

3039439

Pemberstone Apartments Limited

Report and Financial Statements

Year Ended

31 December 2003



BDO
BDO Stoy Hayward
Chartered Accountants

Pemberstone Apartments Limited

Annual report and financial statements for the year ended 31 December 2003

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Director

Pemberstone (Directors) Limited

Secretary and registered office

Pemberstone (Secretaries) Limited, Whittington Hall, Whittington Road, Worcester, WR5 2ZX

Company number

3039439

Auditors

BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

Pemberstone Apartments Limited

Report of the director for the year ended 31 December 2003

The director presents its report together with the audited financial statements for the year ended 31 December 2003.

Results

The profit and loss account is set out on page 5 and shows the profit for the year.

A final dividend of £Nil (2002 - £500,000) was paid during the year.

Principal activities

The company's principal activities during the year were the investing and letting of residential properties on assured and assured shorthold tenancies. Future developments are likely to be in the same field.

Director

The director of the company during the year was:

Pemberstone (Directors) Limited

The director had no beneficial interest in the ordinary share capital of the company.

Director's responsibilities

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the financial statements comply with the Companies Act 1985. It is 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.

Report of the director for the year ended 31 December 2003 (*Continued*)

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the director appointed BDO Stoy Hayward LLP as its successor. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



For and on behalf of
Pemberstone (Secretaries) Limited
Secretary

10 August 2004

To the shareholders of Pemberstone Apartments Limited

We have audited the financial statements of Pemberstone Apartments Limited for the year ended 31 December 2003 on pages 5 to 12 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The director's 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 Director's 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 Director's 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 director's remuneration and transactions with the company is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 director 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 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Birmingham*

16 August 2004

Pemberstone Apartments Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Rental income	2	264,399	217,253
Administrative expenses		93,096	80,356
		<hr/>	<hr/>
Operating profit	3	171,303	136,897
Profit on disposal of investment properties		8,132	-
		<hr/>	<hr/>
Profit on ordinary activities before interest and other income		179,435	136,897
Other interest receivable and similar income		24	3
		<hr/>	<hr/>
Profit on ordinary activities before taxation		179,459	136,900
Taxation on profit on ordinary activities		50,755	41,073
		<hr/>	<hr/>
Profit on ordinary activities after taxation		128,704	95,827
Dividends		-	500,000
		<hr/>	<hr/>
Retained profit/(accumulated loss)	11	128,704	(404,173)
		<hr/>	<hr/>

All amounts relate to continuing activities.

The notes on pages 8 to 12 form part of these financial statements.

Pemberstone Apartments Limited

Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 31 December 2003

	2003 £	2002 £
Statement of total recognised gains and losses		
Profit for the financial year	128,704	95,827
Unrealised surplus on revaluation of properties	-	1,144,600
Unrealised deficit in temporary diminution in value of investment properties	-	(177,500)
	<hr/>	<hr/>
Total recognised gains and losses for the financial year	128,704	1,062,927
	<hr/>	<hr/>
	2003 £	2002 £
Note of historical cost profits and losses		
Reported profit on ordinary activities before taxation	179,459	136,900
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	179,459	136,900
	<hr/>	<hr/>
Retained historical cost profit/(loss) for the year after taxation and dividends	128,704	(404,173)
	<hr/>	<hr/>

The notes on pages 8 to 12 form part of these financial statements.

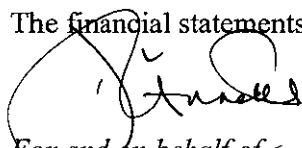
Pemberstone Apartments Limited

Balance sheet at 31 December 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	5		4,997,750		4,885,250
Fixed asset investments	6		21		21
			<u>4,997,771</u>		<u>4,885,271</u>
Current assets					
Debtors	7	14,139		9,848	
Cash at bank and in hand		679		1,180	
		<u>14,818</u>		<u>11,028</u>	
Creditors: amounts falling due within one year	8	<u>2,434,340</u>		<u>2,446,754</u>	
Net current liabilities			<u>(2,419,522)</u>		<u>(2,435,726)</u>
Total assets less current liabilities			<u>2,578,249</u>		<u>2,449,545</u>
Capital and reserves					
Called up share capital	10		2		2
Revaluation reserve	11		1,913,988		1,913,988
Profit and loss account	11		664,259		535,555
Equity shareholders' funds	12		<u>2,578,249</u>		<u>2,449,545</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the director on 10 August 2004.



