

COMPANIES HOUSE

Trago Mills (South Devon) Limited

Annual Report

Year Ended 31 December 2006

Company Registration Number 0902430



Trago Mills (South Devon) Limited

Financial Statements

Year Ended 31 December 2006

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Trago Mills (South Devon) Limited

Directors' Report

Year Ended 31 December 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2006

Principal Activities and Business Review

The principal activity of the company during the year was that of an operator of an "out of town" shopping centre

Recovery from the major fire in 2004/05 has taken longer than originally expected and the directors are not yet certain that the lost customer base has been retrieved. Despite that the company's balance sheet has improved and resources are available to further expand and improve the retail site

Results and Dividends

The profit for the year, after taxation, amounted to £1,480,336. Particulars of dividends paid are detailed in note 7 to the financial statements

Directors

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

C B Robertson

Mrs K J Weber

T J L Phillips (resigned 30 June 2006)

M A Sandbach

G A Witcher

S R Duncan (appointed 27 February 2006)

A J Holden (appointed 3 July 2006 and resigned 15 May 2007)

A P Nunn (appointed 4 September 2006)

Trago Mills (South Devon) Limited

Directors' Report

Year Ended 31 December 2006

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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;

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

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 that 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Fixed Assets

Additions to fixed assets are shown in note 8 to the financial statements.

The directors are of the opinion that the market value of the company's freehold property is substantially in excess of the net book amount but, in the absence of a recent valuation, the amount of the excess is not quantified.

Disabled persons

It is the company's policy to give full consideration to suitable applications for employment by disabled persons.

Disabled employees are eligible to participate in all suitable career development opportunities available to staff. Opportunities also exist for employees of the company who become disabled to continue in their employment or to be trained for other positions in the company.

Employee Involvement

The company is committed to involve all employees in the performance and development of the company. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day to day operations of the company.

Trago Mills (South Devon) Limited

Directors' Report *(continued)*

Year Ended 31 December 2006

Donations

During the year the company made the following contributions

	2006 £	2005 £
Charitable	<u>787</u>	<u>1,956</u>

Auditor

A resolution to re-appoint Francis Clark as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Signed by order of the directors



G A Witcher
Company Secretary

Trago Mills (South Devon) Limited

Independent Auditor's Report to the Shareholders of Trago Mills (South Devon) Limited

Year Ended 31 December 2006

We have audited the financial statements of Trago Mills (South Devon) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of 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 Directors and Auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 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.

Trago Mills (South Devon) Limited

Independent Auditor's Report to the Shareholders of Trago Mills (South Devon) Limited
(continued)

Year Ended 31 December 2006

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and,
- the information given in the Directors' Report is consistent with the financial statements

Francis Clark
Chartered Accountants
23 Devon Square
Newton Abbot
TQ12 2HU

24 October 2007

Francis Clark

Registered Auditors

Trago Mills (South Devon) Limited

Profit and Loss Account

Year Ended 31 December 2006

	Note	2006 £	2005 £
Turnover	2	37,043,864	31,836,061
Cost of sales		(28,250,547)	(24,344,510)
Gross Profit		<u>8,793,317</u>	<u>7,491,551</u>
Distribution Costs		(4,944,910)	(4,439,137)
Administrative expenses		(2,320,924)	(1,960,693)
Other operating income		647,485	544,423
Profit on Ordinary Activities Before Taxation		<u>2,174,968</u>	<u>1,636,144</u>
Tax on profit on ordinary activities	6	(694,632)	(503,357)
Profit for the Financial Year		<u>1,480,336</u>	<u>1,132,787</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

Trago Mills (South Devon) Limited

Balance Sheet

31 December 2006

	Note	2006 £	2005 £
Fixed Assets			
Tangible assets	8	<u>15,589,520</u>	<u>15,493,405</u>
Current Assets			
Stocks	9	7,961,007	7,125,093
Debtors	10	434,755	1,638,534
Cash at bank		<u>20,488,162</u>	<u>18,913,973</u>
		<u>28,883,924</u>	<u>27,677,600</u>
Creditors: Amounts falling due within one year	11	<u>(4,297,781)</u>	<u>(3,646,128)</u>
Net Current Assets		<u>24,586,143</u>	<u>24,031,472</u>
Total Assets Less Current Liabilities		<u>40,175,663</u>	<u>39,524,877</u>
Provisions for Liabilities			
Deferred taxation	12	<u>(139,000)</u>	<u>(156,000)</u>
		<u>40,036,663</u>	<u>39,368,877</u>
Capital and Reserves			
Called-up equity share capital	15	2,000	2,000
Profit and loss account	16	<u>40,034,663</u>	<u>39,366,877</u>
Shareholders' Funds	17	<u>40,036,663</u>	<u>39,368,877</u>

