



Company Registration No. 2219663 (England and Wales)

**AVONSWORD LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2002**



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## **AVONSWORD LIMITED**

### **COMPANY INFORMATION**

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|                          |   |
|--------------------------|---|
| <b>Directors</b>         | L Isaacson<br>S Murphy  |
| <b>Secretary</b>         | S Murphy  |
| <b>Company number</b>    | 2219663   |
| <b>Registered office</b> | 5 Chalcot Crescent<br>London<br>NW1 8YE                           |
| <b>Accountants</b>       | The Greenback Partnership<br>132 Court Lane<br>London<br>SE21 7EB |
| <b>Bankers</b>           | Barclays Bank Plc   |

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# AVONSWORD LIMITED

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## AVONSWORD LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2002

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The directors present their report and financial statements for the year ended 31 July 2002.

#### Principal activities

The principal activity of the company is the acquisition, improvement and operation of freehold property at Monte da Palmeira, Algarve, Portugal.

#### Directors

The following directors have held office since 1 August 2002:

L Isaacson  
S Murphy

#### Directors' interests

The directors' beneficial interest in the shares of the company was as stated below:

|            | ordinary shares of £1 each |               |
|------------|----------------------------|---------------|
|            | 31 July 2002               | 1 August 2001 |
| L Isaacson | -                          | -             |
| S Murphy   | 37,525                     | 37,525        |

#### Director's 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 the profit or loss of the company for that year. 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.

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

L Isaacson  
Director

Date: 11/10/02



## **AVONSWORD LIMITED**

### **ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE UNAUDITED ACCOUNTS OF AVONSWORD LIMITED**

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As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 July 2002, set out on pages 3 to 7 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.

A handwritten signature in black ink, appearing to be 'A. G. H. P.', is written over the text of the accountants' report.

**The Greenback Partnership**

**Chartered Accountants**

Date: 18/10/02

132 Court Lane  
London  
SE21 7EB



## AVONSWORD LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2002

|  | Notes    | 2002<br>£ | 2001<br>£ |
|--|----------|-----------|-----------|
| Turnover   |          | 15,543    | 8,737     |
| Administrative expenses                                    |          | (13,756)  | (23,838)  |
| <b>Operating profit/(loss)</b>                             |          | 1,787     | (15,101)  |
| Other interest payable and similar charges                 |          | (3,681)   | (3,860)   |
| <b>Loss on ordinary activities before taxation</b>         | <b>2</b> | (1,894)   | (18,961)  |
| Tax on profit on ordinary activities                       | <b>3</b> | -         | -         |
| <b>Profit/(Loss) on ordinary activities after taxation</b> | <b>8</b> | (1,894)   | (18,961)  |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.



# AVONSWORD LIMITED

## BALANCE SHEET AS AT 31 JULY 2002

|   | Notes | 2002<br>£       | 2001<br>£       |
|---|-------|-----------------|-----------------|
| <b>Fixed assets</b>                                   |       |                 |                 |
| Tangible assets                                       | 4     | 315,461         | 319,894         |
| <b>Current assets</b>                                 |       |                 |                 |
| Debtors   | 5     | 2,908           | -               |
|   |       | <u>2,908</u>    | <u>-</u>        |
| <b>Creditors: amounts falling due within one year</b> | 6     | (63,699)        | (63,330)        |
| <b>Net current liabilities</b>                        |       | <u>(60,791)</u> | <u>(63,330)</u> |
| <b>Total assets less current liabilities</b>          |       | <u>254,670</u>  | <u>256,564</u>  |
| <b>Capital and reserves</b>                           |       |                 |                 |
| Called up share capital                               | 7     | 365,100         | 365,100         |
| Profit and loss account                               | 8     | (110,430)       | (108,536)       |
| <b>Shareholders' funds - equity interests</b>         | 9     | <u>254,670</u>  | <u>256,564</u>  |

In preparing these financial statements:

- [a] The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- [b] No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- [c] The directors acknowledge their responsibilities for:
  - (1) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
  - (2) preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 11/10/02

L Isaacson  
Director



## AVONSWORD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2002

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#### 1 Accounting policies

##### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

##### 1.2 Turnover

Turnover comprises the invoiced value of lettings supplied by the company.