For and on behalf of
Pemberstone (Directors) Limited
Director

The notes on pages 8 to 12 form part of these financial statements.

1 Accounting policies

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

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

Rental income

Rental income represents rents receivable from the letting of properties, under assured and assured shorthold tenancies. All properties are situated in the United Kingdom.

Investment properties

The investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account to the extent that the revaluation falls below the original cost to the company.

Sales are taken to the accounts on the unconditional exchange of contracts subject to receipt of the cash in relation to this contract within a short space of time.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Taxation

Payment is made for corporation tax group relief between group undertakings where appropriate.

Pemberstone Apartments Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

2 Rental income

Rental income arises solely within the United Kingdom.

3 Operating profit

The company's audit fee for the year was borne by CIM Management Limited.

4 Director's remuneration

No director received any emoluments during the current year (2002 - £NIL).

5 Tangible fixed assets

	Land and buildings £
<i>Cost or valuation</i>	
At 1 January 2003	4,885,250
Disposals	(143,375)
Transfers in from fellow subsidiary undertakings	255,875
	<hr/>
At 31 December 2003	4,997,750
	<hr/>
At 31 December 2002	4,885,250
	<hr/>

The company's investment properties were valued by the director as at 31 December 2003, at their open market value, taking account of all tenancies, under the accounting policy as stated.

The historical cost of investment properties at 31 December 2003 was £3,083,762 (2002 - £2,971,262).

6 Fixed asset investments

	Other investments £
<i>Cost or valuation</i>	
At 1 January 2003 and 31 December 2003	21
	<hr/>

Pemberstone Apartments Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

7 Debtors

	2003 £	2002 £
Trade debtors	3,308	510
Other debtors	10,831	9,338
	<u>14,139</u>	<u>9,848</u>

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank overdrafts	394	-
Amounts owed to group undertakings	2,377,296	2,405,684
Corporation tax	51,400	41,070
Other creditors	5,250	-
	<u>2,434,340</u>	<u>2,446,754</u>

9 Provision for liabilities and charges

An amount of £498,400 (2002 - £511,600) of deferred tax is unprovided at the balance sheet date.

10 Share capital

	2003 £	Authorised 2002 £	Allotted, called up and fully paid 2003 £	2002 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	100	100	2	2
	<u>100</u>	<u>100</u>	<u>2</u>	<u>2</u>

Pemberstone Apartments Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

11 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 2003	1,913,988	535,555
Profit for the year	-	128,704
	<hr/>	<hr/>
At 31 December 2003	1,913,988	664,259
	<hr/>	<hr/>

12 Reconciliation of movements in shareholder's funds

	2003 £	2002 £
Profit for the year	128,704	95,827
Dividends	-	(500,000)
	<hr/>	<hr/>
	128,704	(404,173)
Other net recognised gains and losses relating to the year		
- Unrecognised surplus on revaluation of properties	-	1,144,600
- Unrealised deficit in temporary diminution in value of investment properties	-	(177,500)
	<hr/>	<hr/>
Net additions to shareholder's funds	128,704	562,927
Opening shareholder's funds	2,449,545	1,886,618
	<hr/>	<hr/>
Closing shareholder's funds	2,578,249	2,449,545
	<hr/>	<hr/>

13 Contingent liabilities

The company is party to the Pemberstone Group Limited group borrowings, which are secured by fixed and floating charges over certain of the company's fixed assets.

14 Commitments under operating leases

The company had no capital or operating lease commitments at 31 December 2003 or 31 December 2002.

15 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Pemberstone Group Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

The company was charged £7,318 (2002 - £6,698) by The Whittington Parnership LLP for management services during the year. The amount outstanding at the balance sheet date was £nil (2002 - £nil). The Whittington Partnership LLP is an LLP in which the directors of the ultimate parent company, Pemberstone Group Limited, have an interest.

16 Ultimate parent company and parent undertaking of larger group

The largest and smallest group in which the results of the company are consolidated is that headed by Pemberstone Group Limited, incorporated in England and Wales. The consolidated financial statements of this company are available to the public and may be obtained from Whittington Hall, Whittington Road, Worcester, WR5 2ZX. There are no other group financial statements which include the results of the company.