

Martins Properties Limited

Directors' report and financial statements

Registered number 558456

Year ended 31 December 2003



Contents

Directors' report	1
Statement of Directors' responsibilities	2
Report of the independent auditors to the members of Martins Properties Limited	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Note of historical cost profits and losses	5
Balance sheet	6
Notes	7

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activity

The principal activity of the company is that of property owners. No significant change in this activity is planned in the foreseeable future.

Business review

The results for the year are set out in the profit and loss account on page 4.

Directors and Directors' interests

The Directors who held office during the year were as follows:

Sir Clive H Martin	Chairman
Mr Michael R Milton	Chief Executive
Mr Thomas AH Martin	
Mr Paul Dixon	(resigned 30 September 2003)
Mr Robin S Broadhurst	(appointed 1 April 2003)

Mr Robin S Broadhurst who was appointed Director since the last Annual General Meeting, retires in accordance with the Articles of Association and, being eligible, offers himself for re-election.

The Director retiring by rotation is Sir Clive H Martin who, being eligible, offers himself for re-election.

Directors' interests in the shares of the group companies were as follows:

MPG Limited	Class of share	Interest at beginning of year No. of shares	Interest at end of year No. of shares
Sir Clive H Martin	Ordinary	35,000	35,000
Sir Clive H Martin	Preference	28,953	15,000
Mr Thomas AH Martin	Preference	24,323	31,217

According to the register of Directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the Directors or their immediate families, or exercised by them during the financial year other than as stated above.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to re-appoint its Auditors annually and KPMG LLP will therefore continue in office.

By order of the Board



Thomas AH Martin
Secretary

The Gresham Press
Old Woking
Surrey
GU22 9LH

25th May 2004

Statement of Directors' responsibilities

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 for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Report of the independent auditors to the members of Martins Properties Limited

We have audited the financial statements on pages 4 to 13.

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 auditor's 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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 directors' 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 directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 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 of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

6 August 2004

Profit and loss account
for the year ended 31 December 2003

	<i>Note</i>	2003	2002
		£	£
Rents receivable	2	318,938	301,600
Profit from disposal of fixed assets		29,712	426,005
Staff costs	5	(74,106)	(56,465)
Depreciation of tangible fixed assets		(19,801)	(21,004)
Other operating charges		(49,978)	(1,986)
Interest receivable and similar income		-	177
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	204,765	648,327
Taxation on profit on ordinary activities	6	(52,008)	(57,266)
		<hr/>	<hr/>
Retained profit for the financial year		152,757	591,061
Realisation of property revaluation gains of previous years	13	20,219	21,430
Transfer from revaluation reserve	13	11,580	11,580
Retained loss brought forward		(637,872)	(1,261,943)
		<hr/>	<hr/>
Retained loss carried forward		(453,316)	(637,872)
		<hr/>	<hr/>

There were no acquisitions or discontinued operations within the company during 2003 and 2002.

A reconciliation of movements in equity shareholders' funds is given in note 17 to these accounts.

Statement of total recognised gains and losses
for the year ended 31 December 2003

	2003 £	2002 £
Profit for the financial year	152,757	591,061
Total recognised gains and losses relating to the year	152,757	591,061
Prior year adjustment on adoption of FRS 19	-	(62,808)
Total recognised gains and losses recognised since last annual report	152,757	528,253

Note of historical cost profits and losses
for the year ended 31 December 2003

	2003 £	2002 £
Reported profit on ordinary activities before taxation	204,765	648,327
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	11,580	11,580
Realisation of property revaluation gain of previous years	20,219	21,430
Historical cost profit on ordinary activities before taxation	236,564	681,337
Historical cost profit for the year retained after taxation	184,556	624,071

