

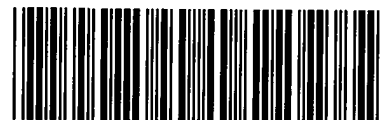
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COMPANY REGISTRATION NUMBER 00597053

**ERNROL PROPERTY CO. LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**31 MARCH 2014**

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**ERNTROL PROPERTY CO. LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	<b>1</b>
Directors' report	<b>2</b>
Profit and loss account	<b>3</b>
Balance sheet	<b>4</b>
Statement of income and retained earnings	<b>5</b>
Statement of cash flow	<b>6</b>
Notes to the financial statements	<b>7</b>
<b>The following pages do not form part of the financial statements</b>	
Detailed profit and loss account	<b>17</b>
Notes to the detailed profit and loss account	<b>18</b>

**ERNROL PROPERTY CO. LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**THE BOARD OF DIRECTORS**

Mr B S E Freshwater  
Mr D Davis

**COMPANY SECRETARY**

M R M Jenner F.C.I.S.

**REGISTERED OFFICE**

Freshwater House  
158-162 Shaftesbury Avenue  
LONDON  
WC2H 8HR

**ACCOUNTANTS**

Cohen Arnold  
Chartered Accountants  
New Burlington House  
1075 Finchley Road  
London  
NW11 0PU

# **ERNTRON PROPERTY CO. LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 MARCH 2014**

The directors present their report and the unaudited financial statements of the company for the year ended 31 March 2014.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is property investment in commercial and residential properties in the UK. From time to time the Company undertakes the redevelopment of its existing properties. The Company's business model is generally to hold its properties for the long term in order to generate rental income and capital appreciation. However, each of the Company's investment properties is considered to be potentially for sale in the right circumstances. There has been no significant change in the nature of the company's business activities during the year under review, nor is any envisaged in the immediate future.

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £50,148. The directors have not recommended a dividend.

### **DIRECTORS**

The directors who served the company during the year were as follows:

Mr B S E Freshwater

Mr D Davis

The Articles of Association of the company do not require the directors to retire by rotation. Neither director has a service contract, nor do they receive any emoluments from the company.

### **DIRECTORS' INTERESTS IN CONTRACTS**

Throughout the year Mr B S E Freshwater held 4 ordinary shares in the capital of the company, the remainder of the shares being held by members of his family and Trustees of a Family Settlement.

Day-to-day management of the company's investment properties and its operations is provided by Highdorn Co. Limited and Freshwater Property Management Limited. Mr B S E Freshwater is a director of both companies and has a non-beneficial interest in the share capital of Highdorn Co. Limited. Mr B S E Freshwater and Mr D Davis are also governors of the parent undertaking of Freshwater Property Management Limited but have no beneficial interest in either company.

### **PROPERTIES**

A professional valuation of all the Company's investment portfolio was carried out at 31 March 2014 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The valuation totalled £451,560 (2013: £436,560) producing a surplus of £15,000 (2013: £35,000) which has been included in the profit and loss account.

Signed by order of the directors



M R M JENNER, F.C.I.S.

Company Secretary

Approved by the directors on **10 MAR 2015** .....

**ERNTRON PROPERTY CO. LIMITED****PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
<b>TURNOVER</b>		<b>38,073</b>	<b>38,073</b>
Property outgoings		<u>(807)</u>	<u>2,640</u>
<b>GROSS PROFIT</b>		<b>37,266</b>	<b>40,713</b>
Net valuation gains on investment property		<b>15,000</b>	<b>35,000</b>
Administrative Expenses		<u>(3,560)</u>	<u>(3,618)</u>
<b>OPERATING PROFIT</b>		<b>48,706</b>	<b>72,095</b>
Interest receivable and similar income		—	20
Interest payable and similar charges		<u>(1,883)</u>	<u>(1,098)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>46,823</b>	<b>71,017</b>
Tax on Profit on Ordinary Activities	3	<b>3,325</b>	<b>(13,000)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>50,148</u></b>	<b><u>58,017</u></b>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 15 form part of these financial statements.