##### 1.3 Tangible fixed assets and depreciation

Freehold property and improvement expenditure are stated at cost in Escudos and converted into Sterling at the rate of exchange in operation at the date on which the payment was made.

Bank interest paid in respect of overdraft facilities obtained for improvement expenditure has been added to the cost of the asset.

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:

|                         |                      |
|-------------------------|----------------------|
| Freehold property       | 1% reducing balance  |
| Improvement expenditure | 1% reducing balance  |
| Furniture and fittings  | 10% reducing balance |

##### 1.4 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

##### 1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

#### 2 Operating profit

|  | 2002  | 2001  |
|--|-------|-------|
|  | £     | £     |
| Operating profit is stated after charging: |       |       |
| Depreciation of tangible assets            | 4,433 | 4,616 |
|  | <hr/> | <hr/> |

#### 3 Taxation

There is no corporation tax payable due to the company having trading losses brought forward. There are £80,352 (2001: £79,970) trading losses available to carry forward.





# AVONSWORD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2002

| <b>4 Tangible fixed assets</b> | <b>Land and<br/>buildings</b> | <b>Improve-<br/>ments</b> | <b>Furniture<br/>and<br/>fittings</b> | <b>Total</b> |
|--------------------------------|-------------------------------|---------------------------|---------------------------------------|--------------|
|                                | <b>£</b>                      | <b>£</b>                  | <b>£</b>                              | <b>£</b>     |
| <b>Cost</b>                    |                               |                           |                                       |              |
| At 1 August 2001               | 76,975                        | 259,190                   | 33,057                                | 369,222      |
| Additions                      | -                             | -                         | -                                     | -            |
| <br>At 31 July 2002            | <br>76,975                    | <br>259,190               | <br>33,057                            | <br>369,222  |
| <br><b>Depreciation</b>        |                               |                           |                                       |              |
| At 1 August 2001               | 7,358                         | 22,624                    | 19,346                                | 49,328       |
| Charge for the year            | 696                           | 2,366                     | 1,371                                 | 4,433        |
| <br>At 31 July 2002            | <br>8,054                     | <br>24,990                | <br>20,717                            | <br>53,761   |
| <br><b>Net book value</b>      |                               |                           |                                       |              |
| At 31 July 2002                | 68,921                        | 234,200                   | 12,340                                | 315,461      |
| <br>At 31 July 2001            | <br>69,617                    | <br>236,566               | <br>13,711                            | <br>319,894  |

| <b>5 Debtors</b> | <b>2002<br/>£</b> | <b>2001<br/>£</b> |
|------------------|-------------------|-------------------|
| Other debtors    | 2,908             | -                 |
|                  | <hr/> 2,908 <hr/> | <hr/> - <hr/>     |

| <b>6 Creditors: amounts falling due within one year</b> | <b>2002<br/>£</b>  | <b>2001<br/>£</b>  |
|---|--------------------|--------------------|
| Bank loans and overdrafts                               | 61,282             | 55,517             |
| Other creditors   | 2,417              | 7,813              |
|   | <hr/> 63,699 <hr/> | <hr/> 63,330 <hr/> |



# AVONSWORD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2002

| 7 Share capital                                      | 2002<br>£ | 2001<br>£                                |
|--|-----------|--|
| <b>Authorised</b>                                    |           |  |
| 450,100 ordinary shares of £1 each                   | 450,100   | 450,100                                  |
|  |           |  |
| <b>Allotted, called up and fully paid</b>            |           |  |
| 365,100 ordinary shares of £1 each                   | 365,100   | 365,100                                  |
|  |           |  |
| 8 Statement of movements on profit and loss account  |           | <b>Profit and<br/>loss account<br/>£</b> |
|  |           |  |
| Balance at 1 August 2001                             |           | (108,536)                                |
| Retained profit for the year                         |           | (1,894)                                  |
|  |           |  |
| Balance at 31 July 2002                              |           | (110,430)                                |
|  |           |  |
| 9 Reconciliation of movements in shareholders' funds | 2002<br>£ | 2001<br>£                                |
|  |           |  |
| Profit/(Loss) for the financial year                 | (1,894)   | (18,961)                                 |
|  |           |  |
| Net (depletion)/addition to shareholders' funds      | (1,894)   | (18,961)                                 |
| Opening shareholders' funds                          | 256,564   | 275,525                                  |
|  |           |  |
|  | 254,670   | 256,564                                  |