

Gardenbook Properties Limited (Formerly Gardenbook (Norwich) Limited)

Report and Accounts

30 September 2002

ERNST & YOUNG



Gardenbook Properties Limited (Formerly Gardenbook
(Norwich) 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

Directors' report

The directors present their report and accounts for the year ended 30 September 2002.

Results and dividends

The profit for the year, after taxation, amounted to £104,199. 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 2002 and their interests in the share capital of the company were as follows:

	<i>Class of share</i>	<i>At 30 September 2002</i>	<i>At or subsequent date of appointment 1 October 2001</i>
M B Owen	"A" Ordinary shares	—	—
	"B" Ordinary shares	—	—
A J Norton	"A" Ordinary shares	—	—
	"B" Ordinary shares	—	—
H W Bilton	"A" Ordinary shares	5,000	5,000
	"B" Ordinary shares	—	—
A R Lovelady	"A" Ordinary shares	5,000	5,000
	"B" Ordinary shares	—	—
	Ordinary shares	—	—

At 30 September 2002 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 2002 by the directors. The valuation of £450,000 has been incorporated in these accounts.

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



A R Lovelady
Secretary

24 June 2003

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 (Formerly Gardenbook (Norwich) Limited)

We have audited the company's accounts for the year ended 30 September 2002 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 (Formerly Gardenbook (Norwich) 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 2002 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

3 July 2003

Profit and loss account
for the year ended 30 September 2002

	Notes	2002 £	2001 £
Turnover	2	112,154	104,428
Property expenses		9,685	24,758
Gross profit		102,469	79,670
Administrative expenses		2,909	2,660
Operating profit	3	99,560	77,010
Profit on disposal of tangible fixed assets	4	90,860	—
		190,420	77,010
Bank interest receivable		40	—
Interest payable	6	(75,261)	(87,950)
Profit/(loss) on ordinary activities before taxation		115,199	(10,940)
Tax on profit/(loss) on ordinary activities	7	11,000	—
Profit retained/(loss) for the financial year		104,199	(10,940)

Statement of total recognised gains and losses

for the year ended 30 September 2002

	2002 £	2001 £
Profit/(loss) for the financial year	104,199	(10,940)
Unrealised surplus on revaluation of investment property	5,939	—
Total gains and losses recognised since the last annual report	<u>110,138</u>	<u>(10,940)</u>

Note of historical cost profits and losses

for the year ended 30 September 2002

	2002 £	2001 £
Reported profit/(loss) on ordinary activities before taxation	115,199	(10,940)
Realisation of property revaluation surpluses of earlier years	572	—
Historical cost profit/(loss) on ordinary activities before taxation	<u>115,771</u>	<u>(10,940)</u>
Historical cost profit/(loss) for the year retained after taxation and dividends	<u>104,771</u>	<u>(10,940)</u>

Gardenbook Properties Limited (Formerly Gardenbook
(Norwich) Limited)

Balance sheet
at 30 September 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	8	450,000	1,170,000
Current assets			
Debtors	9	17,504	47,878
Creditors: amounts falling due within one year	10	43,495	73,220
Net current liabilities		(25,991)	(25,342)
Total assets less current liabilities		424,009	1,144,658
Creditors: amounts falling due after more than one year	11	326,469	1,157,256
		97,540	(12,598)
Capital and reserves			
Called up share capital	14	20,000	20,000
Revaluation reserve	15	6,113	746
Profit and loss account	15	71,427	(33,344)
Equity shareholders' funds	15	97,540	(12,598)

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A R Lovelady
Director

24 June 2003

Notes to the accounts

at 30 September 2002

1. Accounting policies

Basis of preparation

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

In preparing the accounts, the company has adopted FRS 19 'Deferred Taxation'. Adoption of this standard has not required any revision to the accounts in either the current or prior year.

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.

Notes to the accounts

at 30 September 2002

1. Accounting policies (continued)

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 a liability to pay tax.

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.