# ERNTROL PROPERTY CO. LIMITED

## BALANCE SHEET

31 MARCH 2014

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Investment property	4	451,560	436,560
<b>CURRENT ASSETS</b>			
Debtors	5	250	516
<b>CREDITORS: Amounts falling due within one year</b>	6	(998,780)	(1,024,194)
<b>NET CURRENT LIABILITIES</b>		(998,530)	(1,023,678)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(546,970)	(587,118)
<b>PROVISIONS FOR LIABILITIES</b>	7	(89,000)	(99,000)
<b>NET LIABILITIES</b>		(635,970)	(686,118)
<b>CAPITAL AND RESERVES</b>			
Called-Up Equity Share Capital	10	10	10
Profit and Loss Account		(635,980)	(686,128)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		(635,970)	(686,118)

For the year ended 31 March 2014 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with Financial Reporting Standard 102.

These accounts were approved by the directors and authorised for issue on **10 MAR 2015**, and are signed on their behalf by:

  
**MR B S E FRESHWATER**  
Director

Company Registration Number: 00597053

The notes on pages 7 to 15 form part of these financial statements.

**ERNTRON PROPERTY CO. LIMITED**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**YEAR ENDED 31 MARCH 2014**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 April 2012	10	(744,145)	(744,135)
<b>Total comprehensive income for the period</b>			
Profit	-	58,017	58,017
Balance at 31 March 2013	<u>10</u>	<u>(686,128)</u>	<u>(686,118)</u>

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 April 2013	10	(686,128)	(686,118)
<b>Total comprehensive income for the period</b>			
Profit	-	50,148	50,148
Balance at 31 March 2014	<u>10</u>	<u>(635,980)</u>	<u>(635,970)</u>

The balance on the profit and loss account at 31 March 2014 includes £358,191 of unrealised profits which are not available for distribution.

The notes on pages 7 to 15 form part of these financial statements.

**ERNTROL PROPERTY CO. LIMITED**

**STATEMENT OF CASH FLOW**

**YEAR ENDED 31 MARCH 2014**

	<b>2014</b>		<b>2013</b>	
	£	£	£	£
<b>CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>				
Operating Profit	48,706		72,095	
Net valuation gains on investment property	(15,000)		(35,000)	
Decrease in Debtors	266		33	
Decrease in Creditors	(33,972)		(37,146)	
	<hr/>		<hr/>	
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		-		(18)
<b>TAXATION</b>				
Corporation Tax Paid		(8,675)		(2,230)
<b>FINANCING ACTIVITIES</b>				
Interest Received	-		20	
Interest Paid	(1,883)		(1,098)	
	<hr/>		<hr/>	
Cash Generated from Financing Activities		(1,883)		(1,078)
		<hr/>		<hr/>
<b>DECREASE IN CASH &amp; CASH EQUIVALENTS</b>		(10,558)		(3,326)
<b>CASH &amp; CASH EQUIVALENTS AT 1 APRIL 2013</b>		(37,181)		(33,855)
		<hr/>		<hr/>
<b>CASH &amp; CASH EQUIVALENTS AT 31 MARCH 2014</b>		(47,739)		(37,181)
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**CASH & CASH EQUIVALENTS**

	<b>At</b>		<b>At</b>	
	<b>1 Apr 2013</b>	<b>Cash flows</b>	<b>31 Mar 2014</b>	
	£	£	£	
Cash in hand and at bank	-	-	-	
Short term deposits	-	-	-	
	<hr/>	<hr/>	<hr/>	
Bank overdrafts	(37,181)	(10,558)	(47,739)	
Cash & cash equivalents	(37,181)	(10,558)	(47,739)	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

The notes on pages 7 to 15 form part of these financial statements.



**ERNTROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

Erntrol Property Co. Limited (the "Company") is a company limited by shares and incorporated in the UK. The Company's Registered Office is Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")*. The presentation currency of these financial statements is sterling.

The financial statements have been prepared under the historical cost convention except that investment property is measured at fair value.

The financial statements have been prepared on a going concern basis, notwithstanding the company's net current liabilities as at 31 March 2014, since the directors have received an assurance from a connected company, Metropolitan Properties Company Limited, that it will continue to provide such cash resources as are required by the company for at least 12 months from the date of approval of these financial statements.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the Company is provided in note 14.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102 in the transition period. The following exemption has been taken in these financial statements:

- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at 1 April 2012 rather than commencement date of the arrangement.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 13.

