



**STALBURY TRUSTEES**  
**(An unlimited company having a share capital)**

**Report and Financial Statements**

**3 July 1997**

**Deloitte & Touche**  
**63 High Street**  
**Crawley**  
**West Sussex**  
**RH10 1BQ**



**STALBURY TRUSTEES**  
**(An unlimited company having a share capital)**

**REPORT AND FINANCIAL STATEMENTS 1997**

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## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 3 July 1997.

### PRINCIPAL ACTIVITY

The principal activity of the company is the promotion of conservative principles for the benefit of the Conservative cause or Party.

### REVIEW OF ACTIVITIES AND FUTURE PROSPECTS

A total of £71,000 (1996 - £10,000) was donated to the Conservative Party during the year. The company continues to earn income from its investments and anticipates improved income in the year ahead.

### DIRECTORS' AND DIRECTORS' INTERESTS

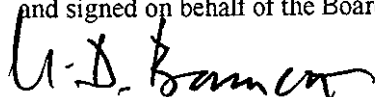
The directors who served throughout the year and their interests in the share capital of the company at 3 July 1997 and 4 July 1996 were as follows:

	Ordinary shares of £1 each	
	1997	1996
	No.	No.
Marquess of Salisbury	1	1
Viscount Cranborne	1	1
Earl of Verulam	1	1
U D Barnett	1	1

### AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
 and signed on behalf of the Board



U D Barnett  
 Secretary

## **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 as at the end of the financial year 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.



## Chartered Accountants

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INVESTOR IN PEOPLE

## AUDITORS' REPORT TO THE MEMBERS OF STALBURY TRUSTEES

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

### Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

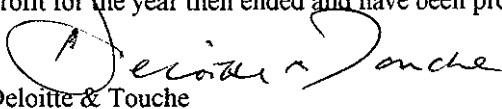
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

### Qualified opinion arising from disagreement about accounting treatment

The company follows the policy of including investment properties in the balance sheet at cost. This is not in accordance with Statement of Standard Accounting Practice No.19 'Accounting for investment properties' which requires that such properties be included at open market value. Any surpluses that arise from valuations would increase the amounts shown in the balance sheet for investment properties and revaluation reserve. Any deficits that arise from valuations would decrease the amount shown in the balance sheet for investment properties. Such deficits would also, to the extent that the revalued amount is not less than the original cost of the investment property, reduce the amount shown in the balance sheet for revaluation reserve; to the extent that the revalued amount is less than the original cost of the investment property, the deficit would reduce the profit on ordinary activities before taxation. In the absence of valuations of the company's investment properties, it is not practicable to quantify the effects of the departure.

Except for the failure to account for investment properties in the manner described above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 3 July 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Deloitte & Touche

Chartered Accountants  
and Registered Auditors

9 January 1998

**STALBURY TRUSTEES**  
**(An unlimited company having a share capital)**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 3 July 1997**

	Note	£	1997 £	£	1996 £
<b>INCOME</b>	1				
Income from quoted investments		52,418		47,205	
Interest receivable		2,973		1,858	
Rents receivable		10		10	
Miscellaneous income		5		-	
Amounts credited to investments	5	15,056		5,183	
Profit on sale of investments		43,853		105,776	
			114,315		160,032
<b>LESS EXPENSES</b>					
Donations		71,000		10,000	
Insurances		470		470	
Auditors' remuneration		1,600		1,600	
Legal and professional		5,611		2,791	
Accountancy		832		814	
Safe custody fees - current year		8,591		1,375	
- prior year		3,644		-	
General expenses		136		101	
			(91,884)		(17,151)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			22,431		142,881
Tax on profit on ordinary activities	3		(21,658)		(36,644)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR</b>			773		106,237
Less transfers to capital reserves	11		(46,528)		(84,886)
Retained (loss)/profit for the year transferred to revenue reserves	10		(45,755)		21,351

All of the above results derive from continuing operations.

There are no recognised gains and losses other than the (loss)/profit for the current financial year or the preceding financial year. Accordingly, no statement of total recognised gains and losses is given.



**STALBURY TRUSTEES**  
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**BALANCE SHEET**  
**3 July 1997**

	Note	£	1997 £	£	1996 £
<b>FIXED ASSETS</b>					
Tangible assets	4	20,903		20,903	
Investments	5	681,465		699,009	
			702,368		719,912
<b>CURRENT ASSETS</b>					
Debtors					
Due within one year	6	4,774		2,009	
Due after more than one year	7	20,000		21,000	
			24,774		23,009
Cash at bank and in hand		73,794		68,951	
			98,568		91,960
<b>CREDITORS: amounts falling due within one year</b>	8	(18,724)		(30,433)	
<b>NET CURRENT ASSETS</b>			79,844		61,527
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			782,212		781,439
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		4		4
Profit and loss account:					
Distributable revenue reserves	10	102,892		148,647	
Distributable capital reserves	11	679,316		632,788	
			782,208		781,435
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	12		782,212		781,439

These financial statements were approved by the Board of Directors on 15<sup>th</sup> Dec. 1997.

