



**ATMORE INVESTMENTS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**



**GERALD EDELMAN**  
CHARTERED ACCOUNTANTS

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# ATMORE INVESTMENTS LIMITED

## COMPANY INFORMATION

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Directors	M Grodner A Snowball D J Grodner
Secretary	D J Grodner
Company number	2436003
Registered office	Minster House Paradise Street Liverpool L1 3EU
Auditors	Gerald Edelman 25 Harley Street London W1G 9BR

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# ATMORE INVESTMENTS LIMITED

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# ATMORE INVESTMENTS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

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The directors present their report and financial statements for the year ended 30 June 2005.

### Principal activities and review of the business

The principal activity of the company continued to be that of property investment.

### Results and dividends

The results for the year are set out on page 4.

A dividend of £3,000,000 (2004 - £3,500,000) was paid during the year out of retained profits.

### Directors

The following directors have held office since 1 July 2004:

M Grodner  
A Snowball  
D J Grodner

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £ 1 each	
	30 June 2005	1 July 2004
M Grodner	-	-
D J Grodner	-	-
A Snowball	-	-

The directors did not have any interests in the shares of the company. The interests of the directors in the shares of the holding company, Atmore Properties Plc, are shown in that company's Report of the Directors.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gerald Edelman be reappointed as auditors of the company will be put to the Annual General Meeting.

# ATMORE INVESTMENTS LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

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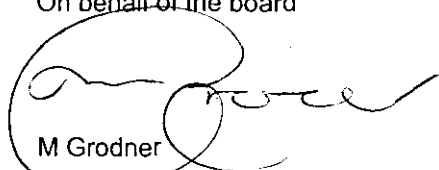
### Directors' responsibilities

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 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.

On behalf of the board



M Grodner

Director

20 January 2006

# ATMORE INVESTMENTS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATMORE INVESTMENTS LIMITED

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We have audited the financial statements of Atmore Investments Limited on pages 4 to 13 for the year ended 30 June 2005. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and 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 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 2 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 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 or 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 read the directors' report and consider the implications for our report if we become aware of any apparent misstatements 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 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Gerald Edelman

Chartered Accountants  
Registered Auditor

20 January 2006

25 Harley Street  
London  
W1G 9BR

# ATMORE INVESTMENTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 £	2004 £
Turnover	2	1,247,395	1,568,575
Administrative expenses		(200,668)	(200,102)
<b>Operating profit</b>	3	1,046,727	1,368,473
Profit on disposal of investment property		-	235,377
<b>Profit on ordinary activities before interest</b>		1,046,727	1,603,850
Other interest receivable and similar income		2,535	2,949
Interest payable and similar charges	5	(341,683)	(406,815)
<b>Profit on ordinary activities before taxation</b>		707,579	1,199,984
Tax on profit on ordinary activities	6	(4,648)	(5,164)
<b>Profit on ordinary activities after taxation</b>		702,931	1,194,820
Dividends	7	(3,000,000)	(3,500,000)
<b>Retained loss for the year</b>	14	(2,297,069)	(2,305,180)

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

# ATMORE INVESTMENTS LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2005

	2005 £	2004 £
Profit for the financial year	702,931	1,194,820
Unrealised surplus on revaluation of properties	452,147	1,113,500
Total recognised gains and losses relating to the year	<u>1,155,078</u>	<u>2,308,320</u>

## Note of historical cost profits and losses

	2005 £	2004 £
Reported profit on ordinary activities before taxation	707,579	1,199,984
Realisation of property revaluation gains of previous years	-	2,101,066
Historical cost profit on ordinary activities before taxation	<u>707,579</u>	<u>3,301,050</u>
Historical cost loss for the year retained after taxation, extraordinary items and dividends	<u>(2,297,069)</u>	<u>(204,114)</u>

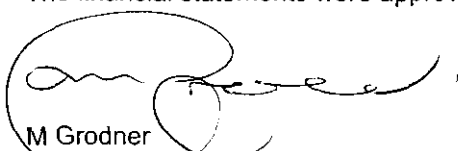


# ATMORE INVESTMENTS LIMITED

## BALANCE SHEET AS AT 30 JUNE 2005

	Notes	2005 £	£	2004 £	£
<b>Fixed assets</b>					
Tangible assets	8	15,182,501		14,708,501	
<b>Current assets</b>					
Debtors	9	1,878,688		1,674,080	
Cash at bank and in hand		323,132		46,377	
		<u>2,201,820</u>		<u>1,720,457</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(6,550,006)</u>		<u>(3,298,318)</u>	
<b>Net current liabilities</b>			(4,348,186)		(1,577,861)
<b>Total assets less current liabilities</b>			10,834,315		13,130,640
<b>Creditors: amounts falling due after more than one year</b>	11		(3,242,909)		(3,698,960)
<b>Provisions for liabilities and charges</b>	12		<u>(160,546)</u>		<u>(155,898)</u>
			<u>7,430,860</u>		<u>9,275,782</u>
<b>Capital and reserves</b>					
Called up share capital	13		100		100
Revaluation reserve	14		6,074,546		5,622,399
Profit and loss account	14		<u>1,356,214</u>		<u>3,653,283</u>
<b>Shareholders' funds - equity interests</b>	15		<u>7,430,860</u>		<u>9,275,782</u>

The financial statements were approved by the Board on 20 January 2006

  
M Grodner  
Director

# ATMORE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold and leasehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

#### 1.3 Investment properties

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been charged cannot be separately identified or quantified.

#### 1.4 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.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

No provision is made for the potential liability to the taxation which would arise in the event of the realisation of the investment property held at the balance sheet date at the amount at which it is stated in the financial statements. If the investment property was disposed of the taxation liability could amount to approximately £1,025,000 (2004 - £984,000).

