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Gardenbook Properties Limited

Report and Accounts

30 September 2003

 **ERNST & YOUNG**



Gardenbook Properties Limited

Registered No: 3757827

Directors

M B Owen
A J Norton
H W Bilton
A R Lovelady

Secretary

A R Lovelady

Auditors

Ernst & Young LLP
Silkhouse Court
Tithebarn Street
Liverpool
L2 2LE

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Directors' report

The directors present their report and accounts for the year ended 30 September 2003.

Results and dividends

The profit for the year, after taxation, amounted to £3,747. The directors do not recommend the payment of any dividends.

Principal activity and review of the business

The principal activity of the company during the year was property investment in the United Kingdom.

The directors consider the state of affairs to be satisfactory.

Directors and their interests

The directors at 30 September 2003 and their interests in the share capital of the company were as follows:

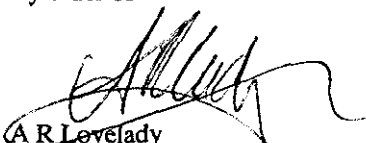
		At 30 September 2003	At 1 October 2002
M B Owen	"A" Ordinary shares	—	—
	"B" Ordinary shares	—	—
A J Norton	"A" Ordinary shares	—	—
	"B" Ordinary shares	5,000	5,000
H W Bilton	"A" Ordinary shares	—	—
	"B" Ordinary shares	5,000	5,000
A R Lovelady	"A" Ordinary shares	—	—
	"B" Ordinary shares	—	—

At 30 September 2003 M B Owen and A R Lovelady were directors of Ethel Austin Investment Properties Limited which holds the company's "A" share capital.

Fixed assets

The company's investment property was revalued on 30 September 2003 by the directors. The valuation of £500,000 has been incorporated in these accounts.

By order of the board


A R Lovelady
Secretary

27 July 2004

Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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.

Independent auditors' report

to the members of Gardenbook Properties Limited

We have audited the company's accounts for the year ended 30 September 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. These accounts 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 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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 Directors' Report is not consistent with the accounts, 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Independent auditors' report

to the members of Gardenbook Properties Limited (continued)

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Liverpool

28 July 2004

Profit and loss account for the year ended 30 September 2003

	Notes	2003 £	2002 £
Turnover	2	43,690	112,154
Property expenses		5,011	9,685
Gross profit		38,679	102,469
Administrative expenses		2,880	2,909
Operating profit	3	35,799	99,560
(Loss)/profit on disposal of tangible fixed assets	4	(12,512)	90,860
		23,287	190,420
Bank interest receivable		-	40
Interest payable and similar charges	6	(18,146)	(75,261)
		(18,146)	(75,221)
Profit on ordinary activities before taxation		5,141	115,199
Tax on profit on ordinary activities	7	1,394	11,000
Profit retained for the financial year		3,747	104,199

Statement of total recognised gains and losses

for the year ended 30 September 2003

	2003	2002
	£	£
Profit for the financial year	3,747	104,199
Unrealised surplus on revaluation of investment property	50,000	5,939
Total gains and losses recognised since the last annual report	<u>53,747</u>	<u>110,138</u>

Note of historical cost profits and losses

for the year ended 30 September 2003

	2003	2002
	£	£
Reported profit on ordinary activities before taxation	5,141	115,199
Realisation of property revaluation surpluses of earlier years	-	572
Historical cost profit on ordinary activities before taxation	<u>5,141</u>	<u>115,771</u>
Historical cost profit for the year retained after taxation and dividends	<u>3,747</u>	<u>104,771</u>

Balance sheet

at 30 September 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	8	500,000	450,000
Current assets			
Debtors	9	12,493	17,504
Creditors: amounts falling due within one year	10	34,222	43,495
Net current liabilities		(21,729)	(25,991)
Total assets less current liabilities		478,271	424,009
Creditors: amounts falling due after more than one year	11	326,984	326,469
		<u>151,287</u>	<u>97,540</u>
Capital and reserves			
Called up share capital	14	20,000	20,000
Revaluation reserve	15	56,113	6,113
Profit and loss account	15	75,174	71,427
Equity shareholders' funds	15	<u>151,287</u>	<u>97,540</u>

ERNST & YOUNG


 A.R. Lovelady
 Director

27 July 2004

Notes to the accounts

at 30 September 2003

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention, modified to include the revaluation of investment property.

The true and fair override provisions of the Companies Act 1985 have been invoked, see "investment properties" below.

Cash flow statement

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

Depreciation

No depreciation is provided on investment properties in accordance with Statement of Standard Accounting Practice No. 19.

Investment properties

Investment properties are accounted for in accordance with SSAP 19, as follows:

(i) Investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, unless a deficit, or its reversal on an individual property is expected to be permanent, in which case it is recognised in the profit and loss account for the year. The revaluation of investment properties takes into account the provisions of abstract 28 from the Urgent Issues Task Force where operating lease incentives apply to a particular investment property.

(ii) No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation or amortisation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual 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 tax in the future.

