

008557/30

COMPANY REGISTRATION NUMBER FC002011

BABERS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2005



BABERS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditors' report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

BABERS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

J G Church C.B.E , D.L., F.C.A
J D I Church BA (Hons) C. Dip A.F.
W J Church BSc, MBA, MRICS

Company secretary

J D I Church BA (Hons) C.Dip A.F.

Registered office

6 Hill Street
St Helier
Jersey
JE4 8YX

Auditors

dng Dove Naish
Chartered Accountants
and Registered Auditors
Eagle House
28 Billing Road
Northampton
NN1 5AJ

Bankers

National Westminster Bank Plc
41 The Drapery
Northampton
NN1 2EY

BABERS LIMITED**THE DIRECTORS' REPORT****YEAR ENDED 31 JULY 2005**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 July 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The turnover of the business for the year related to the letting of property.

The directors consider the results for the year to be satisfactory.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2005 £	2004 £
Proposed dividends on ordinary shares	112,000	96,000
Dividends paid on ordinary shares	40,000	38,000
Proposed dividends on preference shares	210	210
Dividends paid on preference shares	210	210
	<u>152,420</u>	<u>134,420</u>

The balance of the profits for the year amounting to £432,173 will be added to reserves and carried forward to the following year.

DIRECTORS

The directors who served the company during the year were as follows:

J G Church C.B.E , D.L., F.C.A
J D I Church BA (Hons) C. Dip A.F.
W J Church BSc, MBA, MRICS

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 year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 (Jersey) Law 1991. The directors 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.

BABERS LIMITED

THE DIRECTORS' REPORT *(continued)*

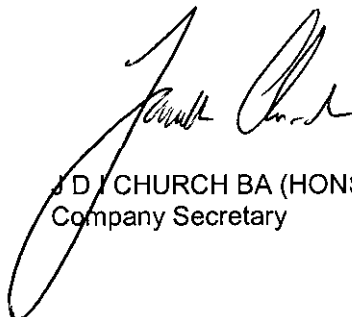
YEAR ENDED 31 JULY 2005

AUDITORS

A resolution to re-appoint dng Dove Naish as auditors for the ensuing year will be proposed at the annual general meeting in accordance with Article 109 of the Companies (Jersey) Law 1991.

Registered office:
6 Hill Street
St Helier
Jersey
JE4 8YX

Signed by order of the directors



J D CHURCH BA (HONS) C.DIP A.F.
Company Secretary

Approved by the directors on 26/10/05

BABERS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
BABERS LIMITED****YEAR ENDED 31 JULY 2005**

We have audited the financial statements of Babers Limited for the year ended 31 July 2005 on pages 5 to 12 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's shareholders 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 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 (Jersey) Law 1991. 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.

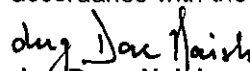
BASIS OF AUDIT OPINION

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 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 July 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies (Jersey) Law 1991.


Doug Dove Naish
Chartered Accountants
Eagle House
28 Billing Road
Northampton
NN1 5AJ

31 October 2005

BABERS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 JULY 2005**

	Note	2005 £	2004 £
TURNOVER	2	1,026,289	857,427
Administrative expenses		143,315	59,377
Other operating income		(1,971)	—
OPERATING PROFIT	3	884,945	798,050
Interest receivable	6	2,913	740
Amounts written off investments	7	(500)	—
Interest payable and similar charges	8	(78,277)	(91,700)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		809,081	707,090
Tax on profit on ordinary activities	9	224,488	191,829
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		584,593	515,261
Dividends (including non-equity)	10	152,420	134,420
RETAINED PROFIT FOR THE FINANCIAL YEAR		432,173	380,841
Balance brought forward		4,074,759	3,693,918
Balance carried forward		<u>4,506,932</u>	<u>4,074,759</u>

All of the activities of the company are classed as continuing.

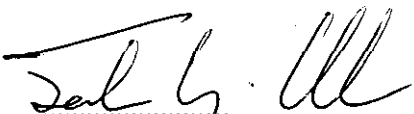
The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 12 form part of these financial statements.

BABERS LIMITED**BALANCE SHEET****31 JULY 2005**

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	11	8,674,680	8,674,680
Investments	12	—	500
		<u>8,674,680</u>	<u>8,675,180</u>
CURRENT ASSETS			
Debtors	13	6,746	23,130
CREDITORS: Amounts falling due within one year	14	<u>1,092,703</u>	<u>983,734</u>
NET CURRENT LIABILITIES		(1,085,957)	(960,604)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,588,723</u>	<u>7,714,576</u>
CREDITORS: Amounts falling due after more than one year	15	<u>511,974</u>	<u>1,070,000</u>
		<u>7,076,749</u>	<u>6,644,576</u>
CAPITAL AND RESERVES			
Called-up share capital	17	46,000	46,000
Revaluation reserve		2,523,817	2,523,817
Profit and loss account		4,506,932	4,074,759
SHAREHOLDERS' FUNDS (including non-equity interests)	18	<u>7,076,749</u>	<u>6,644,576</u>

These financial statements were approved by the directors on the 29th Oct 2005 and are signed on their behalf by:


J G CHURCH C.B.E., D.L., F.C.A

The notes on pages 7 to 12 form part of these financial statements.

BABERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2005****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover in the profit and loss account represents rents due for the year.