**Turnover**

Turnover comprises rents and charges receivable and is derived wholly from operations in the UK.

**Acquisitions and disposals of properties**

Acquisitions and disposals are considered to have taken place at the date of legal completion and are included in the financial statements accordingly.

**ERNROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**1. ACCOUNTING POLICIES *(continued)***

**Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

***Basic financial instruments***

***Trade and other debtors***

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

***Trade and other creditors***

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

**Investment property**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

**Subsequent to initial recognition**

- i. Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the profit and loss account in the period that they arise; and
- ii. No depreciation is provided in respect of investment properties applying the fair value model.

This treatment, as regards the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. 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.

Investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. Any gain or loss arising from a change in fair value is recognised in the profit and loss account.

Profit on disposal of investment property includes the net proceeds from lease extensions.

**ERNTROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**1. ACCOUNTING POLICIES *(continued)***

**Income and Expenses**

*Interest receivable and Interest payable*

Interest income and interest payable are recognised in the profit and loss account as they accrue, using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or redevelopment of an asset that takes a substantial time to be prepared for use are expensed as incurred.

Interest receivable and similar income include interest receivable on intercompany loans and late payment charges.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rate and allowances applicable to the sale of the property.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**2. PARTICULARS OF EMPLOYEES**

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

**ERNTROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**3. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2014 £	2013 £
Current tax :		
Corporation tax		
UK Corporation tax based on the results for the year at 23% (2013 - 24%)	6,675	9,000
Total current tax	<u>6,675</u>	<u>9,000</u>
Deferred tax:		
Origination and reversal of timing differences	3,000	8,000
Change in tax rate	(13,000)	(4,000)
Total deferred tax	<u>(10,000)</u>	<u>4,000</u>
Total tax	<u>(3,325)</u>	<u>13,000</u>

All tax is recognised in the profit and loss account.

**(b) Reconciliation of effective tax rate**

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 23% (2013 - 24%). The difference between the current tax charge for the year and a tax charge based on the standard rate of corporation tax in the UK is explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>46,823</u>	<u>71,017</u>
Tax at the standard rate of corporation tax in the UK of 23% (2013: 24%)	10,769	17,044
Timing differences on unrealised gains	(13,450)	(4,400)
Other differences	(644)	356
Total tax (note 3(a))	<u>(3,325)</u>	<u>13,000</u>

**(c) Factors that may affect future tax charges**

The 2013 Budget announced on 20 March 2013 that the UK Corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge. The deferred tax liability at 31 March 2014 has been calculated based on the rate of 20%.

**ERNTROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**4. INVESTMENT PROPERTY**

	Freehold Properties £
<b>FAIR VALUE</b>	
At 1 April 2013	436,560
Revaluation	<u>15,000</u>
<b>At 31 March 2014</b>	<u><b>451,560</b></u>

The historical cost of investment properties at 31 March 2014 is £4,369 (2013: £4,369).

An independent professional revaluation of all the Company's property was carried out at 31 March 2014 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The revaluation figures are based on open market value assessed in accordance with the RICS Valuation – Professional Standards (2014).

**Valuation techniques and key inputs**

The company's residential apartments (£1,560) were valued using a sales valuation approach, derived from recent comparable transactions in the market, adjusted by applying discounts to reflect status of occupation and condition. The largest discounts were applied to those properties subject to registered tenancies, reflecting the relative difference in security of tenure, whilst the smallest discounts were applied to those properties subject to assured shorthold tenancies. Sales value assumptions were £510 per square foot.

The company's commercial units (£450,000) were valued using the income capitalisation method, requiring the application of an appropriate market based yield to net operating income. Adjustments are made to allow for voids when less than five years are left under the current tenancy and to reflect market rent at the point of lease expiry or rent review. Equivalent yields used were 7.18% and estimated rental values used were £22.60 per square foot.

**5. DEBTORS**

	2014 £	2013 £
Trade debtors	61	334
Other debtors	<u>189</u>	<u>182</u>
	<u><b>250</b></u>	<u><b>516</b></u>

All debtors are payable within one year or are payable on demand.