Balance sheet
at 31 December 2003

	Note	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	7		3,072,712		2,433,538
Current assets					
Debtors	8	20,591		558,284	
Cash at bank and in hand		6,993		13,564	
		<u>27,584</u>		<u>571,848</u>	
Creditors: amounts falling due within one year	9	<u>(338,690)</u>		<u>(277,169)</u>	
Net current (liabilities)/assets			<u>(311,106)</u>		<u>294,679</u>
Total assets less current liabilities			<u>2,761,606</u>		<u>2,728,217</u>
Creditors: amounts falling due after more than one year	10		<u>(1,530,000)</u>		<u>(1,680,000)</u>
Provisions for liabilities and charges	11		<u>(97,717)</u>		<u>(67,085)</u>
Net assets			<u>1,133,889</u>		<u>981,132</u>
Capital and reserves					
Called up share capital	12		100		100
Revaluation reserve	13		1,587,105		1,618,904
Profit and loss account	13		<u>(453,316)</u>		<u>(637,872)</u>
Equity shareholders' funds	17		<u>1,133,889</u>		<u>981,132</u>

These financial statements were approved by the Board of Directors on 25th May 2004 and were signed on its behalf by:



Mr Michael R Milton
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of land and buildings.

The company is exempt from the requirement of FRS 1 (Revised), to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of MPG Limited, and its cash flows are included within the consolidated cash flow statement of that company.

The company is exempt from the requirement of FRS 8 to disclose related party transactions with the MPG Group and its associated undertakings on the grounds that it is a wholly owned subsidiary undertaking of MPG Limited.

Fixed assets and depreciation

Depreciation is provided so as to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	1% per annum
Leasehold land and buildings	-	life of lease

No depreciation is provided on freehold land.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Pension costs

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group.

Details of the group pension scheme can be found in the financial statements of MPG Limited.

2 Turnover

All turnover is derived from rents receivable.

Notes (continued)

3 Profit on ordinary activities before taxation

	2003 £	2002 £
<i>Profit on ordinary activities before taxation is stated:</i>		
<i>after charging</i>		
Depreciation and other amounts written off tangible fixed assets: owned assets	19,801	21,004
<i>after crediting</i>		
Profit on disposal of tangible fixed assets	29,712	426,005
Rents receivable from property	318,938	301,600

4 Remuneration of Directors

	2003 £	2002 £
Directors' emoluments	74,106	56,465

Number of Directors

2003 2002

Retirement benefits are accruing to the following number of Directors under:

Defined benefit schemes	1	1
Money purchase schemes	1	1

5 Staff numbers and costs

The only employees of the company during this year and the previous year were the Directors.

The aggregate payroll costs of the Directors were as follows:

	2003 £	2002 £
Wages and salaries	60,900	45,580
Social security costs	6,726	4,571
Other pension costs (note 16)	6,480	6,314
	74,106	56,465

Notes (continued)

6 Taxation

	2003 £	2002 £
UK corporation tax		
Current tax on income for the year	21,376	57,785
Adjustments in respect of prior years	-	(4,796)
	<hr/>	<hr/>
Total current tax	21,376	52,989
Deferred tax (see note 11)	30,632	4,277
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>52,008</u>	<u>57,266</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2002: lower) than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below.

	2003 £	2002 £
Current tax reconciliation		
Profit on ordinary activities before taxation	204,765	648,327
	<hr/>	<hr/>
Current tax at 30% (2001: 30%)	61,430	194,498
Effects of:		
Expenses not deductible for tax purposes	4,646	9,220
Rollover relief on profit on disposal of property	-	(132,094)
Capital allowances for period in excess of depreciation	(30,632)	(3,723)
Adjustments to tax charge in respect of previous periods	-	(4,796)
Impact of differing tax rates	-	(3,426)
Origination/reversal of timing differences	(14,068)	(554)
ACT previously written off	-	(6,136)
	<hr/>	<hr/>
Total current tax charge (see above)	<u>21,376</u>	<u>52,989</u>

Notes (continued)

7 Tangible fixed assets

	Land and buildings £
<i>Cost or valuation</i>	
At beginning of year	2,601,147
Additions	753,174
Disposals	(102,645)
	<hr/>
At end of year	3,251,676
	<hr/>
<i>Depreciation and diminution in value</i>	
At beginning of year	167,609
Charge for year	19,801
Disposals	(8,446)
	<hr/>
At end of year	178,964
	<hr/>
<i>Net book value</i>	
At 31 December 2003	3,072,712
	<hr/>
At 31 December 2002	2,433,538
	<hr/>

