

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2006  
FOR  
BABERS LIMITED**

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**BABERS LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2006**

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	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Report of the Independent Auditors</b>	<b>3</b>
<b>Profit and Loss Account</b>	<b>5</b>
<b>Balance Sheet</b>	<b>6</b>
<b>Notes to the Financial Statements</b>	<b>7</b>

**BABERS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 JULY 2006**

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**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

**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  
Eagle House  
28 Billing Road  
Northampton  
Northamptonshire  
NN1 5AJ

**BANKERS.**

National Westminster Bank Plc  
41 The Drapery  
Northampton  
NN1 2EY

## **BABERS LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2006**

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The directors present their report with the financial statements of the company for the year ended 31 July 2006

#### **PRINCIPAL ACTIVITY**

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

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements

#### **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

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 (Jersey) Law 1991. 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**

The auditors, **dng** Dove Naish, will be proposed for re-appointment in accordance with Article 109 of the Companies (Jersey) Law 1991

#### **SIGNED BY ORDER OF THE DIRECTORS:**



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

Date 24 October 2006

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF BABERS LIMITED**

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We have audited the financial statements of Babers Limited for the year ended 31 July 2006 on pages five to ten. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. 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 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 members 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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Report of the Directors is 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 other transactions is not disclosed.

We read the Report of the Directors 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 International Standards on Auditing (UK and Ireland) 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
BABERS LIMITED**

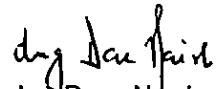
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**Opinion**

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 July 2006 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991

In our opinion the information given in the report of the directors is consistent with the financial statements



**dng** Dove Naish  
Eagle House  
28 Billing Road  
Northampton  
Northamptonshire  
NN1 5AJ

Date 30 October 2006

**BABERS LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2006**

	Notes	2006 £	2005 £
<b>TURNOVER</b>		1,050,212	1,026,289
Administrative expenses		<u>89,342</u>	<u>143,315</u>
		960,870	882,974
Other operating income		<u>-</u>	<u>1,971</u>
<b>OPERATING PROFIT</b>	<b>2</b>	960,870	884,945
Interest receivable and similar income		<u>932</u>	<u>2,913</u>
		961,802	887,858
Amounts written off investments	<b>3</b>	<u>-</u>	<u>500</u>
		961,802	887,358
Interest payable and similar charges		<u>45,374</u>	<u>78,277</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		916,428	809,081
Tax on profit on ordinary activities	<b>4</b>	<u>259,481</u>	<u>224,488</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u><u>656,947</u></u>	<u><u>584,593</u></u>

The notes form part of these financial statements

**BABERS LIMITED****BALANCE SHEET  
31 JULY 2006**

		2006		2005	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Investment property	6		8,675,381		8,674,680
<b>CURRENT ASSETS</b>					
Debtors	7	-		6,746	
Cash at bank		<u>101</u>		<u>-</u>	
		101		6,746	
<b>CREDITORS</b>					
Amounts falling due within one year	8	<u>983,996</u>		<u>1,092,703</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(983,895)</u>		<u>(1,085,957)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			7,691,486		7,588,723
<b>CREDITORS</b>					
Amounts falling due after more than one year	9		<u>-</u>		<u>511,974</u>
<b>NET ASSETS</b>			<u>7,691,486</u>		<u>7,076,749</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		46,000		46,000
Revaluation reserve	12		2,523,817		2,523,817
Profit and loss account	12		<u>5,121,669</u>		<u>4,506,932</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>7,691,486</u>		<u>7,076,749</u>

The financial statements were approved by the Board of Directors on 24 October 2006 and were signed on its behalf by



W J Church BSc, MBA, MRICS - Director

The notes form part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2006**

**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

**Turnover**

Turnover represents net invoiced sales of services, excluding value added tax

**Investment property**

In accordance with SSAP19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. In the case of a permanent diminution the deficit is taken to the profit and loss account. No depreciation is provided in respect of freehold investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The director considers that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of the depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**Deferred tax**

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

**Changes in accounting policies**

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

-Financial Reporting Standard for Smaller Entities (effective January 2005)

This standard has been adopted as the full disclosures for large companies are considered inappropriate for this size of company and the additional benefits (if any) to the users of these accounts are not justified by the costs of preparation. The adoption of this standard has no effect on the results for the current or prior period.

