

GARDENBOOK (NORWICH) LIMITED

Report and Accounts

30 September 2001

Company Number 3757827



DIRECTORS' REPORT

The directors submit their report and the accounts for the year ended 30 September 2001.

RESULTS AND DIVIDENDS.

The loss for the year after taxation was £10,940 (2000:loss of £22,404).

The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

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

The directors consider that the results and state of affairs are satisfactory.

MARKET VALUE OF LAND AND BUILDINGS

The company's investment properties were revalued on 30 September 2001 by the directors.

The valuations of £1,170,000, which were unchanged from the previous year, have been incorporated in these accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 30 September 2001 were as follows:

M B Owen
S R Williams
A J Norton
H W Bilton

On 1 October 2001 A R Lovelady was appointed as a director and S R Williams resigned as a director.

The interests of directors in the share capital of the company were as follows:

| | <i>At 30 September 2001</i> | <i>At 30 September 2000</i> |
|---------------------|---------------------------------|---------------------------------|
| "B" Ordinary shares | | |
| A J Norton | 5,000 | 5,000 |
| H W Bilton | 5,000 | 5,000 |

At 30 September 2001 M B Owen and S R Williams were directors of Ethel Austin Investment Properties Limited which holds the company's "A" share capital.

Gardenbook (Norwich) Limited

DIRECTORS' REPORT (continued)

AUDITORS

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

By order of the board



A R Lovelady
Secretary

vt April 2002

Gardenbook (Norwich) Limited

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 period. 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;
- 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 NORWICH LIMITED**

We have audited the company's accounts for the year ended 30 September 2001 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds and the related notes 1 to 13. These accounts have been prepared on the basis of the accounting policies set out therein.

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.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 September 2001 and of its loss 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

Date *16 April 2002*

Gardenbook (Norwich) Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 September 2001

| | | | 22 April 1999 to 30 September |
|--|-------|-----------|-------------------------------------|
| | Notes | 2001 £ | 2000 £ |
| TURNOVER | 2 | 104,428 | 90,077 |
| Property expenses | | 24,758 | 6,190 |
| Net rental income | | 79,670 | 83,887 |
| Administrative expenses | | 2,660 | 4,285 |
| OPERATING PROFIT | 3 | 77,010 | 79,602 |
| Interest payable | 4 | (87,950) | (102,006) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (10,940) | (22,404) |
| Taxation | 5 | - | - |
| LOSS FOR THE FINANCIAL YEAR | | (10,940) | (22,404) |

Gardenbook (Norwich) Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 September 2001

| | 2001 | 22 April 1999 to 30 September 2000 |
|---|-----------------|---|
| | £ | £ |
| Loss for the financial year | (10,940) | (22,404) |
| Unrealised surplus on revaluation of freehold investment properties | - | 746 |
| Total recognised gains and losses for the year | <u>(10,940)</u> | <u>(21,658)</u> |

Gardenbook (Norwich) Limited

BALANCE SHEET at 30 September 2001

| | Notes | 2001 £ | 2000 £ |
|--|-------|-----------|-----------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | 1,170,000 | 1,170,000 |
| CURRENT ASSETS | | | |
| Debtors | 7 | 47,878 | 50,582 |
| CREDITORS: amounts falling due within one year | 8 | 73,220 | 136,449 |
| NET CURRENT LIABILITIES | | (25,342) | (85,867) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,144,658 | 1,084,133 |
| CREDITORS: amounts falling due after more than one year | 9 | 1,157,256 | 1,085,791 |
| | | (12,598) | (1,658) |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 20,000 | 20,000 |
| Revaluation reserve | 12 | 746 | 746 |
| Profit and loss account | 12 | (33,344) | (22,404) |
| EQUITY SHAREHOLDERS' FUNDS | | (12,598) | (1,658) |

ERNST & YOUNG



- Director

24 April 2002

NOTES TO THE ACCOUNTS

at 30 September 2001

1. ACCOUNTING POLICIES

Accounting convention

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

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

Investment properties

Completed freehold and long leasehold investment properties are accounted for in accordance with SSAP 19, as follows:

- (i) the 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 period. 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 completed freehold investment properties and completed 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 or amortisation 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.

Freehold and long leasehold properties in the course of development are stated at cost less any permanent diminution in value. Such properties are treated as completed as soon as building and construction work has been finished.

Short leasehold investment properties are depreciated on a straight line basis over the lease term.

Depreciation

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

Deferred taxation

Deferred taxation is provided for on all timing differences which are expected to reverse in the future, calculated at the rate at which it is expected that tax will be payable.

2. TURNOVER

Turnover represents the amount of gross rents and charges receivable and arises from one continuing activity of property investment in the United Kingdom.

