

NEWATER INVESTMENTS LIMITED

Report of the Directors and

Financial Statements

for the Year Ended 29th September 2010

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COMPANIES HOUSE

NEWATER INVESTMENTS LIMITED

Contents of the Financial Statements
for the Year Ended 29th September 2010

	Page
Company Information	1
Chairman's Statement	2
Report of the Directors	3
Report of the Independent Auditors	4
Profit and Loss Account	5
Statement of Total Recognised Gains and Losses	6
Balance Sheet	7
Notes to the Financial Statements	8

NEWATER INVESTMENTS LIMITED

Company Information
for the Year Ended 29th September 2010

DIRECTORS:

D J Sebire
M S Cottrell
D E Hurley
D J Suggitt
N R P Harris
R Blyth

SECRETARY:

L M Turner

REGISTERED OFFICE:

c/o Titanium Group LLP
The Exchange
19 Newhall Street
Birmingham
West Midlands
B3 3PJ

REGISTERED NUMBER

00678567

AUDITORS

Davies Mayers Barnett LLP
Statutory Auditors
Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS

NEWATER INVESTMENTS LIMITED

Chairman's Statement **for the Year Ended 29th September 2010**

Results

Rents and service charges receivable from the property showed a decrease on the previous year to £523,117 (2009 £627,493) This was due to an increase in the void space in the period

Cost of sales however decreased to £255,757 (2009 £273,431), this was due to a reduction in service charge costs during the year

The performance of the share portfolio has improved in line with the markets Realised losses during the period were £1,193 (2009 £28,381) and income from fixed asset investments was £9,284 (2009 £3,136) Income from fixed asset investments includes net unrealised gains of £685 (2009 losses of £10,871)

Administrative expenses were reduced further, this was mainly due to an overprovision for bad debts in the previous year of £13,981 and a reduction in management charges All other costs were comparable with the previous year

The profit on Ordinary Activities before Taxation amounted to £137,030 (2009 £160,219)

Due to the continuing economic climate and reduction in property values the directors believe the value of Newater House had fallen by a further 28% (2009 15%) to £3 305m as at 29th September 2010 (2009 £4 59m)

Newater House

At the time of writing, the front part of floor 1 and floors 2, 4 and 8 remain vacant, and floor 3 will become vacant at the end of 2011, however Benussi & Co have entered into a new ten year lease on floor 7 The board continue to work with the other existing tenants within the building in an attempt to preserve rental income in the longer term

In an attempt to satisfy existing tenants and help attract new tenants to the building in difficult market conditions, the Company has invested in the refurbishment of the common parts and one of the vacant floors to use as a show suite and this work has been completed In addition the lifts were also in need of refurbishment

Dividends

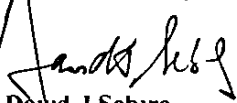
In view of the continued poor economic outlook and the increasing vacant space within Newater House, the board have decided that the dividend should be reduced The Board therefore propose a 20% reduction in the dividend for the year to £1 94 (2009 £2 42), resulting in a final dividend of £0 89p to be paid following approval at the AGM The Company's ability to continue to pay dividends in future years will be dependent upon retention of current tenants and at least some lettings of the vacant floors

Annual General Meeting

The Annual General Meeting will be held on Tuesday 19th April 2011 at 12 15pm at Newater House and I look forward to welcoming shareholders

Prospects

The Company continues to be in a relatively strong financial position but the Board remains focused on containing costs and effective marketing of the refurbished space to potential tenants Although the worst of the financial crisis may now be behind us, the current economic climate is without doubt affecting the decision making process of companies and organisations with a requirement for new or additional space in central Birmingham The Board feel that the building refurbishment is putting the company in a good position to benefit from the eventual upturn



David J Sebire
Chairman

9th March 2011

Report of the Directors
for the Year Ended 29th September 2010

The directors present their report with the financial statements of the company for the year ended 29th September 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property ownership and management

DIRECTORS

The directors shown below have held office during the whole of the period from 30th September 2009 to the date of this report

D J Sebire
M S Cottrell
D E Hurley
D J Suggitt
N R P Harris

Other changes in directors holding office are as follows

R Blyth - appointed 3rd December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 418 of the Companies Act 2006) 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 15 of the Companies Act 2006 relating to small companies

ON BEHALF OF THE BOARD:



L M Turner - Secretary

9th March 2011

Report of the Independent Auditors to the Shareholders of
Newater Investments Limited

We have audited the financial statements of Newater Investments Limited for the year ended 29th September 2010 on pages five to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29th September 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

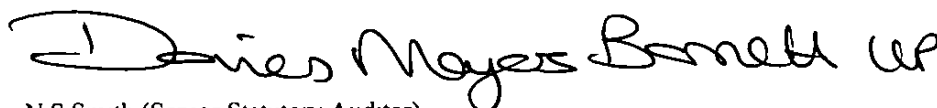
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the Report of the Directors in accordance with the small companies regime.



