

ERNTRON PROPERTY CO. LIMITED

Company No: 597053

FINANCIAL STATEMENTS

for the year ended

31 MARCH 2004

**COHEN, ARNOLD & CO
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
LONDON NW11 0PU**



A08 *A42561QE* 0693
COMPANIES HOUSE 07/01/05

ERNROL PROPERTY CO. LIMITED

DIRECTORS

B S E Freshwater
D Davis

SECRETARY

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

REGISTERED OFFICE

Freshwater House
158-162 Shaftesbury Avenue
London WC2H 8HR

AUDITORS

Cohen, Arnold & Co
New Burlington House
1075 Finchley Road
London NW11 0PU

ERNROL PROPERTY CO. LIMITED
INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

Page

1 - 2	Directors' Report
3	Profit and Loss Account
4 - 5	Balance Sheet
6 - 10	Notes to the Financial Statements

ERNTRON PROPERTY CO. LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting their Annual Report together with the Financial Statements of the Company for the year ended 31 March 2004.

BUSINESS REVIEW

The principal activity of the Company is Property Trading which has remained unchanged during the year and no change is anticipated in the immediate future.

RESULTS AND DIVIDEND

The financial results of the Company's activities for the year ended 31 March 2004 are fully reflected in the attached Financial Statements together with the Notes thereon.

The Directors do not recommend the payment of a dividend for the year under review (2003:£Nil).

PROPERTIES

The Directors have carefully reviewed the Company's property trading portfolio and they are satisfied that each property has a value greater than the figure at which it is included in the Balance Sheet at 31 March 2004.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served throughout the year, and who are still in office, are Mr B S E Freshwater and Mr D Davis.

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.

The Articles of Association do not require the Directors to retire by rotation.

The Directors do not have Service Contracts nor do they receive any emoluments from the Company.

Day-to-day management of the Company is carried out by Highdorn Co.Limited and Freshwater Property Management Limited. Mr B S E Freshwater is a Director of both Companies and also 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.

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 its profit or loss for that period. In preparing the Financial Statements, the Directors are required to:

- i) select suitable accounting policies and apply them consistently
- ii) make judgements and estimates that are reasonable and prudent

ERNTROL PROPERTY CO. LIMITED

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES (Cont'd)

- iii) follow applicable accounting standards, subject to any material departures disclosed and explained in the Financial Statements
- iv) 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 maintaining 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.

TAXATION STATUS

So far as the Directors are aware, the Company is a "close company" within the meaning of the provisions of Section 414 Taxes Act, 1988.

AUDITORS

A resolution will be proposed at the Annual General Meeting that Messrs Cohen, Arnold & Co, Chartered Accountants, are to be reappointed Auditors of the Company and that their remuneration is to be determined by agreement with the Directors.

BY ORDER OF THE BOARD



M.R.M. JENNER - SECRETARY

22 December 2004

**HEAD OFFICE:
Freshwater House
158/162 Shaftesbury Avenue
LONDON WC2H 8HR**

ERNTRONL PROPERTY CO. LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2004

	Note	<u>2004</u> £	<u>2003</u> £
Rent and Charges Receivable	3	22,072	18,131
Property Outgoings		(1,689)	(615)
		-----	-----
		20,383	17,516
Property Sales	3	-	3,100
Administrative Expenses	4	(2,225)	(2,201)
		-----	-----
OPERATING PROFIT		18,158	18,415
Interest Payable	5	(2,922)	(2,619)
Interest Receivable		282	85
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,518	15,881
Taxation	6	(4,664)	(4,800)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR		10,854	11,081
Adverse Balance Brought Forward		(1,123,792)	(1,134,873)
		-----	-----
ADVERSE BALANCE CARRIED FORWARD		£ (1,112,938)	£ (1,123,792)
		-----	-----

None of the Company's activities was acquired or discontinued during the financial year nor in the previous year.

The Company has no recognised gains or losses other than those reflected in the above Profit and Loss Account for the financial year nor for the previous year.

The notes on pages 6 to 10 form part of these financial statements.

ERNTRON PROPERTY CO. LIMITED

BALANCE SHEET AS AT 31 MARCH 2004

	Note	<u>2004</u> £	<u>2003</u> £
CURRENT ASSETS			
Stocks - Property held for Trading	1.2, 7 & 11	4,369	4,369
Debtors	8	6,177	662
		-----	-----
		10,546	5,031
CREDITORS: Amounts falling due within one year	9	(1,123,474)	(1,128,813)
		-----	-----
NET LIABILITIES		£ (1,112,928)	£ (1,123,782)
		=====	=====
CAPITAL AND RESERVES			
Called up Share Capital	10	10	10
Profit and Loss Account - Adverse Balance		(1,112,938)	(1,123,792)
		-----	-----
		£ (1,112,928)	£ (1,123,782)
		=====	=====

The immediately following page forms an integral part of this Balance Sheet.

ERNTROL PROPERTY CO. LIMITED

BALANCE SHEET AS AT 31ST MARCH 2004

The Directors confirm that for the year ended 31 March 2004 the Company is entitled to exemption from audit under the provisions of Section 249A (1) Companies Act 1985 (the Act) and that no member or members have requested an audit pursuant to the provisions of Section 249B(2) of the Act.