These financial statements have been approved for issue by the Board of Directors on 24 October 2007



C B Robertson

Trago Mills (South Devon) Limited

Cash Flow Statement

Year Ended 31 December 2006

	Note	2006 £	2005 £
Net Cash Inflow from Operating Activities	18	3,136,955	1,291,385
Taxation		(377,357)	(430,510)
Capital Expenditure			
Payments to acquire tangible fixed assets		(373,684)	(2,992,230)
Receipts from sale of fixed assets		825	2,168,306
Net Cash Outflow from Capital Expenditure		(372,859)	(823,924)
Equity Dividends Paid		(812,550)	(791,070)
Increase/(Decrease) in Cash	19	<u>1,574,189</u>	<u>(754,119)</u>

Trago Mills (South Devon) Limited

Notes and Accounting Policies

Year Ended 31 December 2006

1. Accounting Policies

(a) Basis of accounting

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

(b) Turnover

Turnover represents goods sold to customers, less returns and Value Added Tax

(c) Fixed assets

All fixed assets are initially recorded at cost

(d) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold land and assets under construction	NIL
Freehold buildings	1% straight line
Freehold buildings let on a short lease	over the period of the lease
Fixtures and fittings	10%/35%/40% reducing balance
Motor vehicles	20% reducing balance
Model and miniature railways	10% reducing balance

(e) Stocks

Stocks are valued at the lower of cost (which is calculated at retail value less the appropriate average gross profit margin) and net realisable value

(f) Pension costs

Retirement benefits for certain employees are provided by money purchase schemes which are funded by contributions from the company. Contributions are charged against profits in the year to which they relate

(g) Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes which have occurred but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred Tax'

(h) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Trago Mills (South Devon) Limited

Notes and Accounting Policies

Year Ended 31 December 2006

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

	2006 £	2005 £
United Kingdom	<u>37,043,864</u>	<u>31,836,061</u>

3. Operating Profit

Operating profit is stated after charging/(crediting).

	2006 £	2005 £
Depreciation of owned fixed assets	272,575	190,580
Loss/(Profit) on disposal of fixed assets	4,169	(2,994)
Auditor's remuneration		
- audit fees	11,000	11,000
- non audit work	<u>9,862</u>	<u>9,126</u>

4. Particulars of Employees

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

	2006 No	2005 No
Administrative staff	7	7
Sales staff	<u>382</u>	<u>359</u>
	<u>389</u>	<u>366</u>

The aggregate payroll costs of the above were:

	2006 No	2005 No
Wages and salaries	4,713,869	4,178,446
Social security costs	352,928	317,727
Other pension costs	<u>11,628</u>	<u>6,319</u>
	<u>5,078,425</u>	<u>4,502,492</u>

Trago Mills (South Devon) Limited

Notes and Accounting Policies

Year Ended 31 December 2006

5. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2006 £	2005 £
Emoluments receivable	133,373	50,904
Value of company pension contributions to money purchase schemes	8,375	1,500
	<u>141,748</u>	<u>52,404</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2006 No	2005 No
Money purchase schemes	<u>3</u>	<u>2</u>

6. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	720,000	570,000
Over/under provision in prior year	(8,368)	(27,643)
Total current tax	<u>711,632</u>	<u>542,357</u>
Deferred tax		
Origination and reversal of timing differences (note 12)		
Capital allowances	(12,000)	(38,000)
Other timing differences	(5,000)	(1,000)
Total deferred tax (note 12)	<u>(17,000)</u>	<u>(39,000)</u>
Tax on profit on ordinary activities	<u>694,632</u>	<u>503,357</u>