N S Smith (Senior Statutory Auditor)
for and on behalf of Davies Mayers Barnett LLP
Statutory Auditors
Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS

9th March 2011

NEWATER INVESTMENTS LIMITED

Profit and Loss Account
for the Year Ended 29th September 2010

	Notes	2010 £	2009 £
TURNOVER		523,117	627,493
Cost of sales		<u>(255,757)</u>	<u>(273,431)</u>
GROSS PROFIT		267,360	354,062
Administrative expenses		<u>(138,543)</u>	<u>(167,599)</u>
		128,817	186,463
Other operating income		<u>(1,193)</u>	<u>(28,181)</u>
OPERATING PROFIT	2	127,624	158,282
Income from fixed asset investments		9,284	3,136
Interest receivable and similar income		<u>122</u>	<u>678</u>
		137,030	162,096
Interest payable and similar charges		<u>-</u>	<u>(1,877)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		137,030	160,219
Tax on profit on ordinary activities	3	<u>(25,250)</u>	<u>(38,970)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>111,780</u>	<u>121,249</u>

The notes form part of these financial statements

NEWATER INVESTMENTS LIMITED

Statement of Total Recognised Gains and Losses
for the Year Ended 29th September 2010

	2010 £	2009 £
PROFIT FOR THE FINANCIAL YEAR	111,780	121,249
Unrealised deficit on revaluation of leasehold property	(1,285,000)	(810,000)
Unrealised surplus on revaluation of shares	<u>18,133</u>	<u>6,264</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(1,155,087)</u>	<u>(682,487)</u>

The notes form part of these financial statements

NEWATER INVESTMENTS LIMITED

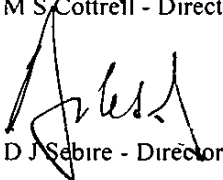
Balance Sheet 29th September 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Investments	5	3,565,542	4,831,853
CURRENT ASSETS			
Debtors	6	247,486	242,779
Cash at bank		<u>25,425</u>	<u>53,944</u>
		272,911	296,723
CREDITORS			
Amounts falling due within one year	7	<u>(208,621)</u>	<u>(232,437)</u>
NET CURRENT ASSETS		<u>64,290</u>	<u>64,286</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,629,832	4,896,139
PROVISIONS FOR LIABILITIES	10	<u>(52,985)</u>	<u>(52,985)</u>
NET ASSETS		<u><u>3,576,847</u></u>	<u><u>4,843,154</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	46,000	46,000
Revaluation reserve	12	2,393,288	3,660,155
Profit and loss account	12	<u>1,137,559</u>	<u>1,136,999</u>
SHAREHOLDERS' FUNDS		<u><u>3,576,847</u></u>	<u><u>4,843,154</u></u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 9th March 2011 and were signed on its behalf by


M S Cottrell - Director


D J Sebire - Director

The notes form part of these financial statements

NEWATER INVESTMENTS LIMITED

Notes to the Financial Statements **for the Year Ended 29th September 2010**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

Turnover is comprised of rent receivable and associated services provided during the year, net of VAT. Rents are invoiced on the traditional quarter days in advance and an adjustment is made as at the Balance Sheet date to take account of any rent attributable to the subsequent accounting period. Where a lease includes a rent free period, this cost is spread over the period of the lease until the first rent review. Any unexpensed rent free period costs are deducted from accrued income.

Deferred tax

Deferred taxation is recognised 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. Full provision is made without discounting for all deferred tax liabilities. No deferred tax provision has been made against potential capital gains tax arising from the revaluation of the property asset as there is no binding agreement to sell the property at the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered against taxable profits.

Investments

Listed investments are included at mid-market value at the balance sheet date. Unquoted investments are stated at cost less provision for permanent diminution in value.

Where the value of an investment has fallen below its original cost, the decrease in value is shown as an unrealised loss in the profit and loss account.

Where the value of an investment has risen above the original cost, the increase above cost is shown in the revaluation reserve in the balance sheet and not in the profit and loss account.

Where the value of an investment has historically fallen below its original cost but its value recovers, the increase in value up to its original cost is shown as an unrealised gain in the profit and loss account with any further increases in value above its original cost being shown in the revaluation reserve.