The Directors acknowledge their responsibilities for ensuring that the Company maintains accounting records which comply with Section 221 of the Act and for preparing Accounts which give a true and fair view of the state of affairs of the Company at the end of its Financial Year and of its results for the Financial Year in accordance with the provisions of Section 226 of the Act and which otherwise comply with the requirements of the Act relating to Financial Statements.

The Financial Statements were approved by the Board on *22 December 2004* and signed on its behalf by

B.S.E. Freshwater


Director

The notes on pages 6 to 10 form part of these Financial Statements.

ERNTRONL PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in the preparation of the Company's financial statements.

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

1.2 GOING CONCERN

The Financial Statements have been prepared on the basis of Accounting Principles appropriate to a going concern, this being dependent on the continued financial support provided by one of the Company's Loan Creditors and also the underlying value of properties held for trading.

1.3 STOCKS

Stocks comprises Freehold Property held for Trading and is included in the financial statements at the lower of cost and estimated net realisable value.

1.4 CASH FLOW STATEMENT

The Company is exempted from the requirement to prepare a Cash Flow Statement (in accordance with Financial Reporting Standard No 1) on the basis of its being a "small company" as defined by Section 247 Companies Act 1985.

2. FORMAT OF FINANCIAL STATEMENTS

The Financial Statements are presented in accordance with the format prescribed by Schedule 4 Companies Act 1985 with suitable adaptation thereof which the Directors consider to be appropriate having regard to the nature of the Company's activities.

3. TURNOVER

The turnover of the Company is derived from its property held for trading purposes.

ERNTROL PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

4. ADMINISTRATIVE EXPENSES

The Administrative Expenses charged to the Profit and Loss Account are comprised as follows:

	<u>2004</u>	<u>2003</u>
	£	£
Management and Administration Charges (Note 12)	588	588
Accountancy Fees	1,587	1,528
Legal and Professional Charges	50	85
	-----	-----
	£2,225	£2,201
	=====	=====

The Directors of the Company received no emoluments from the Company during the year or in the previous year.

Apart from the Directors there were no other employees of the Company during the year or in the previous year.

5. INTEREST PAYABLE

	<u>2004</u>	<u>2003</u>
	£	£
Bank Interest and Charges	2,825	2,435
Interest on overdue tax	97	184
	-----	-----
	£2,922	£2,619
	=====	=====

ERNTROL PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

6. TAXATION

	<u>2004</u>	<u>2003</u>
	£	£
Taxation based on the profit for the year:		
Corporation Tax at 30% (2003: 30%)	4,700	4,800
Overprovision in prior year	(36)	-
	<hr/>	<hr/>
	£4,664	£4,800
	<hr/>	<hr/>
Factors affecting the tax charge for the year:		
Profit on ordinary activities before taxation	15,518	15,881
	<hr/>	<hr/>
Corporation tax at the standard rate of 30% (2003: 30%)	4,655	4,764
Adjustment in respect of previous year	(36)	-
Other differences	45	36
	<hr/>	<hr/>
	£4,664	£4,800
	<hr/>	<hr/>

7. STOCKS: PROPERTY HELD FOR TRADING

Properties held at 1 April 2003 and 31 March 2004	<hr/>
	£4,369
	<hr/>

8. DEBTORS

	<u>2004</u>	<u>2003</u>
	£	£
Rents Due and Accrued	5,247	12
Other Debtors and Prepayments	930	650
	<hr/>	<hr/>
	£6,177	£662
	<hr/>	<hr/>

ERNTROL PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2004</u>	<u>2003</u>
	£	£
Rent Charged in Advance	4,833	4,833
Bank Overdraft (Note 11)	66,690	53,619
Loan Creditors (see below)	1,038,751	1,052,359
Corporation Tax Payable	4,700	8,667
Other Creditors and Accruals	8,500	9,335
	<hr/>	<hr/>
	£1,123,474	£1,128,813
	<hr/>	<hr/>

The Loan Creditors include amounts aggregating £1,024,566 (2003:£1,038,174) due to Companies whose Directors include the Directors of this Company. The balance of the Loan Creditors relates to an amount due to a third party. The loans are all interest free and effectively repayable on demand.

10. SHARE CAPITAL

	<u>2004</u>	<u>2003</u>
	£	£
<u>Authorized:</u>		
100 Ordinary Shares of £1 each	100	100
	<hr/>	<hr/>
<u>Issued and Fully Paid:</u>		
10 Ordinary Shares of £1 each	10	10
	<hr/>	<hr/>

11. CHARGES ON ASSETS

The Company has charged certain of its Freehold Trading Properties with a book value of £484 (2003: £484) as part security for bank overdraft facilities made available to the Company, which at 31 March 2004 amounted to £66,690 (2003: £53,619).

ERNTRON PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

12. DIRECTORS' INTEREST IN CONTRACTS

Day-to-day management of the Company is carried out by Highdorn Co. Limited and Freshwater Property Management Limited, both of which are members of the Freshwater Group of Companies with which this Company is closely associated. 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.

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

	<u>2004</u>	<u>2003</u>
	£	£
Highdorn Co Limited	588	588
Freshwater Property Management Limited	1,657	592
	<u> </u>	<u> </u>

13. CONTROLLING PARTY

The Company is controlled by members of Mr BSE Freshwater's family and Trustees of a family settlement.