Trago Mills (South Devon) Limited

Notes and Accounting Policies

Year Ended 31 December 2006

6. Taxation on Ordinary Activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the relevant standard rate of corporation tax in the UK of 30% (2005 - 30%) The relevant standard rate is the effective rate of tax

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>2,174,968</u>	<u>1,636,144</u>
Profit on ordinary activities by rate of tax	652,490	490,843
Expenses not deductible for tax purposes	6,645	4,163
Short term timing differences	5,484	40,333
Depreciation on non-qualifying assets	36,000	27,000
Adjustment to prior year's charge	(8,368)	(27,643)
Sundry	7,776	4,125
Depreciation in excess of capital allowances	<u>11,605</u>	<u>3,536</u>
Total current tax (note 6(a))	<u>711,632</u>	<u>542,357</u>

7. Dividends

Equity dividends

	2006 £	2005 £
Paid		
Equity dividends on ordinary shares	<u>812,550</u>	<u>791,070</u>
Proposed after the year end (not recognised as a liability)		
Equity dividends on ordinary shares	<u>862,980</u>	<u>812,550</u>

8. Tangible Fixed Assets

	Brought forward 1 Jan 06 £	Additions £	Disposals £	Transfers £	Carried forward 31 Dec 06 £
Cost					
Freehold Property	16,508,970	254,088	-	(424,391)	16,338,667
Miniature railway	582,554	9,506	-	-	592,060
Fixtures & Fittings	1,579,872	110,090	(15,915)	424,391	2,098,438
Motor Vehicles	49,806	-	-	-	49,806
Model railway	161,201	-	-	-	161,201
	<u>18,882,403</u>	<u>373,684</u>	<u>(15,915)</u>	<u>-</u>	<u>19,240,172</u>

Trago Mills (South Devon) Limited

Notes and Accounting Policies

Year Ended 31 December 2006

8. Tangible Fixed Assets *(continued)*

	Brought forward 1 Jan 06 £	Charges £	Disposals £	Carried forward 31 Dec 06 £
Depreciation				
Freehold Property	1,723,522	129,043	–	1,852,565
Miniature railway	455,711	13,635	–	469,346
Fixtures & Fittings	1,042,335	123,901	(10,921)	1,155,315
Motor Vehicles	33,424	3,276	–	36,700
Model railway	134,006	2,720	–	136,726
	<u>3,388,998</u>	<u>272,575</u>	<u>(10,921)</u>	<u>3,650,652</u>
			Brought forward 1 Jan 06 £	Carried forward 31 Dec 06 £
Net Book Value				
Freehold Property			14,785,448	14,486,102
Miniature railway			126,843	122,714
Fixtures & Fittings			537,537	943,123
Motor Vehicles			16,382	13,106
Model railway			27,195	24,475
			<u>15,493,405</u>	<u>15,589,520</u>

9. Stocks

	2006 £	2005 £
Goods for resale	<u>7,961,007</u>	<u>7,125,093</u>

10. Debtors

	2006 £	2005 £
Trade debtors	81,610	111,750
Corporation tax repayable	–	87,643
Amounts owed by related undertakings	101,240	151,959
Other debtors	30,452	1,057,922
Prepayments and accrued income	221,453	229,260
	<u>434,755</u>	<u>1,638,534</u>

Trago Mills (South Devon) Limited

Notes and Accounting Policies

Year Ended 31 December 2006

11. Creditors: Amounts falling due within one year

	2006	2005
	£	£
Trade creditors	1,982,772	1,949,248
Corporation tax	246,632	—
PAYE and social security	93,330	83,804
VAT	415,728	377,954
Amounts owed to related undertakings	1,074,982	816,927
Payments received on account	166,373	107,915
Accruals and deferred income	317,964	310,280
	<u>4,297,781</u>	<u>3,646,128</u>

12. Deferred Taxation

The movement in the deferred taxation provision during the year was

	2006	2005
	£	£
Provision brought forward	156,000	195,000
Profit and loss account movement arising during the year	(17,000)	(39,000)
Provision carried forward	<u>139,000</u>	<u>156,000</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2006	2005
	£	£
Excess of taxation allowances over depreciation on fixed assets	195,000	207,000
Other timing differences	(56,000)	(51,000)
	<u>139,000</u>	<u>156,000</u>

Trago Mills (South Devon) Limited

Notes and Accounting Policies

Year Ended 31 December 2006

13. Contingencies

- (a) The company has entered into an unlimited guarantee of the bank facility given to the following companies by HSBC.