**6. CREDITORS: Amounts falling due within one year**

	2014 £	2013 £
Overdrafts	47,739	37,181
Trade creditors	10,131	10,184
Corporation tax	7,000	9,000
Other creditors	<u>933,910</u>	<u>967,829</u>
	<u><b>998,780</b></u>	<u><b>1,024,194</b></u>

Other creditors include amounts aggregating £915,993 (2013 - £950,070) due to companies whose directors include the directors of this company and £14,185 (2013 - £14,185) due to the trustees of a family settlement. The amounts are all interest-free and effectively repayable on demand.

**ERNTROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**7. DEFERRED TAX LIABILITIES**

The movement in the deferred taxation provision during the year was:

	£
At 1 April 2013	99,000
Credit to profit and loss account	<u>(10,000)</u>
At 31 March 2014	<u>89,000</u>

**8. FINANCIAL INSTRUMENTS**

	2014	2013
	£	£
<b>Financial assets measured at amortised cost:</b>		
Trade debtors	61	334
Other debtors	189	182
<b>Financial liabilities measured at amortised cost:</b>		
Overdrafts	47,739	37,181
Trade creditors	10,131	10,184
Corporation tax	7,000	9,000
Other creditors	<u>933,910</u>	<u>967,829</u>

**9. DIRECTORS' INTERESTS IN CONTRACTS**

Day-to-day management of the company's investment properties and its operations is provided by Highdorn Co. Limited and Freshwater Property Management Limited. Mr B S E Freshwater is a director of both companies and has a non-beneficial interest in the share capital of Highdorn Co. Limited. Mr B S E Freshwater and Mr D Davis are also governors of the parent undertaking of Freshwater Property Management Limited but have no beneficial interest in either company.

The amounts payable for the full range of management services charged for at normal commercial rates were:-

	2014	2013
	£	£
Highdorn Co. Limited	<u>600</u>	<u>600</u>
Freshwater Property Management Limited	<u>945</u>	<u>943</u>

The Board considers that the Directors are the key management personnel of the company and neither Director receives any emoluments from the company.

**10. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	2014		2013
	No	£	No
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>

**ERNROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**11. CHARGES ON ASSETS**

The company has charged certain of its freehold investment properties with a market value of £1,560 (2013 - £1,560) as part security for bank overdraft facilities made available to the company, which at 31 March 2014 amounted to £47,739 (2013 - £37,181).

**12. CONTROLLING PARTY**

The company was under the control of Mr B S E Freshwater and his family throughout the current and previous year.

**13. ACCOUNTING ESTIMATES AND JUDGEMENTS**

i. Property valuations

The valuation of the company's property portfolio is inherently subjective, depending on many factors, including the individual nature of each property, its location and expected future net rental values, market yields and comparable market transactions (as set out in Note 4). Therefore the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of difficult market or economic conditions. As noted in Note 1 above, all the company's properties are valued by external valuers with appropriate qualifications and experience.

ii. Trade debtors

Management uses details of the age of trade debtors and the status of any disputes together with external evidence of the credit status of the counterparty in making judgements concerning any need to impair the carrying values.

**14. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP**

As stated in Note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2014 and the comparative information presented in these financial statements for the year ended 31 March 2013.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

**ERNROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**14. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP (continued)**

