

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 2005
for
Hugh James Investments Limited**



Hugh James Investments Limited

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for the Year Ended 31 December 2005**

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Hugh James Investments Limited
Company Information
for the Year Ended 31 December 2005

DIRECTORS:

G M Bulmer
N H Bulmer

SECRETARY:

G M Bulmer

REGISTERED OFFICE:

Oak House
Canon Pyon
Herefordshire
HR4 8NN

REGISTERED NUMBER:

01068525 (England and Wales)

AUDITORS:

Crowther Beard Chartered Accountants
and Registered Auditor
10 The Southend
Ledbury
Herefordshire
HR8 2EY

Hugh James Investments Limited

**Report of the Directors
for the Year Ended 31 December 2005**

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property development.

DIRECTORS

The directors during the year under review were:

G M Bulmer

N H Bulmer

The directors holding office at 31 December 2005 did not hold any beneficial interest in the issued share capital of the company at 1 January 2005 or 31 December 2005.

The interests of the directors in the shares of the holding company are shown in the directors' report of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements 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 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



G M Bulmer - Director

23 May 2006

**Report of the Independent Auditors to the Shareholders of
Hugh James Investments Limited**

We have audited the financial statements of Hugh James Investments Limited for the year ended 31 December 2005 on pages four to eight. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Report of the Directors 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 directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors 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.

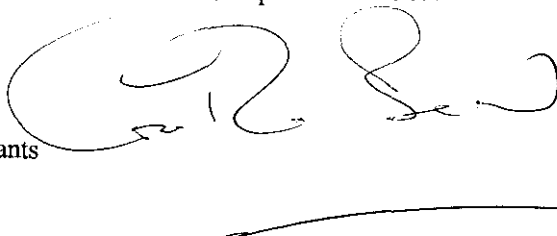
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Crowther Beard Chartered Accountants
and Registered Auditor
10 The Southend
Ledbury
Herefordshire
HR8 2EY



23 May 2006

Hugh James Investments Limited

**Profit and Loss Account
for the Year Ended 31 December 2005**

	Notes	2005 £	2004 £
TURNOVER		84,453	77,830
Administrative expenses		48,227	44,774
OPERATING PROFIT	2	36,226	33,056
Interest receivable and similar income		3,949	1,732
		40,175	34,788
Interest payable and similar charges		-	55
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		40,175	34,733
Tax on profit on ordinary activities	3	7,633	6,599
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		32,542	28,134
RETAINED PROFIT FOR THE YEAR		32,542	28,134

The notes form part of these financial statements

Hugh James Investments Limited

Balance Sheet 31 December 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Investments	4	700,000	700,000
CURRENT ASSETS			
Stocks		66,594	66,594
Debtors	5	16,311	16,931
Cash at bank		132,179	88,386
		<u>215,084</u>	<u>171,911</u>
CREDITORS			
Amounts falling due within one year	6	<u>9,277</u>	<u>7,646</u>
NET CURRENT ASSETS		<u>205,807</u>	<u>164,265</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>905,807</u>	<u>864,265</u>
CREDITORS			
Amounts falling due after more than one year	7	<u>359,100</u>	<u>350,100</u>
NET ASSETS		<u><u>546,707</u></u>	<u><u>514,165</u></u>
CAPITAL AND RESERVES			
Called up share capital	8	117,114	117,114
Revaluation reserve	9	362,476	362,476
Profit and loss account	9	<u>67,117</u>	<u>34,575</u>
SHAREHOLDERS' FUNDS		<u><u>546,707</u></u>	<u><u>514,165</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

ON BEHALF OF THE BOARD:



G M Bulmer - Director

Approved by the Board on 23 May 2006

The notes form part of these financial statements

Hugh James Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of the freehold property held as a fixed asset investment, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents the amounts receivable for the year in respect of sales of properties, rents from properties and administration charges.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Investment properties

Investment properties are stated at open market value. In accordance with SSAP19; (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2005 £	2004 £
Auditors' remuneration	<u>670</u>	<u>686</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2005 £	2004 £
Current tax:		
UK corporation tax	<u>7,633</u>	<u>6,599</u>
Tax on profit on ordinary activities	<u>7,633</u>	<u>6,599</u>

Factors that may affect future tax charges

The company has property stated at valuation. The directors have no plans to dispose of this property in the foreseeable future, but if they were to do so, the company would incur a tax liability, estimated at current rates, amounting to £11,311 (2004: £18,350).

Hugh James Investments Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2005**

4. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST OR VALUATION	
At 1 January 2005	
and 31 December 2005	700,000
NET BOOK VALUE	
At 31 December 2005	700,000
At 31 December 2004	700,000

Cost or valuation at 31 December 2005 is represented by:

	Unlisted investments £
Valuation in 2003	362,476
Cost	337,524
	700,000

The freehold property was revalued, on the basis of an open-market valuation for its existing use as rented accommodation, as at 31 December 2003 by Sanderson Commercial Lettings Limited, Cheltenham. The valuation has not been updated as the directors are not aware of any material change in value.

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade debtors	14,962	15,926
Other debtors	1,349	1,005
	16,311	16,931

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Taxation and social security	7,633	6,599
Other creditors	1,644	1,047
	9,277	7,646

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £	2004 £
Amounts owed to group undertakings	359,100	350,100

Hugh James Investments Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2005

8. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2005 £	2004 £
117,114	Ordinary	£1	<u>117,114</u>	<u>117,114</u>

9. RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2005	34,575	362,476	397,051
Retained profit for the year	<u>32,542</u>	<u> </u>	<u>32,542</u>
At 31 December 2005	<u>67,117</u>	<u>362,476</u>	<u>429,593</u>

10. ULTIMATE PARENT COMPANY

The company's ultimate holding company is The Hereford Dwellings Company Limited.

11. CONTINGENT LIABILITIES

The bank holds Legal Memoranda of Deposit in respect of the Company's freehold properties as security for its overdraft facility together with cross guarantees from and to the holding company and each fellow subsidiary group undertaking as security for the overdraft facilities granted to those undertakings. At 31 December 2005 the holding company had an overdraft of £2,333 but none of the fellow subsidiaries had an overdraft (2004: the holding company nor any of the fellow subsidiaries had an overdraft) .

12. RELATED PARTY DISCLOSURES

During the year, administration charges from Hereford Dwellings Ltd, the holding company, amounted to £14,000 (2004 - £14,000) . Details of balances with other group companies are not shown, as consolidated accounts of the holding company are publicly available.