#### 1.5 Loan issue costs

In accordance with FRS 4 ("Capital Instruments") loan are included in the financial statements net of issue costs, which are amortised over the life of the loan.

### 2 Turnover

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

Turnover represents rent from properties, before charging expenses.

# ATMORE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

<b>3</b>	<b>Operating profit</b>	<b>2005</b>	<b>2004</b>
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible assets	3,301	4,498
	Auditors' remuneration	8,835	9,400
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2005</b>	<b>2004</b>
		£	£
	Other interest	2,535	2,949
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2005</b>	<b>2004</b>
		£	£
	On bank loans and overdrafts	341,683	406,815
		<u>          </u>	<u>          </u>
<b>6</b>	<b>Taxation</b>	<b>2005</b>	<b>2004</b>
		£	£
	<b>Current tax charge</b>	-	-
	<b>Deferred tax</b>		
	Deferred tax charge current year	4,648	5,164
		<u>          </u>	<u>          </u>
		4,648	5,164
		<u>          </u>	<u>          </u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	707,579	1,199,984
		<u>          </u>	<u>          </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	212,274	359,995
		<u>          </u>	<u>          </u>
	Effects of:		
	Non deductible expenses	616	1,102
	Capital allowances	(4,376)	(5,164)
	Chargeable disposals	-	418,227
	Group relief	(208,514)	(774,160)
		<u>          </u>	<u>          </u>
		(212,274)	(359,995)
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	-	-
		<u>          </u>	<u>          </u>

# ATMORE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

7	Dividends	2005 £	2004 £
	Ordinary interim paid	3,000,000	3,500,000

8	Tangible fixed assets	Freehold Investment properties £	Long leasehold Investment properties £	Total £
	<b>Cost or valuation</b>			
	At 1 July 2004	12,088,501	2,620,000	14,708,501
	Additions	21,853	-	21,853
	Revaluation	682,147	(230,000)	452,147
	At 30 June 2005	12,792,501	2,390,000	15,182,501
	<b>Net book value</b>			
	At 30 June 2005	12,792,501	2,390,000	15,182,501
	At 30 June 2004	12,088,501	2,620,000	14,708,501

The investment properties were valued by the directors on an open market basis as at 30 June 2005. The historical cost of properties at 30 June 2005 was £9,107,956 (2004 - £9,086,103).

9	Debtors	2005 £	2004 £
	Trade debtors	69,850	38,558
	Amounts owed by subsidiary undertakings	1,797,207	1,623,894
	Prepayments and accrued income	11,631	11,628
		1,878,688	1,674,080

# ATMORE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

10 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts (note 11)	1,223,562	931,772
Trade creditors	32,962	11,558
Amounts owed to parent and fellow subsidiary undertakings	4,800,648	1,881,093
Amounts owed to subsidiary undertakings	12,770	-
Taxes and social security costs	46,025	1,406
Other creditors	1,109	77,757
Accruals and deferred income	432,930	394,732
	<u>6,550,006</u>	<u>3,298,318</u>
11 Creditors: amounts falling due after more than one year	2005 £	2004 £
Bank loans	3,255,316	3,714,668
Less unamortised finance costs	(12,407)	(15,708)
	<u>3,242,909</u>	<u>3,698,960</u>
<b>Analysis of loans</b>		
Not wholly repayable within five years other than by instalments	4,466,471	4,630,732
	<u>4,466,471</u>	<u>4,630,732</u>
Included in current liabilities	(1,223,562)	(931,772)
	<u>3,242,909</u>	<u>3,698,960</u>
<b>Loan maturity analysis</b>		
Between one and two years	182,362	1,252,362
Between two and five years	608,182	1,076,364
In five years or more	1,223,025	1,385,942
	<u>1,223,025</u>	<u>1,385,942</u>

The bank loans and overdrafts are secured by a fixed charge over the company's investment properties and a floating charge over the remaining assets of the company.

# ATMORE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

### 12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 July 2004	155,898
Profit and loss account	4,648
Balance at 30 June 2005	<u>160,546</u>

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	<u>160,546</u>	<u>155,898</u>

### 13 Share capital

	2005 £	2004 £
<b>Authorised</b>		
1,000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

### 14 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 July 2004	5,622,399	3,653,283
Retained loss for the year	-	(2,297,069)
Revaluation during the year	<u>452,147</u>	<u>-</u>
Balance at 30 June 2005	<u>6,074,546</u>	<u>1,356,214</u>

# ATMORE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

15 Reconciliation of movements in shareholders' funds	2005 £	2004 £
Profit for the financial year	702,931	1,194,820
Dividends	(3,000,000)	(3,500,000)
	<u>(2,297,069)</u>	<u>(2,305,180)</u>
Other recognised gains and losses	452,147	1,128,500
	<u>(1,844,922)</u>	<u>(1,176,680)</u>
Net depletion in shareholders' funds		
Opening shareholders' funds	9,275,782	10,452,462
	<u>7,430,860</u>	<u>9,275,782</u>
Closing shareholders' funds		

### 16 Contingent liabilities

The company has given guarantees and charges over its properties in favour of Atmore Developments Limited, Atmore Centres Limited and Atmore Properties Plc in support of certain borrowings of those companies. At the balance sheet date the amount outstanding under these borrowings was approximately £30 million.

### 17 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Administration	<u>2</u>	<u>2</u>
<b>Employment costs</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Wages and salaries	51,982	46,739
Social security costs	5,537	4,882
	<u>57,519</u>	<u>51,621</u>

### 18 Control

The ultimate parent company is Atmore Properties Plc, a company registered in England and Wales, and is controlled by Mr M. Grodner and his family interests.

# **ATMORE INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** ***FOR THE YEAR ENDED 30 JUNE 2005***

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### **19 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.