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:

	2002 £	2001 £
Auditors' remuneration - audit services	1,150	1,025
Directors' emoluments	-	-

4. Exceptional items

	2002 £	2001 £
Profit on disposal of investment property	90,860	-

The tax arising on the chargeable gain is £13,200.

5. Staff costs

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

The company has no employees other than directors.

Notes to the accounts

at 30 September 2002

6. Interest payable

	2002 £	2001 £
Bank loan	45,091	47,705
Related undertaking	30,170	40,245
	<u>75,261</u>	<u>87,950</u>

7. Tax

(a) Tax on profit or (loss) on ordinary activities

The tax charge/(credit) is made up as follows:

	2002 £	2001 £
<i>Current tax:</i>		
UK corporation tax	11,000	—
Total current tax (note 7(b))	<u>11,000</u>	<u>—</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 - 30%). The differences are reconciled below:

	2002 £	2001 £
Profit/(loss) on ordinary activities before taxation	<u>115,199</u>	<u>(10,940)</u>
Profit/(loss) on ordinary activities multiplied by rate of tax	34,560	(3,282)
Rounding	130	—
Accounts profit on property disposal in excess of chargeable gain	(14,104)	—
Losses (utilised)/ carried forward	<u>(9,586)</u>	<u>3,282</u>
Total current tax (note 7(a))	<u>11,000</u>	<u>—</u>

Notes to the accounts

at 30 September 2002

8. Tangible fixed assets

*Freehold investment
property
£*

Cost or valuation:	
At 1 October 2001	1,170,000
Additions	4,061
Surplus on revaluation	5,939
Disposals	(730,000)
At 30 September 2002	<u>450,000</u>
Depreciation	<u>—</u>
Net book value:	
At 30 September 2002	<u>450,000</u>
At 1 October 2001	<u>1,170,000</u>

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 2002.

9. Debtors

	2002 £	2001 £
Trade debtors	17,481	37,546
Other debtors	—	10,000
Prepayments and accrued income	23	332
	<u>17,504</u>	<u>47,878</u>

10. Creditors: amounts falling due within one year

	2002 £	2001 £
Current instalment due on bank loan (note 12)	19,615	40,000
Trade creditors	10,431	28,040
Corporation tax	11,000	—
Other taxation	670	3,355
Accruals and deferred income	1,779	1,825
	<u>43,495</u>	<u>73,220</u>

Notes to the accounts

at 30 September 2002

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

	2002 £	2001 £
Bank loans	235,385	690,000
Amount owed to related undertaking	91,084	467,256
Total loans (note 12)	<u>326,469</u>	<u>1,157,256</u>

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

12. Loans

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

	2002 £	2001 £
Amounts repayable:		
In one year or less or on demand	19,615	40,000
In more than one year but not more than two years	19,615	40,000
In more than two years but not more than five years	58,845	120,000
	<u>98,075</u>	<u>200,000</u>
In more than five years	248,009	997,256
	<u>346,084</u>	<u>1,197,256</u>

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 (2001:£42,500).

M B Owen and A R Lovelady are directors of Ethel Austin Properties Holdings Limited. At 30 September 2002 there was an amount of £91,084 (2001:£467,256) owing by the company to Ethel Austin Properties Holdings Limited. Interest charged in respect of this loan amount to £30,170 (2001: £40,245).

Notes to the accounts

at 30 September 2002

14. Share capital

		2002 £	Authorised 2001 £
"A" Ordinary shares shares of £1 each		10,000	10,000
"B" Ordinary shares shares of £1 each		10,000	10,000
		<u>20,000</u>	<u>20,000</u>

	No.	2002 £	Allotted, called up and fully paid 2001 £	No.
"A" Ordinary shares shares of £1 each	10,000	10,000	10,000	10,000
"B" Ordinary shares 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 2000	20,000	746	(22,404)	(1,658)
Loss for the year	—	—	(10,940)	(10,940)
At 30 September 2001	<u>20,000</u>	<u>746</u>	<u>(33,344)</u>	<u>(12,598)</u>
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	<u>20,000</u>	<u>6,113</u>	<u>71,427</u>	<u>97,540</u>