,279		778,710

The accounts were approved by the board of directors on and signed on their behalf.

B.R. Martin Director



12/6/01

The notes on pages 6 to 8 form part of these financial statements.

# MARTIN SERVICES LIMITED

## NOTES TO THE FINANCIAL ACCOUNTS

for the year ended 31 August 2000

### 1. Accounting policies

#### Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, and include the results of the activities described in the directors report, all of which are continuing.

#### Finance and operating leases

Income receivable from finance leases is credited to the profit and loss account to give a constant periodic rate of return on the net cash investment. Assets under finance leases are stated in the balance sheet as debtors at the total of rentals receivable less profits allocated to future periods. Operating leases are included in tangible fixed assets and rentals receivable are accounted for on the straight line basis over the period of the lease.

#### Depreciation

The buildings shown in note 8 are subject to a 99 year ground lease and it is therefore felt appropriate to depreciate the buildings over the term of the lease.

FRS II "Impairment of Fixed Assets and Goodwill" requires fixed assets to be written down where their recoverable amount falls below their carrying value. The standard defines the recoverable amount of an asset as the higher of value in use to the business and net realisable value. The standard does not allow consideration of whether the deficit is temporary or permanent.

On this basis there has been an impairment charge of £513,073 made to the buildings (see note 3).

#### Deferred taxation

Provision is made by the full provision method in respect of all material timing differences, except to the extent that in the opinion of the directors there is a reasonable probability that the liability will not arise in the foreseeable future. This represents a change in accounting policy in order to comply with Financial reporting Standard 19 and as such is dealt with as a prior year adjustment in respect of the comparative figures.

#### Cash flow statement

The company has taken advantage of the exemption provided by Financial Reporting Standard No.1 and has not prepared a cash flow statement for the year.

### 2. Turnover

Turnover represents rents receivable and equipment leasing rentals receivable. The turnover is wholly attributable to the company's main activity and arises entirely in the United Kingdom. Turnover of £62,000 (1999 £66,250) is derived from the company's ultimate parent undertaking.

	2000 £	1999 £
<b>3. Operating (loss)/profit</b>		
Operating profit is stated after charging		
Auditors remuneration	1,750	1,750
Impairment charge	513,073	0
	<hr/>	<hr/>
<b>4. Interest receivable</b>		
Loan interest	2,630	0
	<hr/>	<hr/>
<b>5. Interest payable</b>		
Loan interest	59,740	60,870
	<hr/>	<hr/>



**MARTIN SERVICES LIMITED**

**NOTES TO THE FINANCIAL ACCOUNTS**

for the year ended 31 August 2000

	2000 £	1999 £
<b>6. Taxation</b>		
Taxation @ 27% (1999 25%)	11,700	7,600
Deferred tax transfer	(9,500)	(5,700)
	<u>2,200</u>	<u>1,900</u>
<b>7. Directors and employees</b>		
The average number employed including directors		
Directors	4	4
	<u>4</u>	<u>4</u>
<b>8. Tangible fixed assets</b>		
<b>Cost</b>		
At 1 September 1999 & 31 August 2000	1,513,073	
<b>Depreciation</b>		
At 1 September 1999	0	
Impairment charge	513,073	
At 31 August 2000	<u>513,073</u>	
<b>Net book amount</b>		
At 31 August 2000	<u>1,000,000</u>	
At 31 August 1999	<u>1,513,073</u>	
<b>9. Debtors</b>	2000	1999
Amounts falling due within one year		
Net investment in finance leases	58,048	56,072
Amounts falling due after one year		
Net investment in finance leases	60,022	120,046
	<u>118,070</u>	<u>176,118</u>
<b>Net investment in finance leases comprises</b>		
Total lease payments receivable	124,000	187,976
Less: Finance charges allocated to future periods	5,930	11,858
	<u>118,070</u>	<u>176,118</u>
Total rentals received during the year in respect of finance leases	<u>62,000</u>	<u>62,000</u>

MARTIN SERVICES LIMITED

NOTES TO THE FINANCIAL ACCOUNTS

for the year ended 31 August 2000

	2000		1999	
	£		£	
10. Creditors: amounts falling due within one year				
Amounts due to group undertakings	809,569		868,107	
Corporation tax	11,174		7,600	
Other taxes and social security costs	11,948		12,174	
	<u>832,691</u>		<u>887,881</u>	
11. Provision for liabilities and charges				
Deferred taxation				
Balance 1 September 1999 as restated	22,600		28,300	
Movement in year	(9,500)		(5,700)	
	<u>13,100</u>		<u>22,600</u>	
Balance 31 August 2000				
Deferred tax is represented by				
Accelerated capital allowances	(18,700)		(25,000)	
Other timing differences	31,800		47,600	
	<u>13,100</u>		<u>22,600</u>	
12. Share capital				
	2000		1999	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
Allotted, called up and fully paid				
Ordinary shares of £1 each	600,100	600,100	600,100	600,100
13. Profit and loss account		£		
At 1 September 1999 as previously stated		201,210		
Prior year adjustment for deferred tax		(22,600)		
		<u>178,610</u>		
At 1 September 1999 restated		(506,431)		
Retained loss for the year		<u>(327,821)</u>		
31 August 2000				
14. Movement in shareholders' funds		2000		1999
		£		£
(Loss)/profit for year		(506,431)		7,360
Opening shareholders' funds as restated		778,710		771,350
		<u>272,279</u>		<u>778,710</u>
15. Ultimate parent undertaking				

The directors regard Foxlow Limited, a company registered in the British Virgin Islands, as the ultimate parent undertaking.