Dividends from investments are included in the profit and loss account when receivable.

Investment properties

Investment properties are included in the balance sheet at their existing use open market value in accordance with the Financial Reporting Standard for Smaller Entities and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair value of the financial position of the company.

2 OPERATING PROFIT

The operating profit is stated after charging

	2010	2009
	£	£
Loss on disposal of fixed assets	1,193	28,381
Compensation for loss of office	5,000	-
Auditors remuneration	3,900	3,700
	<u>52,500</u>	<u>40,000</u>

NEWATER INVESTMENTS LIMITED

Notes to the Financial Statements - continued
for the Year Ended 29th September 2010

2 OPERATING PROFIT - continued

Directors' emoluments and other benefits as defined in paragraph 1 of Schedule 6 to the Companies Act 2006 were

	2010 £	2009 £
D J Sebire - fee	20,000	20,000
M S Cottrell	5,000	5,000
D E Hurley	5,000	5,000
D J Suggitt	5,000	5,000
N R P Harris	5,000	5,000
R Blyth	12,500	-
	<u>52,500</u>	<u>40,000</u>

Emoluments in respect of D J Sebire and D J Suggitt were paid to Ultra Securities (Holdings) Limited and Southgate Splash Limited, respectively, companies in which they have an interest

3 TAXATION

Analysis of the tax charge

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

	2010 £	2009 £
Current tax		
UK corporation tax	<u>25,250</u>	<u>38,970</u>
Tax on profit on ordinary activities	<u>25,250</u>	<u>38,970</u>

Factors that may affect future tax charges

In prior years taxable losses have been incurred in relation to the disposal of investments. These taxable losses are available for use against future capital profits. A deferred tax asset has not been recognised as the company does not consider it prudent to anticipate sufficient taxable profits from the sale of investments to arise within the immediate future. The estimated value of the deferred tax asset, measured at a standard rate of 21%, is £72,630 (2009 £61,709)

4 DIVIDENDS

	2010 £	2009 £
Final	63,020	63,020
Interim	<u>48,200</u>	<u>48,200</u>
	<u>111,220</u>	<u>111,220</u>

NEWATER INVESTMENTS LIMITED

Notes to the Financial Statements - continued
for the Year Ended 29th September 2010

5 FIXED ASSET INVESTMENTS

	2010	2009
	£	£
Other investments other than loans	3,565,542	4,831,852

OTHER INVESTMENTS SUMMARY -

	2010	2009
	£	£
Listed investments	241,741	223,051
Unlisted investments	18,801	18,801
Leasehold property	<u>3,305,000</u>	<u>4,590,000</u>
At 29th September 2010	<u><u>3,565,542</u></u>	<u><u>4,831,852</u></u>

Investment Property - Leasehold Property

	2010	2009
	£	£
<u>COST OR VALUATION</u>		
At 29th September 2009	4,590,000	5,400,000
Additions	-	-
Revaluation	<u>(1,285,000)</u>	<u>(810,000)</u>
At 29th September 2010	<u><u>3,305,000</u></u>	<u><u>4,590,000</u></u>

The Leasehold Property is carried at open market value of £3,305,000 as valued by the Directors. This valuation is based on the advice of R Blyth, a Director appointed during the year, who is a fellow of the Royal Institution of Chartered Surveyors (FRICS). In June 2007, the property was valued by C B Richard Ellis Surveyors, at a market value of £6,525,000. The property has since been revalued downwards by the Directors in both the current and previous year.

The historic cost of the Leasehold property was as follows -

	2010	2009
	£	£
<u>COST</u>		
At 29th September 2009	931,701	931,701
Additions	<u>-</u>	<u>-</u>
At 29th September 2010	<u><u>931,701</u></u>	<u><u>931,701</u></u>

NEWATER INVESTMENTS LIMITED

Notes to the Financial Statements - continued **for the Year Ended 29th September 2010**

5 FIXED ASSET INVESTMENTS - continued

Listed and unlisted investments

	Listed investments £	Unlisted investments £	Totals £
COST OR VALUATION			
At 29th September 2009	223,051	18,801	241,852
Additions	115,844	-	115,844
Disposals	(115,972)	-	(115,972)
Revaluations	18,818	-	18,818
	<u>241,741</u>	<u>18,801</u>	<u>260,542</u>
At 29th September 2010	<u>241,741</u>	<u>18,801</u>	<u>260,542</u>
NET BOOK VALUE			
At 29th September 2010	<u>241,741</u>	<u>18,801</u>	<u>260,542</u>
At 29th September 2009	<u>223,051</u>	<u>18,801</u>	<u>241,851</u>