Fixed assets

All fixed assets are initially recorded at cost.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2005 £	2004 £
United Kingdom	<u>1,026,289</u>	<u>857,427</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2005 £	2004 £
Auditors' remuneration - as auditors	<u>2,000</u>	<u>1,950</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2005 No	2004 No
Office and management	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	36,000	30,000
Social security costs	<u>2,728</u>	<u>1,014</u>
	<u>38,728</u>	<u>31,014</u>

BABERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2005****5. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	2005 £	2004 £
Emoluments receivable	<u>36,000</u>	<u>30,000</u>

6. INTEREST RECEIVABLE

	2005 £	2004 £
Bank interest receivable	<u>2,913</u>	<u>740</u>

7. AMOUNTS WRITTEN OFF INVESTMENTS

	2005 £	2004 £
Amount written off investments	<u>500</u>	<u>-</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Other similar charges payable	<u>78,277</u>	<u>91,700</u>

9. TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2005 £	2004 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	224,488	190,322
Adjustment to previous years	-	1,507
Total current tax	<u>224,488</u>	<u>191,829</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>809,081</u>	<u>707,090</u>
Profit/(loss) on ordinary activities by rate of tax	242,724	212,127
Expenses not deductible for tax purposes	150	-
Over/under provision in prior years	-	1,507
Marginal relief	<u>(18,386)</u>	<u>(21,805)</u>
Total current tax (note 9(a))	<u>224,488</u>	<u>191,829</u>

BABERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2005****10. DIVIDENDS**

The following dividends have been paid or proposed in respect of the year:

	2005	2004
	£	£
Proposed ordinary dividend	112,000	96,000
Paid dividend on ordinary shares	40,000	38,000
Proposed preference dividend	210	210
Paid dividend on preference shares	210	210
	<u>152,420</u>	<u>134,420</u>

11. TANGIBLE FIXED ASSETS

	Freehold property
	£
COST OR VALUATION	
At 1 August 2004 and 31 July 2005	<u>8,674,680</u>
DEPRECIATION	<u>-</u>
NET BOOK VALUE	
At 31 July 2005	<u>8,674,680</u>
At 31 July 2004	<u>8,674,680</u>

The properties have been valued on an existing use basis by the directors of the company.

12. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 August 2004 and 31 July 2005	<u>500</u>
AMOUNTS WRITTEN OFF	
Written off in year	<u>500</u>
At 31 July 2005	<u>500</u>
NET BOOK VALUE	
At 31 July 2005	<u>-</u>
At 31 July 2004	<u>500</u>

BABERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2005****13. DEBTORS**

	2005 £	2004 £
Trade debtors	—	21,750
Prepayments and accrued income	6,746	1,380
	<u>6,746</u>	<u>23,130</u>

All debtors are receivable within one year of the balance sheet date.

14. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	420,242	516,693
Trade creditors	50,789	3,145
Amounts owed to undertakings in which the company has a participating interest	—	1,971
Corporation tax	223,888	190,322
Other taxation and social security	105,894	31,407
Dividends payable	112,210	96,210
Accruals and deferred income	179,680	143,986
	<u>1,092,703</u>	<u>983,734</u>

The bank loan of £911,974 is a drawdown on a facility that ends in 2020. Interest is charged at 1.0% above base rate and repayments are on an ad hoc basis. It is secured on the freehold of the investment property 299 Oxford Street, London.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	<u>400,000</u>	<u>300,000</u>

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

	2005 £	2004 £
Bank loans and overdrafts	<u>511,974</u>	<u>1,070,000</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	<u>511,974</u>	<u>1,070,000</u>

BABERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2005****16. CREDITORS - CAPITAL INSTRUMENTS**

Creditors include finance capital which is due for repayment as follows:

	2005 £	2004 £
Amounts repayable:		
In one year or less or on demand	400,000	300,000
In more than two years but not more than five years	511,974	1,070,000
	<u>911,974</u>	<u>1,370,000</u>

17. SHARE CAPITAL**Authorised share capital:**

	2005 £	2004 £
150,000 Ordinary shares shares of £1 each	150,000	150,000
50,000 10% non-cumulative preference shares shares of £1 each	50,000	50,000
6,000 10% (now 7% plus) 'A' cumulative preference shares shares of £1 each	6,000	6,000
	<u>206,000</u>	<u>206,000</u>

Allotted and called up:

	2005		2004	
	No	£	No	£
Ordinary shares shares fully paid of £1 each	40,000	40,000	40,000	40,000
10% (now 7% plus) 'A' cumulative preference shares shares fully paid of £1 each	6,000	6,000	6,000	6,000
	<u>46,000</u>	<u>46,000</u>	<u>46,000</u>	<u>46,000</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**EQUITY SHAREHOLDERS' FUNDS**

	2005 £	2004 £
Profit for the financial year	584,593	515,261
Dividends	(152,420)	(134,420)
	<u>432,173</u>	<u>380,841</u>
Opening shareholders' equity funds	6,638,576	6,257,735
Closing shareholders' equity funds	<u>7,070,749</u>	<u>6,638,576</u>

BABERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2005**

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS *(continued)***NON-EQUITY SHAREHOLDERS' FUNDS**

Opening and closing shareholders' non-equity funds	<u>6,000</u>	<u>6,000</u>
TOTAL SHAREHOLDERS' FUNDS	<u>7,076,749</u>	<u>6,644,576</u>

This represents 6000 'A' cumulative preference shares of £1 each at par. These shares are redeemable at the company's option at par value.