Gardenbook (Norwich) Limited

NOTES TO THE ACCOUNTS at 30 September 2001

3. OPERATING PROFIT

This is stated after charging:

| | 2001 £ | 2000 £ |
|-------------------------|--------------|--------------|
| Directors' remuneration | - | - |
| Auditors' remuneration | 1,025 | 1,000 |
| | <u>1,025</u> | <u>1,000</u> |

4. INTEREST PAYABLE

| | 2001 £ | 2000 £ |
|----------------------|---------------|----------------|
| Related undertakings | 40,245 | 102,006 |
| Bank loan | 47,705 | - |
| | <u>87,950</u> | <u>102,006</u> |

5. TAXATION

There is no liability to UK corporation tax based on the result for the year.

6. TANGIBLE FIXED ASSETS

| | <i>Freehold Investment Properties £</i> |
|---|---|
| Cost or valuation: At 1 October 2000 and 30 September 2001 | 1,170,000 |
| | <u>1,170,000</u> |

The freehold investment properties were valued by the directors on the basis of open market value at 30 September 2001. The cost of the investment properties was £1,169,254.

If the properties were sold for the amount of their valuations, no tax liability would arise.

7. DEBTORS

| | 2001 £ | 2000 £ |
|---------------|---------------|---------------|
| Trade debtors | 37,546 | 39,922 |
| Prepayments | 332 | 660 |
| Other debtors | 10,000 | 10,000 |
| | <u>47,878</u> | <u>50,582</u> |

Gardenbook (Norwich) Limited

NOTES TO THE ACCOUNTS

at 30 September 2001

8. CREDITORS: amounts falling due within one year

| | 2001 £ | 2000 £ |
|--|---------------|----------------|
| Current instalment due on loan (note 10) | 40,000 | - |
| Trade creditors | 28,040 | 28,714 |
| Accruals | 1,825 | 104,006 |
| Other creditors | 3,355 | 3,729 |
| | <u>73,220</u> | <u>136,449</u> |

9. CREDITORS: amounts falling due after more than one year

| | £ | £ |
|--|------------------|------------------|
| Bank loan | 690,000 | - |
| Related undertaking | 467,256 | 1,085,791 |
| Total loans due after more than one year (note 10) | <u>1,157,256</u> | <u>1,085,791</u> |

10. DETAILS OF INDEBTEDNESS

| | 2001 £ | 2000 £ |
|--|------------------|------------------|
| Not wholly repayable within five years: | | |
| Bank loan at commercial rates payable by instalments | 730,000 | - |
| Related undertaking | 467,256 | 1,085,791 |
| | <u>1,197,256</u> | <u>1,085,791</u> |
| Creditors: amounts falling due within one year (note 8) | (40,000) | - |
| Creditors: amounts falling due after more than one year (note 9) | <u>1,157,256</u> | <u>1,085,791</u> |
| Amounts repayable: | | |
| In one year or less | 40,000 | - |
| Between one and two years | 40,000 | - |
| Between two and five years | 120,000 | - |
| | <u>200,000</u> | <u>-</u> |
| Over five years | 997,256 | 1,085,791 |
| | <u>1,197,256</u> | <u>1,085,791</u> |

The amounts due to the bank and related undertaking, Ethel Austin Properties Holdings Limited, are secured on the company's freehold investment properties. The loan from Ethel Austin Properties Holdings Limited is available for five years if required.

NOTES TO THE ACCOUNTS

at 30 September 2001

11. SHARE CAPITAL

| | 2001 | Authorised | Allotted, called up and fully paid | |
|--------------------------------|---------------|---------------|---------------------------------------|---------------|
| | No. | 2000 | 2001 | 2000 |
| | | No. | £ | £ |
| '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> | <u>20,000</u> | <u>20,000</u> |

The 'A' and 'B' shares have equal rights.

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

| | Share | Revaluation | Profit | |
|---|---------------|-------------|-----------------|-----------------|
| | capital | reserve | and loss | Total |
| | £ | £ | £ | £ |
| Issued in the period | 20,000 | - | - | 20,000 |
| Surplus on revaluation of investment properties | - | 746 | - | 746 |
| Loss for the period | - | - | (22,404) | (22,404) |
| At 30 September 2000 | <u>20,000</u> | <u>746</u> | <u>(22,404)</u> | <u>(1,658)</u> |
| 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> |

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 (2000 £25,570). M B Owen and S R Williams were directors of Ethel Austin Properties Holdings Limited at 30 September 2001, at which date there was an amount of £467,256 (2000 £1,085,791) owing by the company to Ethel Austin Properties Holdings Limited. Interest charged in respect of this loan amounted to £40,245 (2000 £54,344).