Trago Mills Limited
Charles Robertson (Developments) Limited
Trago Mills (Falmouth) Limited
Glebeflame Limited
Treswithick Deer Limited
Voyager Yachts Limited
C R F Limited
Trago Mills (Services) Limited

- (b) At 31 December 2006 the company's stock was insured for £3,996,342 (2005 £3,475,080) which is less than the amount shown in the balance sheet. The directors consider that money spent on preventative measures is more effective than paying insurance premiums to cover the full value of stocks. In the event of a future claim being made it is probable that the company would incur a loss in proportion to the level of self-insurance at the date of the claim.

14. Related Party Transactions

- (a) The company is controlled by C B Robertson, a director of the company. The companies listed in note 13 (the "related undertakings") are also under the control of C B Robertson.
- (b) Goods for resale transferred between the company and the related undertakings are invoiced at cost and excluded from turnover. Goods for resale acquired from related undertakings are also purchased at cost price.
- (c) Management charges are paid to Charles Robertson (Developments) Limited and Trago Mills Limited for the relevant proportion of purchasing, administration and warehousing services which are incurred on the company's behalf. The total payable in the year was £524,000 (2005 - £516,000).
- (d) For treasury management purposes, the bank balances of all related undertakings are combined. Any interest receivable or payable on the total cash balance is reflected in the accounts of Charles Robertson (Developments)Ltd.

Trago Mills (South Devon) Limited

Notes and Accounting Policies

Year Ended 31 December 2006

15. Share Capital

Authorised share capital:

	2006 £	2005 £
Equity shares		
1,000 Ordinary shares of £1 each	1,000	1,000
1,000 "A" Ordinary shares of £1 each	1,000	1,000
	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Equity shares				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
"A" Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

The 'A' ordinary shares carry no voting rights and have independent dividend rights. In winding up, the repayment rights of the 'A' ordinary shares are limited to their par value.

16. Profit and Loss Account

	2006 £	2005 £
Balance brought forward	39,366,877	39,025,160
Profit for the financial year	1,480,336	1,132,787
Equity dividends paid (FRS 25)	(812,550)	(791,070)
Balance carried forward	<u>40,034,663</u>	<u>39,366,877</u>

17. Reconciliation of Movements in Shareholders' Funds

	2006 £	2005 £
Profit for the financial year	1,480,336	1,132,787
Equity dividends paid (FRS 25)	(812,550)	(791,070)
Net addition to shareholders' funds	667,786	341,717
Opening shareholders' funds	39,368,877	39,027,160
Closing shareholders' funds	<u>40,036,663</u>	<u>39,368,877</u>

Trago Mills (South Devon) Limited

Notes and Accounting Policies

Year Ended 31 December 2006

18. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2006	2005
	£	£
Operating profit	2,174,968	1,636,144
Depreciation	272,575	190,580
Loss on disposal of fixed assets	4,169	-
Increase in stocks	(835,914)	(955,169)
Decrease/(increase) in debtors	1,116,136	(97,347)
Increase in creditors	405,021	517,177
Net cash inflow from operating activities	<u>3,136,955</u>	<u>1,291,385</u>

19. Reconciliation of Net Cash Flow to Movement in Net Funds

	2006	2005
	£	£
Increase/(Decrease) in cash in the period	1,574,189	(754,119)
Movement in net funds in the period	<u>1,574,189</u>	<u>(754,119)</u>
Net funds at 1 January 2006	18,913,973	19,668,092
Net funds at 31 December 2006	<u>20,488,162</u>	<u>18,913,973</u>

20. Analysis of Changes in Net Funds

	At 1 Jan 2006 £	Cash flows £	At 31 Dec 2006 £
Net cash			
Cash in hand and at bank	18,913,973	1,574,189	20,488,162
Net funds	<u>18,913,973</u>	<u>1,574,189</u>	<u>20,488,162</u>