*Reconciliation of equity*

		1 April 2012			31 March 2013		
		Effect of transition to			Effect of transition to		
		UK GAAP	FRS 102	FRS 102	UK GAAP	FRS 102	FRS 102
		£	£	£	£	£	£
<b>Fixed assets</b>							
Investment properties	(i)	-	401,560	401,560	-	436,560	436,560
		<u>-</u>	<u>401,560</u>	<u>401,560</u>	<u>-</u>	<u>436,560</u>	<u>436,560</u>
		-	401,560	401,560	-	436,560	436,560
<b>Current assets</b>							
Properties held for trading	(i)	4,369	(4,369)	-	4,369	(4,369)	-
Debtors		549	-	549	516	-	516
		<u>4,918</u>	<u>(4,369)</u>	<u>549</u>	<u>4,885</u>	<u>(4,369)</u>	<u>516</u>
		4,918	(4,369)	549	4,885	(4,369)	516
<b>Creditors : amounts due within one year</b>							
		(1,051,244)	-	(1,051,244)	(1,024,194)	-	(1,024,194)
		<u>(1,051,244)</u>	<u>-</u>	<u>(1,051,244)</u>	<u>(1,024,194)</u>	<u>-</u>	<u>(1,024,194)</u>
		(1,051,244)	-	(1,051,244)	(1,024,194)	-	(1,024,194)
<b>Net current liabilities</b>							
		(1,046,326)	(4,369)	(1,050,695)	(1,019,309)	(4,369)	(1,023,678)
		<u>(1,046,326)</u>	<u>(4,369)</u>	<u>(1,050,695)</u>	<u>(1,019,309)</u>	<u>(4,369)</u>	<u>(1,023,678)</u>
		(1,046,326)	(4,369)	(1,050,695)	(1,019,309)	(4,369)	(1,023,678)
<b>Provisions for liabilities</b>							
	(ii)	-	(95,000)	(95,000)	-	(99,000)	(99,000)
		<u>-</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>	<u>(99,000)</u>	<u>(99,000)</u>
		-	(95,000)	(95,000)	-	(99,000)	(99,000)
<b>Net liabilities</b>							
		(1,046,326)	302,191	(744,135)	(1,019,309)	333,191	(686,118)
		<u>(1,046,326)</u>	<u>302,191</u>	<u>(744,135)</u>	<u>(1,019,309)</u>	<u>333,191</u>	<u>(686,118)</u>
		(1,046,326)	302,191	(744,135)	(1,019,309)	333,191	(686,118)
<b>Capital and reserves</b>							
Called up share capital		10	-	10	10	-	10
Profit and loss account		(1,046,336)	302,191	(744,145)	(1,019,319)	333,191	(686,128)
		<u>(1,046,336)</u>	<u>302,191</u>	<u>(744,145)</u>	<u>(1,019,319)</u>	<u>333,191</u>	<u>(686,128)</u>
		(1,046,336)	302,191	(744,145)	(1,019,319)	333,191	(686,128)
<b>Equity shareholders' funds</b>							
		<u>(1,046,326)</u>	<u>302,191</u>	<u>(744,135)</u>	<u>(1,019,309)</u>	<u>333,191</u>	<u>(686,118)</u>
		(1,046,326)	302,191	(744,135)	(1,019,309)	333,191	(686,118)



**ERNTROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**14. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP (*continued*)**

*Reconciliation of profit for the year to 31 March 2013*

		31 March 2013 Effect of transition to	
	UK GAAP £	FRS 102 £	FRS 102 £
Turnover	38,073	-	38,073
Property outgoings	2,640	-	2,640
<b>Gross profit</b>	<u>40,713</u>	<u>-</u>	<u>40,713</u>
Net valuation gains on investment property	-	35,000	35,000
Administrative Expenses	(3,618)	-	(3,618)
<b>Operating profit</b>	<u>37,095</u>	<u>35,000</u>	<u>72,095</u>
Interest receivable and similar income	20	-	20
Interest payable and similar charges	(1,098)	-	(1,098)
<b>Profit on ordinary activities before taxation</b>	<u>36,017</u>	<u>35,000</u>	<u>71,017</u>
<b>Tax on profit on ordinary activities</b>	<u>(9,000)</u>	<u>(4,000)</u>	<u>(13,000)</u>
<b>Profit for the year</b>	<u><u>27,017</u></u>	<u><u>31,000</u></u>	<u><u>58,017</u></u>

The following were changes in accounting policies arising from the transition to FRS 102:

(i) Investment Property

Previously the company's properties continued to be categorised as trading properties, shown in the balance sheet as stock within current assets, at the lower of cost and net realisable value. Under FRS 102 these properties fall to be categorised as investment properties within fixed assets and are held at fair value, with changes in fair value being recorded in the profit and loss account.

(ii) Deferred tax on unrealised investment property gains and losses

Previously no deferred tax arose on the company's properties as there were no timing differences between the accounting and tax treatment of any movements in carrying value. Under FRS 102, deferred tax is recognised on the difference between the cost for tax purposes and the fair value of the company's investment properties, with movements recorded in the profit and loss account.