

# **Brackley Investments (Skegness) Limited**

Financial statements

For the year ended 31 March 2003

Grant Thornton 



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**Company No. 03951392**

## Company information

<b>Company registration number</b>	03951392
<b>Registered office</b>	Lawford Road Rugby Warwickshire CV21 2UU
<b>Director</b>	<i>Brackley Investments Limited</i>
<b>Secretary</b>	Mr P G Wakeford
<b>Bankers</b>	National Westminster Bank plc
<b>Auditors</b>	Grant Thornton Chartered Accountants Registered Auditors Elgin House Billing Road NORTHAMPTON NN1 5AU

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## Report of the director

The director presents his report and the financial statements of the company for the year ended 31 March 2003.

### Principal activities and business review

The company is principally engaged in the rental of investment properties.

The director considers that the company traded satisfactorily during the year.

### 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 director has not recommended a dividend.

### The director and his interests in shares of the company

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

	Ordinary shares	
	At 31 March 2003	At 1 April 2002
Brackley Investments Limited	<u>100</u>	<u>100</u>

### 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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to select suitable accounting policies, as described on pages 7 to 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director 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 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 him to ensure that the financial statements comply with the Companies Act 1985. The director 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.

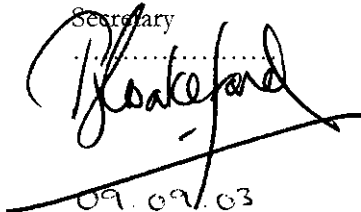
**Auditors**

A resolution to re-appoint Grant Thornton as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

Mr P G Wakeford

Secretary



09.09.03

## Report of the independent auditors to the members of Brackley Investments (Skegness) Limited

We have audited the financial statements of Brackley Investments (Skegness) Limited for the year ended 31 March 2003 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 20. These financial statements have been prepared under 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 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 director and auditors**

The director's responsibilities for preparing the report of the director and the financial statements in accordance with United Kingdom law and 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 other information contained in the Director's Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

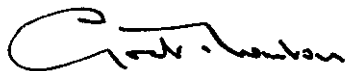
**Basis of opinion**

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 affairs of the company as at 31 March 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**

Northampton

\ 2003

## Principal accounting policies

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention except that investment properties are shown at their revalued amounts.

### **Cash flow statement**

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

### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

### **Investment properties**

Investment properties are revalued by the directors and are included in the balance sheet at the director's estimate of open market value. The surpluses or deficits on revaluation of such properties are transferred to the investment property revaluation reserve. Depreciation is not provided in respect of freehold investment properties or assets under construction.

This policy represents a departure from the Companies Act 1985, which requires depreciation to be provided on all fixed assets. The director considers that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Profit and loss account

	Note	2003 £	2002 £
Turnover	1	625,884	280,885
Other operating income and charges	2	43,906	24,416
<b>Operating profit</b>	3	<b>581,978</b>	<b>256,469</b>
Interest payable and similar charges	5	328,052	142,727
<b>Profit on ordinary activities before taxation</b>		<b>253,926</b>	<b>113,742</b>
Tax on profit on ordinary activities	6	87,714	74,748
<b>Retained profit for the financial year</b>		<b>166,212</b>	<b>38,994</b>

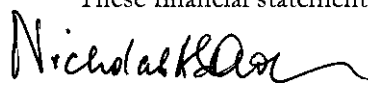
All of the activities of the company are classed as continuing.

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

## Balance sheet

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	7	<u>7,199,871</u>	<u>5,571,611</u>
<b>Current assets</b>			
Debtors	8	47,155	—
Cash at bank		<u>64,980</u>	<u>85,290</u>
		112,135	85,290
Creditors: amounts falling due within one year	9	<u>613,219</u>	<u>2,124,574</u>
Net current liabilities		<u>(501,084)</u>	<u>(2,039,284)</u>
Total assets less current liabilities		<u>6,698,787</u>	<u>3,532,327</u>
Creditors: amounts falling due after more than one year	10	<u>6,264,675</u>	<u>3,342,641</u>
		<u>434,112</u>	<u>189,686</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	12	<u>183,070</u>	<u>104,856</u>
		<u>251,042</u>	<u>84,830</u>
<b>Capital and reserves</b>			
Called-up equity share capital	15	100	100
Profit and Loss Account	16	<u>250,942</u>	<u>84,730</u>
Shareholders' funds	17	<u>251,042</u>	<u>84,830</u>

These financial statements were approved and signed by the director on 01.09.03

  
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Brackley Investments Limited

## Notes to the financial statements

### 1 Turnover

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

### 2 Other operating income and charges

	2003	2002
	£	£
Administrative expenses	<u>43,906</u>	<u>24,416</u>

### 3 Operating profit

Operating profit is stated after charging:

	2003	2002
	£	£
Auditors' remuneration:		
Audit fees	<u>1,470</u>	<u>2,000</u>

### 4 Directors and employees

No salaries or wages have been paid to employees, including the director, during the year.