**2 OPERATING PROFIT**

The operating profit is stated after charging

	2006	2005
	£	£
Auditors' remuneration	2,500	2,000
Pensioner costs	<u>1,200</u>	<u>1,200</u>
Directors' emoluments and other benefits etc	<u>42,000</u>	<u>36,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2006

## 3 AMOUNTS WRITTEN OFF INVESTMENT

	2006 £	2005 £
Amounts written off investment	-	500

## 4 TAXATION

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	2006 £	2005 £
Current tax		
UK corporation tax	259,481	224,488
Tax on profit on ordinary activities	259,481	224,488

UK corporation tax has been charged at 30% (2005 - 30%)

## 5 DIVIDENDS

	2006 £	2005 £
Ordinary shares shares of £1 00 each		
Interim	42,000	40,000
Final	-	112,000
10% Non-Cumulative Preference shares shares of £1 00 each		
Interim	210	210
Final	-	210
	42,210	152,420

A final dividend of £3 00 per share was declared by the board of directors on 13 October 2006. The dividend totalling £120,000 will be payable on the 27th November 2006 and in accordance with FRS 21 is not recognised as a liability on the balance sheet at 31 July 2006.

## 6 INVESTMENT PROPERTY

	Total £
<b>COST</b>	
At 1 August 2005	8,674,680
Additions	701
At 31 July 2006	8,675,381
<b>NET BOOK VALUE</b>	
At 31 July 2006	8,675,381
At 31 July 2005	8,674,680

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

**BABERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2006****7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006	2005
	£	£
Other debtors	-	<u>6,746</u>

**8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006	2005
	£	£
Bank loans and overdrafts	487,851	420,242
Trade creditors	7,605	50,789
Taxation and social security	317,367	329,782
Other creditors	<u>171,173</u>	<u>291,890</u>
	<u>983,996</u>	<u>1,092,703</u>

**9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2006	2005
	£	£
Bank loans	-	<u>511,974</u>

**10 SECURED DEBTS**

The following secured debts are included within creditors

	2006	2005
	£	£
Bank loans	<u>487,851</u>	<u>911,974</u>

The bank loan of £487,851 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 JULY 2006**

**11 CALLED UP SHARE CAPITAL**

Authorised Number	Class	Nominal value	2006 £	2005 £
150,000	Ordinary shares	£1 00	150,000	150,000
50,000	10% Non-Cumulative Preference shares	£1 00	50,000	50,000
6,000	10% (now 7% plus) 'A' Cumulative Preference shares	£1 00	<u>6,000</u>	<u>6,000</u>
			<u>206,000</u>	<u>206,000</u>

Allotted, issued and fully paid Number	Class	Nominal value	2006 £	2005 £
40,000	Ordinary shares	£1 00	40,000	40,000
6,000	10% (now 7% plus) 'A' Cumulative Preference shares	£1 00	<u>6,000</u>	<u>6,000</u>
			<u>46,000</u>	<u>46,000</u>

**12 RESERVES**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 August 2005	4,506,932	2,523,817	7,030,749
Profit for the year	656,947	-	656,947
Dividends	<u>(42,210)</u>	<u>-</u>	<u>(42,210)</u>
At 31 July 2006	<u>5,121,669</u>	<u>2,523,817</u>	<u>7,645,486</u>

**13 POST BALANCE SHEET EVENTS**

Shortly after the year end the company purchased a further investment property in Market Harborough, Leicestershire for approximately £4,000,000