

**MERLEWOOD ESTATES LIMITED**  
**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**REGISTRAR'S COPY  
OF ACCOUNTS**



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# MERLEWOOD ESTATES LIMITED

## COMPANY INFORMATION

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Director	C P Farrell
Secretary	Mrs S Smith
Company number	1704435
Registered office	61 Chandos Place London WC2N 4HG
Auditors	Cavendish 61 Chandos Place London WC2N 4HG
Business address	Ryewater Nursery Folke, Sherborne Dorset DT9 5PL
Bankers	Bank of Scotland plc West End Office 14-16 Cockspur Street London SW1Y 5BL

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# MERLEWOOD ESTATES LIMITED

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# MERLEWOOD ESTATES LIMITED

## DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2003

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The director presents his report and financial statements for the year ended 30 June 2003.

### Principal activities

The principal activity of the company and its subsidiaries in the year under review was property dealing. The director considers the results achieved and the state of the company's affairs at the year end to be satisfactory.

### Director

The following director has held office since 1 July 2002:

C P Farrell

### Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	30 June 2003	1 July 2002
C P Farrell	99	99

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Cavendish be reappointed as auditors of the company will be put to the Annual General Meeting.

### Director's responsibilities

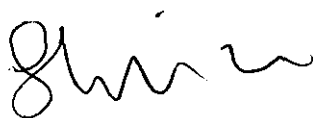
Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



Mrs S Smith

Secretary

13 January 2004

# MERLEWOOD ESTATES LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MERLEWOOD ESTATES LIMITED

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We have audited the financial statements of Merlewood Estates Limited on pages 3 to 9 for the year ended 30 June 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

### Respective responsibilities of the director and auditors

As described in the statement of director's responsibilities on page 1 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

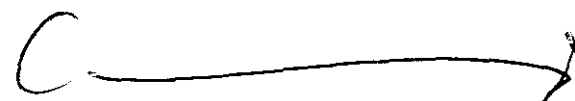
### Basis of audit opinion

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 director 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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Cavendish

Chartered Certified Accountants  
Registered Auditors

14 January 2004

61 Chandos Place  
London  
WC2N 4HG

# MERLEWOOD ESTATES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 £	2002 £
Turnover		334,250	279,676
Cost of sales		(280,125)	(269,858)
<b>Gross profit</b>		<b>54,125</b>	<b>9,818</b>
Other operating costs		(15,835)	(26,219)
Administrative expenses		(71,617)	(70,771)
Other operating income		103,407	126,259
<b>Operating profit</b>	<b>2</b>	<b>70,080</b>	<b>39,087</b>
Other interest receivable and similar income		4,638	3,325
Interest payable and similar charges		(650)	(2,791)
<b>Profit on ordinary activities before taxation</b>		<b>74,068</b>	<b>39,621</b>
Tax on profit on ordinary activities	<b>3</b>	(17,959)	(8,093)
<b>Profit on ordinary activities after taxation</b>		<b>56,109</b>	<b>31,528</b>
Dividends		(55,556)	-
<b>Retained profit for the year</b>	<b>10</b>	<b>553</b>	<b>31,528</b>

# MERLEWOOD ESTATES LIMITED

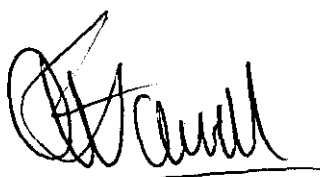
## BALANCE SHEET AS AT 30 JUNE 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	4		2,053		-
Investments	5		3,002		3,002
			<u>5,055</u>		<u>3,002</u>
<b>Current assets</b>					
Stocks		683,387		782,788	
Debtors	6	102,219		43,897	
Cash at bank and in hand		164,535		81,451	
		<u>950,141</u>		<u>908,136</u>	
<b>Creditors: amounts falling due within one year</b>	7	(283,259)		(239,754)	
<b>Net current assets</b>			<u>666,882</u>		<u>668,382</u>
<b>Total assets less current liabilities</b>			<u><u>671,937</u></u>		<u><u>671,384</u></u>
<b>Capital and reserves</b>					
Called up share capital	9		100		100
Profit and loss account	10		671,837		671,284
<b>Shareholders' funds</b>			<u><u>671,937</u></u>		<u><u>671,384</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 13 January 2004

C P Farrell  
Director



# MERLEWOOD ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Companies (effective June 2002).

The company and its subsidiary undertakings comprise a small group. The company has taken advantage of the exemption provided in s248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information about the company as an individual undertaking and not the group.

#### 1.2 Turnover

Turnover represents sales of properties and income from joint ventures and commission during the year net of VAT.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% reducing balance
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#### 1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.5 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

#### 1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS 19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no asset or liability would have been recognised as the conditions for recognition would not have been satisfied.

2	Operating profit	2003	2002
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	685	1,088
	Auditors' remuneration	5,000	5,000
		<u>          </u>	<u>          </u>



# MERLEWOOD ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

3	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	18,400	8,500
	Adjustment for prior years	(441)	(407)
		<hr/>	<hr/>
	Current tax charge	17,959	8,093
		<hr/>	<hr/>

### 4 Tangible fixed assets

	Plant and machinery etc
	£
<b>Cost</b>	
At 1 July 2002	17,834
Additions	2,738
Disposals	(17,834)
	<hr/>
At 30 June 2003	2,738
	<hr/>
<b>Depreciation</b>	
At 1 July 2002	17,834
On disposals	(17,834)
Charge for the year	685
	<hr/>
At 30 June 2003	685
	<hr/>
<b>Net book value</b>	
At 30 June 2003	2,053
	<hr/>

# MERLEWOOD ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 5 Fixed asset investments

	Shares in group undertakings and participating interests £
<b>Cost</b>	
At 1 July 2002 & at 30 June 2003	3,002

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Devon Properties Ltd	Jersey	Ordinary	100
Sudbury Properties Ltd	Bahamas	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2003 £	Profit for the year 2003 £
Devon Properties Ltd	1,359,600	114,272
Sudbury Properties Ltd	12,727	8,481

The principal activity of the above companies was property dealing.

6 Debtors	2003 £	2002 £
Other debtors	102,219	43,897

# MERLEWOOD ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

7	Creditors: amounts falling due within one year	2003 £	2002 £
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	111,304	64,304
	Taxation and social security	18,400	8,500
	Other creditors	153,555	166,950
		<u>283,259</u>	<u>239,754</u>

### 8 Pension costs

The company operates a defined contribution pension scheme. Contributions payable by the company and paid during the year amounted to £5,000 (2002 : £2,500).

9	Share capital	2003 £	2002 £
	<b>Authorised</b>		
	1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>
	<b>Allotted, called up and fully paid</b>		
	100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

### 10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2002	671,284
Retained profit for the year	553
Balance at 30 June 2003	<u>671,837</u>

### 11 Contingent liabilities

The company has a cross corporate guarantee in favour of the bank for all monies due between Devon Properties Ltd, Sudbury Properties Ltd and the company. The maximum potential liability at 30 June 2003 was £nil.

### 12 Control

The company is controlled by Mr C P Farrell who holds 99% of the issued share capital.

# MERLEWOOD ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

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### 13 Related party transactions

The company has interest free loans payable to Devon Properties Ltd in the sum of £22,370 (2002 : £22,370) and Sudbury Properties Ltd in the sum of £88,934 (2002 : £41,934). Both companies are wholly owned subsidiaries of Merlewood Estates Ltd.

The company paid a management charge of £50,000 (2002 : £50,000) to Traitbond Ltd. Mr C P Farrell is a director and controlling shareholder of Traitbond Ltd.