

Company registration No. 1430799

STALBURY TRUSTEES

(an unlimited company having a share capital)

Report and Financial Statements

3 July 2004



STALBURY TRUSTEES
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REPORT AND FINANCIAL STATEMENTS 2004

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REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Marquess of Salisbury
Earl of Verulam
U D Barnett
Lord Charles Cecil

SECRETARY

U D Barnett

REGISTERED OFFICE

67 Grosvenor Street
Mayfair
London
W1K 3JN

BANKERS

Barclays Bank PLC
St Albans
Hertfordshire

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cambridge

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 3 July 2004.

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 £85,934 (2003 - £142,418) was donated during the year, included within this was an amount of £14,934 (2003 - £12,412) donated to the Hertfordshire Area Conservative Association.

The company continues to hold investments and to make donations in line with the principal activity noted above.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who served throughout the year and their interests in the share capital of the company at the beginning and end of the year were as follows:

	Ordinary shares of £1 each	
	2004 No.	2003 No.
Marquess of Salisbury	1	1
Earl of Verulam	1	1
U D Barnett	1	1
Lord Charles Cecil	1	1

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor 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

9 February 2005

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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; and
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STALBURY TRUSTEES

We have audited the financial statements of Stalbury Trustees for the year ended 3 July 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

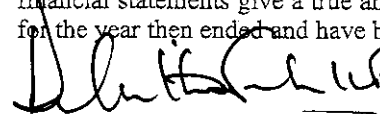
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge

14 February 2005

STALBURY TRUSTEES
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PROFIT AND LOSS ACCOUNT
Year ended 3 July 2004

	Note	2004 £	2003 £
INCOME	1		
Income from quoted investments		49,675	51,427
Interest receivable		3,075	11,370
Rents receivable		14,646	14,483
Profit on sale of investments		82,604	9,903
		<u>150,000</u>	<u>87,183</u>
LESS EXPENSES			
Donations		85,934	142,418
Audit and accountancy		10,132	8,637
Legal and professional		3,593	5,705
Investment manager's fees		8,883	8,116
Rents payable		14,935	14,473
Bank charges		49	51
(Release of provision) provision against investments	7	(22,435)	63,076
General expenses		(138)	833
		<u>100,953</u>	<u>243,309</u>
PROFIT (LOSS) BEFORE INTEREST AND TAXATION		49,047	(156,126)
Interest payable	4	(556)	-
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	48,491	(156,126)
Tax charge on profit (loss) on ordinary activities	5	(958)	(30,452)
PROFIT (LOSS) ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR AFTER TAXATION		47,533	(186,578)
Transfers to capital reserves	13	(105,039)	82,037
Retained loss for the year transferred to revenue reserves	12	(57,506)	(104,541)

All of the above results derive from continuing operations.

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

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BALANCE SHEET
3 July 2004

	Note	£	2004 £	£	2003 £
FIXED ASSETS					
Tangible assets	6	20,903		20,903	
Investments	7	<u>1,053,698</u>		<u>1,101,501</u>	
			1,074,601		1,122,404
CURRENT ASSETS					
Debtors					
Due after more than one year	9	81,858		87,429	
Due within one year	8	<u>8,068</u>		<u>6,725</u>	
		89,926		94,154	
Cash at bank and in hand		<u>148,162</u>		<u>73,497</u>	
		238,088		167,651	
CREDITORS: amounts falling due within one year	10	<u>(12,297)</u>		<u>(37,196)</u>	
NET CURRENT ASSETS			225,791		130,455
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,300,392</u>		<u>1,252,859</u>
CAPITAL AND RESERVES					
Called up share capital	11		4		4
Profit and loss account:					
Distributable revenue reserve	12	(346,202)		(288,696)	
Distributable capital reserve	13	<u>1,646,590</u>		<u>1,541,551</u>	
			1,300,388		1,252,855
TOTAL EQUITY SHAREHOLDERS' FUNDS	14		<u>1,300,392</u>		<u>1,252,859</u>

These financial statements were approved by the Board of Directors on

9 February 2005.

Signed on behalf of the Board of Directors

U.D. Barnett

U D Barnett

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NOTES TO THE ACCOUNTS
Year ended 3 July 2004

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, dividends on investments and rents receivable and is accounted for on an accruals basis.

Profit and loss on sale of investments

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

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.

Investments

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

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.

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Operating lease rentals are charged to the profit and loss account as incurred.