The average number of employees of the company during the year was nil (2002: nil). The director did not receive any remuneration during the period (2002: £nil).

### 5 Interest payable and similar charges

	2003	2002
	£	£
Interest payable on bank borrowing	2,858	—
On other loans	<u>325,194</u>	<u>142,727</u>
	<u>328,052</u>	<u>142,727</u>

## 6 Tax on profit on ordinary activities

### (a) Taxation

	2003 £	2002 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2002: 30%)	9,500	—
Total current tax	9,500	—
Deferred tax:		
Increase in deferred tax provision	78,214	74,748
Tax on profit on ordinary activities	87,714	74,748

### (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% (2002: 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	253,926	113,742
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	76,178	34,123
Expenses not deductible for tax purposes	—	389
Capital allowances in excess of depreciation	(83,466)	(74,748)
Group relief	22,288	40,236
Tax rate adjustment	(5,500)	—
Total current tax (note 6(a))	9,500	—

## 7 Tangible fixed assets

	Assets under construction £	Investment properties £	Total £
Cost			
At 1 April 2002	612,861	4,958,750	5,571,611
Additions	463,298	1,164,962	1,628,260
Transfers	(505,526)	505,526	—
At 31 March 2003	570,633	6,629,238	7,199,871
Depreciation	—	—	—
Net book value			
At 31 March 2003	570,633	6,629,238	7,199,871
At 31 March 2002	612,861	4,958,750	5,571,611

The investment properties are included at the director's estimate of open market value.

**8 Debtors**

	2003	2002
	£	£
Trade debtors	33,088	—
Other debtors	14,067	—
	<u>47,155</u>	<u>—</u>

**9 Creditors: amounts falling due within one year**

	2003	2002
	£	£
Other loans	88,703	47,200
Amounts owed to group undertakings	439,009	1,679,928
Corporation tax	9,500	—
Social security and other taxes	—	12,407
Other creditors	—	250,000
Accruals and deferred income	76,007	135,039
	<u>613,219</u>	<u>2,124,574</u>

**10 Creditors: amounts falling due after more than one year**

	2003	2002
	£	£
Other loans	<u>6,264,675</u>	<u>3,342,641</u>

The other loans are secured by a fixed and floating charge over all of the company's assets. The other loans are repayable in quarterly instalments from 28 September 2000 to 14 August 2027 and interest is charged at a rate of 6.28% per annum.

**11 Borrowings**

Creditors include other loans which are due for repayment as follows:

	2003	2002
	£	£
In one year or less, or on demand	88,703	47,200
Between one and two years	96,359	50,352
Between two and five years	329,208	172,152
In five years or more	5,839,108	3,120,137
	<u>6,353,378</u>	<u>3,389,841</u>

## 12 Deferred taxation

	2003	2002
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	104,856	30,108
Profit and Loss Account movement arising during the year	78,214	74,748
Provision carried forward	<u>183,070</u>	<u>104,856</u>

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

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>183,070</u>	<u>104,856</u>

## 13 Contingent liabilities

There were no contingent liabilities at 31 March 2003 or at 31 March 2002.

## 14 Related party transactions

During the year development costs of £453,358 (2002: £2,953,730) were recharged from Brackley Investments Limited, the company's parent undertaking and director, who acted as agents for the company. In addition there were net cash transfers amounting to £1,832,000 (2002: £2,043,387) and net recharge of expenses amounting to £nil (2002: £32,308) to Brackley Investments Limited during the year.

The balance outstanding to Brackley Investments Limited at 31 March 2003 amounted to £327,021 (2002: £1,679,928).

At 31 March 2003 the company owed Stepnell Limited £111,988 (2002: £58,934) for the development of investment properties. The company made payments of £1,069,653 (2002: £35,000) to Stepnell Limited during the year. Mr R J Wakeford and Mr P G Wakeford who are directors of this company's ultimate parent undertaking are directors of Stepnell Limited.

## 15 Share capital

Authorised share capital:

	2003	2002
	£	£
100 Ordinary £1 shares	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
	2003	2002
	£	£
100 Ordinary £1 shares	<u>100</u>	<u>100</u>

**16 Profit and loss account**

	2003	2002
	£	£
Balance brought forward	84,730	45,736
Retained profit for the financial year	166,212	38,994
Balance carried forward	<u>250,942</u>	<u>84,730</u>

**17 Reconciliation of movements in shareholders' funds**

	2003	2002
	£	£
Profit for the financial year	166,212	38,994
Opening shareholders' equity funds	84,830	45,836
Closing shareholders' equity funds	<u>251,042</u>	<u>84,830</u>

**18 Pensions**

The company has not operated, or contributed to any pension scheme on behalf of its employees.

**19 Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £840,000 (2002: £2,323,139).

**20 Ultimate parent undertaking**

The director considers that the ultimate parent undertaking and controlling related party of this company is Bosworth and Wakeford Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by Bosworth and Wakeford Limited.