The historic cost of the listed investments at the balance sheet date was £277,204 (2009 £334,117)

Unlisted investments are included at cost of £18,801 (2009 £18,801) Based on latest share dealings in these investments the value of these investments would be £18,801 (2009 £18,801)

6 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade debtors	167,546	158,773
Other debtors	-	4,825
Prepayments and accrued income	<u>79,940</u>	<u>79,181</u>
	<u>247,486</u>	<u>242,779</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Bank loans and overdrafts	3,821	-
Trade creditors	40,507	9,433
Corporation tax	26,467	39,037
Social security and other taxes	13,466	12,940
Accruals and deferred income	<u>124,360</u>	<u>171,027</u>
	<u>208,621</u>	<u>232,437</u>

8 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	2010 £	2009 £
Expiring		
In more than five years	<u>47,000</u>	<u>47,000</u>

NEWATER INVESTMENTS LIMITED

Notes to the Financial Statements - continued **for the Year Ended 29th September 2010**

9 SECURED DEBTS

The following secured debts are included within creditors

	2010	2009
	£	£
Bank overdraft	<u>3,821</u>	<u>-</u>

The bank overdraft is secured by a first legal charge over the company's investment property

10 PROVISIONS FOR LIABILITIES

	2010	2009
	£	£
Deferred tax		
Accelerated capital allowances	<u>52,985</u>	<u>52,985</u>
		Deferred tax
		£
Balance at 30th September 2009		52,985
Transfer to profit and loss account		-
Balance at 29th September 2010		<u>52,985</u>

It is the company's policy not to provide for taxation in respect of the revalued property as there is no binding agreement to sell the property at the balance sheet date. If the property were disposed of at its revalued amount, the amount of tax that would be payable at a standard rate of 28% is estimated at £46,424 (2009 £439,740)

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010	2009
Number	Class	Nominal value	£	£
46,000	Ordinary	£1	<u>46,000</u>	<u>46,000</u>

12 RESERVES

	Profit and loss account	Revaluation reserve	Totals
	£	£	£
At 30th September 2009	1,136,999	3,660,155	4,797,154
Profit for the year	111,780		111,780
Dividends	(111,220)		(111,220)
Revaluation of leasehold property	-	(1,285,000)	(1,285,000)
Unrealised surplus on revaluation of shares	-	18,133	18,133
At 29th September 2010	<u>1,137,559</u>	<u>2,393,288</u>	<u>3,530,847</u>

13 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date (2009 £Nil)

NEWATER INVESTMENTS LIMITED

Notes to the Financial Statements - continued **for the Year Ended 29th September 2010**

14 CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date (2009 £Nil)

15 RELATED PARTY DISCLOSURES

During the year, the company had transactions with related parties, which are disclosed in accordance with Financial Reporting Standard for Smaller Entities (effective April 2008) The directors consider that all were entered into on an arm's length basis

D J Sebire a director of the company, is also a director of Ultra Securities (Holdings) Limited which, in addition to the directors fee of £20,000 disclosed in note 2 (2009 £20,000), also charged the company £670 for expenses during the year (2009 £724) The balance outstanding at the year end is £1,994 (2009 £2,334) included within creditors

D Suggitt, a director of the company, is also a director of Southgate Splash Limited which charged a directors fee of £5,000 as disclosed in note 2 (2009 £5,000) and charged the company £86 for expenses during the year (2009 £Nil) The balance outstanding at the year end is £5,086 (2009 £Nil) included within creditors

R Blyth was appointed as a director of the company during the year and charged a directors fee of £12,500 as disclosed in note 2 He also charged the company £150 for expenses incurred during the year The balance outstanding at the year end is £1,250 included within creditors

The following dividends were paid to the directors and connected parties

	2010	2009
	£	£
M S Cottrell	39,489	39,489
D E Hurley	295	295
D J Suggitt	12,549	12,549
N R P Harris	<u>2,832</u>	<u>2,832</u>

In respect of the previous year, on 16th October 2008, G J Hickton who was a director of the company died During the year ended 29th September 2009, he was also a director of Maximus Group Limited which, charged the Company £45,000 for property consultancy, accountancy, company secretarial and administration services The company was also charged £178 for expenses incurred during the year

During the year ended 29th September 2009, Maximus Group Limited also paid rent to the company of £500 for the occasional use of a room within the leasehold property