STALBURY TRUSTEES**(An unlimited company having a share capital)****NOTES TO THE ACCOUNTS****Year ended 3 July 2004****2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The company had no employees during the year other than the directors (2003 - none).

None of the directors received any remuneration during the year (2003 - £nil).

3. PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £	2003 £
Profit (loss) on ordinary activities before taxation		
Is after charging:		
Rentals under operating leases - other	14,935	14,473
Auditors' remuneration - audit fees	3,900	3,819
- other	6,232	4,818
	<u> </u>	<u> </u>

4. INTEREST PAYABLE

	2004 £	2003 £
Late payment of taxation	554	-
Bank interest	2	-
	<u> </u>	<u> </u>
	556	-
	<u> </u>	<u> </u>

5. TAX CHARGE ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

	2004 £	2003 £
Taxation is based on the profit (loss) for the year and comprises:		
Corporation tax at 19% (2003 - 19%) on other income	-	1,588
Adjustment in respect of prior years	958	28,864
	<u> </u>	<u> </u>
	958	30,452
	<u> </u>	<u> </u>

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK: 19% (2003 - 19%).

	2004 %	2003 %
Standard tax rate for year as a percentage of profits	19	19
Effects of:		
Expenses not deductible for tax purposes	(6)	(24)
UK dividend income	(13)	4
Prior period adjustments	8	(18)
	<u> </u>	<u> </u>
Current tax rate for year as a percentage of profits	8	(19)
	<u> </u>	<u> </u>

STALBURY TRUSTEES**(An unlimited company having a share capital)****NOTES TO THE ACCOUNTS****Year ended 3 July 2004****6. TANGIBLE FIXED ASSETS**

	2004 £	2003 £
Freehold investment properties - at cost	20,903	20,903

7. INVESTMENTS HELD AS FIXED ASSETS

Other investments - listed	£
Cost	
At 4 July 2003	1,232,962
Additions	117,962
Disposals	(258,109)
At 3 July 2004	1,092,815
Accumulated provision	
At 4 July 2003	131,461
Release of provision	(22,435)
Disposals	(69,909)
At 3 July 2004	39,117
Net book value, being lower of cost and market value	
At 3 July 2004	1,053,698
At 3 July 2003	1,101,501
Market value at 3 July 2004	1,599,237
Market value at 3 July 2003	1,630,613

8. DEBTORS

	2004 £	2003 £
Other debtors (see note 9)	5,916	4,571
Prepayments and accrued income	2,152	2,154
	8,068	6,725

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NOTES TO THE ACCOUNTS

Year ended 3 July 2004

9. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2004 £	2003 £
Other debtors	81,858	87,429

Other debtors comprise an interest free secured loan of £15,000 of which £1,000 is repayable each year (see note 8) and a secured loan of £71,429 which is to be repaid annually in 21 equal instalments from February 2004 and which bears interest at 1% per annum.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Corporation tax	-	25,508
Accruals and deferred income	12,297	11,688
	<u>12,297</u>	<u>37,196</u>

11. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised 100 ordinary shares of £1 each	100	100
Called up, allotted and fully paid 4 ordinary shares of £1 each	4	4

12. DISTRIBUTABLE REVENUE RESERVE

	2004 £	2003 £
Balance brought forward	(288,696)	(184,155)
Retained loss for the year	(57,506)	(104,541)
Balance carried forward	<u>(346,202)</u>	<u>(288,696)</u>

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NOTES TO THE ACCOUNTS

Year ended 3 July 2004

13. DISTRIBUTABLE CAPITAL RESERVE

	£	2004 £	£	2003 £
Balance brought forward		1,541,551		1,623,588
Profit on sale of investments transferred from profit and loss account	82,604		9,903	
Taxation on chargeable gains	-		(28,864)	
	82,604		(18,961)	
Release of provision (provision) against investments	22,435		(63,076)	
		105,039		(82,037)
Balance carried forward		1,646,590		1,541,551

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Ordinary share capital £	Distributable revenue reserves £	Distributable capital reserves £	Total 2004 £	Total 2003 £
At 4 July 2003	4	(288,696)	1,541,551	1,252,859	1,439,437
Movement in year (Notes 11 and 12)	-	(57,506)	105,039	47,533	(186,578)
At 3 July 2004	4	(346,202)	1,646,590	1,300,392	1,252,859

15. OPERATING LEASE COMMITMENTS

As at 3 July 2004, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2004 £	2003 £
Leases which expire: After five years	25,850	25,850