Provision is made for tax on gains arising from the revaluation of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned.

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.

Notes to the accounts

at 30 September 2003

2. Turnover

Turnover represents gross rents and charges receivable and is attributable to one continuing activity of property investment in the United Kingdom

3. Operating profit

This is stated after charging:

	2003 £	2002 £
Auditors' remuneration - audit services	1,055	1,150
Directors' emoluments	-	-

4. Exceptional items

	2003 £	2002 £
(Loss)/profit on disposal of investment property	(12,512)	90,860

5. Staff costs

The company has no employees other than directors.

6. Interest payable and similar charges

	2003 £	2002 £
Bank loan and overdraft	12,126	45,091
Related undertaking	6,018	30,170
Other interest	2	-
	18,146	75,261

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2003 £	2002 £
<i>Current tax:</i>		
UK corporation tax	1,600	11,000
Tax (over)/under provided in previous years	(206)	-
Total current tax (note 7(b))	1,394	11,000

Notes to the accounts

at 30 September 2003

7. Tax (continued)

(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%). The differences are reconciled below:

	2003 £	2002 £
Profit on ordinary activities before taxation	5,141	115,199
Profit on ordinary activities at 30%	1,542	34,560
Other timing differences	58	130
Accounts profit on property disposal in excess of chargeable gain	-	(14,104)
Losses utilised	-	(9,586)
Tax overprovided in previous years	(206)	-
Total current tax (note 7(a))	1,394	11,000

(c) Tax included in statement of total recognised gains and losses

No deferred tax has been recognised in respect of the unrealised surplus on the property revaluation as there was no binding agreement to sell the property at the balance sheet date.

(d) Factors that may effect future tax charges

If the investment property was sold for the amount of its valuation, a tax liability of approximately £3,000 (2002 - Nil) would arise.

8. Tangible fixed assets

	Freehold investment property £
Cost or valuation:	
At 1 October 2002	450,000
Surplus on revaluation	50,000
At 30 September 2003	500,000
Depreciation	-
Net book value:	
At 30 September 2003	500,000
At 1 October 2002	450,000

The cost of the freehold property was £443,887.

The property was valued by the directors on the basis of open market value at 30 September 2003.

Notes to the accounts

at 30 September 2003

9. Debtors

	2003 £	2002 £
Trade debtors	12,471	17,481
Prepayments and accrued income	22	23
	<u>12,493</u>	<u>17,504</u>

10. Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loan (note 12)	19,615	19,615
Trade creditors	10,403	10,431
Corporation tax	1,600	11,000
Other taxation	1,354	670
Accruals and deferred income	1,250	1,779
	<u>34,222</u>	<u>43,495</u>

11. Creditors: amounts falling due after more than one year

	2003 £	2002 £
Bank loan (note 12)	215,769	235,385
Amount owed to related undertaking	111,215	91,084
	<u>326,984</u>	<u>326,469</u>

The bank loan is secured on the freehold property and is repayable in quarterly instalments at commercial rates.

12. Loans

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

	2003 £	2002 £
Amounts repayable:		
In one year or less or on demand	19,615	19,615
In more than one year but not more than two years	19,615	19,615
In more than two years but not more than five years	58,845	58,845
	<u>98,075</u>	<u>98,075</u>
In more than five years	248,524	248,009
	<u>346,599</u>	<u>346,084</u>

Notes to the accounts

at 30 September 2003

13. Related party transactions

A J Norton and H W Bilton are directors of American Golf Discount Centre Limited which is a lessee of the company's investment properties. The rent received from American Golf Discount Centre Limited during the year was £42,500 (2002: £42,500).

M B Owen and A R Lovelady are directors of Ethel Austin Properties Holdings Limited. At 30 September 2003 there was an amount of £111,215 (2002: £91,084) owing by the company to Ethel Austin Properties Holdings Limited. Interest charged in respect of this loan amounted to £6,018 (2002: £30,170).

14. Share capital

	2003 £	Authorised 2002 £
"A" Ordinary shares of £1 each	10,000	10,000
"B" Ordinary shares of £1 each	10,000	10,000
	<u>20,000</u>	<u>20,000</u>

	No.	Allotted, called up and fully paid 2003 £	No.	2002 £
"A" Ordinary shares of £1 each	10,000	10,000	10,000	10,000
"B" Ordinary shares of £1 each	10,000	10,000	10,000	10,000
		<u>20,000</u>		<u>20,000</u>

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Revaluation reserve £	Profit and loss account £	Total share- holders' funds £
At 1 October 2001	20,000	746	(33,344)	(12,598)
Profit for the year	—	—	104,199	104,199
Revaluation of fixed assets	—	5,939	—	5,939
Realised on disposal of fixed assets	—	(572)	572	—
At 30 September 2002	20,000	6,113	71,427	97,540
Profit for the year	—	—	3,747	3,747
Revaluation of fixed assets	—	50,000	—	50,000
At 30 September 2003	<u>20,000</u>	<u>56,113</u>	<u>75,174</u>	<u>151,287</u>