Signed on behalf of the Board of Directors

U D Barnett

*vanbanc*

*U.D. Barnett*

**NOTES TO THE ACCOUNTS**  
**Year ended 3 July 1997**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards, except for the departure from Statement of Standard Accounting Practice Number 19 "Accounting for Investment Properties" noted below. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Income**

Income comprises interest and dividends on investments and is accounted for on an accruals basis.

**Profit and loss on sale of investments**

Profit and loss on sales of investments is credited to the profit and loss account and transferred to the distributable Capital Reserves after deducting any liability to capital gains tax.

**Investments**

Investments held as fixed assets are stated at the lower of cost and market value.

**Leases**

Rentals are charged to profit and loss in equal amounts over the lease term.

**Companies Act 1985**

The directors are of the opinion that the formats of profit and loss accounts prescribed in Schedule 4 of the Companies Act 1985 are not relevant to the company due to the special nature of its operations and have used an alternative format as permitted by section 226 of the Companies Act 1985.

**Freehold investment properties**

Freehold investment properties are stated at cost. This is not in accordance with Statement of Standard Accounting Practice Number 19 (SSAP 19) "Accounting for Investment Properties" which requires that such properties be included at their open market value.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt this aspect of SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified owing to the fact that no annual valuation has taken place. Furthermore, if such a valuation had taken place, depreciation is only one of many factors in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.



**NOTES TO THE ACCOUNTS**  
**Year ended 3 July 1997**

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The company had no employees during the year other than the directors (1996 - none).

None of the directors received any remuneration during the year (1996 - £nil).

**3. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1997	1996
	£	£
Taxation is based on the profit for the year and comprises:		
Corporation tax at 33% (1996 - 33%) on other income	14,123	30,947
Suffered on franked investment income	5,974	5,697
Adjustment in respect of prior years	1,561	-
	<u>21,658</u>	<u>36,644</u>

The tax charge is higher than expected as a result of certain expenditure being non deductible for tax purposes.

**4. TANGIBLE FIXED ASSETS**

	1997	1996
	£	£
Freehold investment properties - at cost	20,903	20,903
	<u>20,903</u>	<u>20,903</u>

**5. INVESTMENTS HELD AS FIXED ASSETS**

	£
<b>Cost</b>	
At 4 July 1996	723,611
Disposals	(32,600)
	<u>691,011</u>
At 3 July 1997	691,011
<b>Accumulated provision</b>	
At 4 July 1996	24,602
Decrease in year	(15,056)
	<u>9,546</u>
At 3 July 1997	9,546

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**NOTES TO THE ACCOUNTS**  
**Year ended 3 July 1997**

**5. FIXED ASSET INVESTMENTS (CONTINUED)**

	£
Net book value	
At 3 July 1997	681,465
	<hr/>
At 3 July 1996	699,009
	<hr/>
Market value at 3 July 1997	1,491,161
	<hr/>
Market value at 3 July 1996	1,377,257
	<hr/>

**6. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR**

	1997 £	1996 £
Loan	2,000	1,000
Prepayments and accrued income	2,774	1,009
	<hr/> 4,774	<hr/> 2,009
	<hr/>	<hr/>

The loan comprises an interest free secured loan of £22,000 of which £1,000 is repayable each year.

**7. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR**

	1997 £	1996 £
Other debtors (note 6)	20,000	21,000
	<hr/>	<hr/>

Other debtors represents a loan which is secured and interest free.

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1997 £	1996 £
Trade creditors	8,588	3,960
Corporation tax	10,136	26,473
	<hr/> 18,724	<hr/> 30,433
	<hr/>	<hr/>

**STALBURY TRUSTEES**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 3 July 1997**

**9. CALLED UP SHARE CAPITAL**

	£	£
Authorised 100 ordinary shares of £1 each	100	100
Allotted and fully paid 4 ordinary shares of £1 each	4	4

**10. DISTRIBUTABLE REVENUE RESERVES**

	1997 £	1996 £
Balance brought forward	148,647	127,296
Retained (loss)/profit for the year	(45,755)	21,351
Balance carried forward	102,892	148,647

**11. DISTRIBUTABLE CAPITAL RESERVES**

	1997 £	1996 £
Balance brought forward	632,788	547,902
Profit on sale of investments transferred from profit and loss account	43,853	105,776
Taxation on chargeable gains		
- current gains	(12,381)	(26,073)
- in respect of the previous year	-	-
	31,472	79,703
Amounts credited to investments	15,056	5,183
Transferred from revenue reserves	46,528	84,886
Balance carried forward	679,316	632,788

The taxation charge as noted above forms part of the tax charge of £21,658 (1996 - £36,644) as per note 3.

**12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Ordinary share capital £	Distributable revenue reserves £	Distributable capital reserves £	Total 1997 £	Total 1996 £
At 4 July 1996	4	148,647	632,788	781,439	675,202
Movement in year (Notes 10 and 11)	-	(45,755)	46,528	773	106,237
At 3 July 1997	4	102,892	679,316	782,212	781,439

**NOTES TO THE ACCOUNTS**  
**Year ended 3 July 1997**

**13. RELATED PARTY TRANSACTIONS**

During the year, safe custody fees were paid to Cazenove & Co, a firm in which U D Barnett (one of the directors of Stalbury Trustees) is a partner, amounting to £12,235 (1996 £1,375).