The net book value of land and buildings comprises:

	2003 £	2002 £
Freehold	3,057,129	2,415,938
Short leasehold	15,583	17,600
	<hr/>	<hr/>
	3,072,712	2,433,538
	<hr/>	<hr/>

The gross book value of land and buildings includes depreciable freehold properties of £2,416,529 (2002: £1,766,000).

The net book value of freehold land and buildings included above at valuation is as follows:

	£
At 31 December 1996 open market value	2,448,000
Depreciation thereon	(144,045)
	<hr/>
At 31 December 2003	2,303,955
	<hr/>

Notes (continued)

7 Tangible fixed assets (continued)

The net book value of land and buildings (included above at valuation) determined according to the historical cost convention is as follows:

	£
Cost	1,513,735
Depreciation	(77,527)
	<u>1,436,208</u>

8 Debtors

	2003 £	2002 £
Other debtors	20,591	544,500
Prepayments	-	13,784
	<u>20,591</u>	<u>558,284</u>

9 Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts owed to group undertakings	317,404	263,069
Accruals and deferred income	21,286	14,100
	<u>338,690</u>	<u>277,169</u>

10 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Amounts owed to group undertakings	1,530,000	1,680,000
	<u>1,530,000</u>	<u>1,680,000</u>

Notes (continued)

11 Provisions for liabilities and charges

Deferred taxation

	£
At beginning of year	67,085
Charge to profit and loss account	30,632
	<hr/>
At end of year	97,717
	<hr/>

The deferred taxation provision relates entirely to the difference between accumulated depreciation and amortisation and the related capital allowances.

12 Called up share capital

	2003 £	2002 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

13 Reserves

	Revaluation reserve £	Profit and loss reserve £
At beginning of year	1,618,904	(637,872)
Retained profit for the year	-	152,757
Transfers to profit and loss account	(11,580)	11,580
Realisation of property revaluation gains	(20,219)	20,219
	<hr/>	<hr/>
At end of year	1,587,105	(453,316)
	<hr/>	<hr/>

The transfers to the profit and loss account represent amounts realised during the year.

14 Contingent liabilities

The company has guaranteed the bank borrowings of fellow group undertakings. The amount outstanding at the year end was £103,699 (2002: £121,028).

The company has also guaranteed certain hire purchase agreements of fellow group undertakings. The amount outstanding at the year end was £2,107,004 (2002: £1,402,466).

Notes (continued)

15 Commitments

Capital commitments at the end of the financial year for which no provision has been made:

	2003 £	2002 £
Authorised but not contracted	-	641,800

16 Pension scheme

The company contributes to a Group pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme will be accounted for by the company when the accounting standard is fully adopted by the company as if the scheme was a defined contribution scheme.

The most recent actuarial valuation showed that the market value of the scheme's assets was £4,516,000 at 31 December 2003 and that the actuarial value of those assets represented 80% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company will remain at 18% of earnings and contributions of employees will remain at 7% of earnings. Additional contributions of £17,000 per month will also be payable until September 2006.

Details of the Group scheme can be found in the financial statements of the ultimate parent undertaking MPG Limited.

Contributions for the year amounted to £6,480 (2002: £6,314).

17 Reconciliation of movements in equity shareholders' funds

	2003 £	2002 £
Profit for financial year	152,757	591,061
Opening equity shareholders funds	981,132	390,071
	<hr/>	<hr/>
Closing equity shareholders' funds	1,133,889	981,132
	<hr/>	<hr/>

18 Ultimate parent company

MPG Limited, a company incorporated in Great Britain and registered in England and Wales, is regarded by the Directors as being the company's ultimate parent company. Copies of the financial statements of MPG Limited can be obtained from Companies House, Crown Way, Cardiff.