



**Highstone Estates (Vicar Lane) Limited**  
(formerly Inhoco 2354 Limited)

Financial Statements for the period ended 31 March 2002  
together with directors' and auditors' reports

Registered number: 4229040



## Directors' report

For the period ended 31 March 2002

The directors present their first report on the affairs of the company, together with the financial statements and auditors' report, for the 10 month period ended 31 March 2002.

### Principal activity and business review

The company was incorporated as *Inhoco 2354 Limited* on 5 June 2001. It commenced trading on 28 September 2001 and was renamed Highstone Estates (Vicar Lane) Limited on 18 October 2001.

The principal activity of the company is property investment. The company remained profitable throughout the period and the directors expect this to continue in the coming year.

### Results and dividends

The profit for the period after tax amounted to £104,008. The directors do not recommend payment of a dividend.

### Directors and their interests

The directors who served during the period, and up to the date of this report, were as follows:

Inhoco Formations Limited	(appointed 5 June 2001 and resigned 7 August 2001)
P. Sykes	(appointed 7 August 2001)
R.A. Sykes	(appointed 7 August 2001)
C.J. Dalzell	(appointed 7 August 2001)
R.W. Dawson	(appointed 7 August 2001)

None of the directors in office at the period end held any beneficial interest in the shares of the company at 31 March 2002.

Beech Lodge  
2 Esplanade  
Harrogate  
North Yorkshire  
HG2 0LN

By order of the Board,



R.W. Dawson  
Secretary

30 July 2002

## Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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; and
- prepare the accounts 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 accounts 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.

**To the Shareholders of Highstone Estates (Vicar Lane) Limited**

We have audited the financial statements of Highstone Estates (Vicar Lane) Limited for the period ended 31 March 2002, which comprise the Profit and loss account, Balance sheet and the related notes numbered 1 to 11. These financial statements have been prepared under the accounting policies set out in the Statement of accounting policies.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. 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, 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 circumstances of the company, 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.

## Independent auditors' report (continued)

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2002 and of the company's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen*

**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

1 City Square  
Leeds  
LS1 2AL

30 July 2002

Profit and loss account  
For the period ended 31 March 2002

	Notes	2002 £
<b>Turnover</b>		147,808
Operating expenses	1	<u>(3,500)</u>
<b>Operating profit and profit on ordinary activities before taxation</b>	2	144,308
Tax on profit on ordinary activities	4	<u>(40,300)</u>
<b>Profit on ordinary activities after taxation and retained for the period</b>	9	<u>104,008</u>

There are no recognised gains or losses other than the profit for the period. All the results derive from continuing activities and there were no acquisitions in the period.

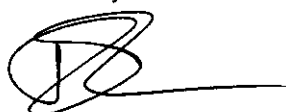
The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

31 March 2002

	Notes	2002 £
<b>Fixed assets</b>		
Tangible assets	5	<u>4,506,714</u>
<b>Current assets</b>		
Debtors	6	15,716
<b>Creditors: Amounts falling due within one year</b>	7	<u>(4,418,421)</u>
<b>Net current liabilities</b>		(4,402,705)
<b>Total assets less current liabilities</b>		104,009
<b>Provisions for liabilities and charges</b>		-
<b>Net assets</b>		<u>104,009</u>
<b>Capital and reserves</b>		
Called-up share capital	8	1
Profit and loss account	9	<u>104,008</u>
<b>Equity shareholders' funds</b>	10	<u>104,009</u>

The financial statements on pages 5 to 11 were approved by the board of directors on 30 July 2002 and signed on its behalf by:



R.W. Dawson  
Director



R.A. Sykes  
Director

The accompanying notes are an integral part of this balance sheet.

## Statement of accounting policies

31 March 2002

The principal accounting policies are summarised below. They have been applied consistently throughout the period.

### **Basis of accounting**

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

The company has taken advantage of the exemption from the requirement of FRS1 to present a cash flow statement afforded by Sections 246 to 249 of the Companies Act 1985 for small reporting entities.

The company has net current liabilities as at 31 March 2002. The company's immediate parent has confirmed that it will continue to provide financial support to the company for a period of at least one year from the date of signing of these financial statements, such that the company can continue to settle third party liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

### **Investment properties**

Investment properties are revalued annually. Any surplus or deficit on individual properties is transferred to the revaluation reserve, unless a deficit is expected to be permanent. Permanent deficits in excess of any previously recognised surplus on the same property (or the reversal of such a deficit) are charged (or credited) to the profit and loss account.

Depreciation is not provided on investment properties. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19.

On the disposal of a revalued fixed asset, any related balance remaining in the revaluation reserve will be transferred to the profit and loss account as a movement on reserves.

### **Turnover**

Turnover represents amounts receivable from the normal course of business, net of any VAT.



## Statement of accounting policies (continued)

### Taxation

Current tax, being UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

## Notes to financial statements

31 March 2002

### 1 Operating expenses

	2002 £
Administrative expenses	<u>3,500</u>

### 2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2002 £
Auditors' remuneration for audit services	<u>3,500</u>

### 3 Staff costs and directors' remuneration

The company did not have any employees in the period.

#### *Directors' remuneration*

No remuneration was paid to the directors in the period.

### 4 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and comprises:

	2002 £
UK Corporation tax:	
Corporation tax at 30%	<u>40,300</u>

There was no deferred taxation liability at 31 March 2002

## Notes to financial statements (continued)

31 March 2002

### 5 Tangible fixed assets

	Investment property £
<b>Cost</b>	
Additions and at end of the period	<u>4,506,714</u>
<b>Depreciation</b>	
Charge for the period and as at the end of the period	<u>-</u>
<b>Net book value at end of period</b>	<u>4,506,714</u>

The investment property has not been revalued. The directors consider the current open market value of the property above to be not materially different from its book value.

### 6 Debtors

	2002 £
Trade debtors	<u>15,716</u>

### 7 Creditors: Amounts falling due within one year

	2002 £
Amounts owed to parent company	4,299,612
Corporation tax	40,300
VAT	12,207
Accruals and deferred income	<u>66,302</u>
	<u>4,418,421</u>

## Notes to financial statements (continued)

31 March 2002

### 8 Called-up share capital

	Number	£
<i>Authorised</i>		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

### 9 Reserves

	Profit and loss account £
Retained profit for the period and as at the end of the period	<u>104,008</u>

### 10 Reconciliation of movement in equity shareholders' funds

	2002 £
Profit for the financial period and as at the end of the period	104,008
Issue of share capital	<u>1</u>
Net addition to equity shareholders' funds	<u>104,009</u>
Equity shareholders' funds at end of period	<u>104,009</u>

### 11 Ultimate controlling party and post balance sheet events

At the year end, and during the period, the directors regarded Paul Sykes Group Limited, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party.

As a subsidiary undertaking of Paul Sykes Group Limited, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by that company.

On 10 April 2002, Mr P. Sykes transferred his 100% shareholding in Paul Sykes Group Limited to Paul Sykes Holdings Limited – a company also incorporated in England and Wales, and of which Mr P. Sykes is also a director. Consequently, the Directors now regard this company as the ultimate parent company and the ultimate controlling party. Paul Sykes Holdings Limited changed its name to Highstone Group Limited on 9 May 2002.