

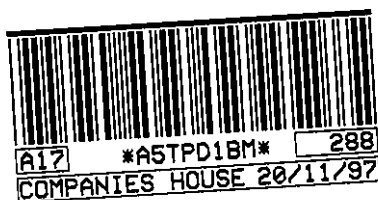
**FERRERSMERE ESTATES LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 1997**

Company number: 2303538



**FERRERSMERE ESTATES LIMITED****FINANCIAL STATEMENTS**For the year ended 31 March 1997

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## **FERRERSMERE ESTATES LIMITED**

### **REPORT OF THE DIRECTORS**

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The directors present their report together with financial statements for the year ended 31 March 1997.

#### **Principal activity**

The company is principally engaged as a property investment company.

#### **Business review**

There was a profit for the year after taxation amounting to £110,775 (1996: £63,738). The directors do not recommend payment of a dividend.

#### **Directors**

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors, who are also directors of the parent undertaking, are disclosed in that company's financial statements. The interests of the other director in the shares of the company, the parent undertaking and other group undertakings at 1 April 1996 and 31 March 1997 are indicated below.

	<b>Parent undertaking</b>		<b>The company and other group undertakings</b>
	<b>1997</b>	<b>1996</b>	<b>1997 and 1996</b>
	<b>Ordinary shares</b>	<b>Ordinary shares</b>	<b>Ordinary shares</b>
Mr W M Griggs (Chairman) (also a director of the parent undertaking)	-	-	-
Mr S W Griggs (also a director of the parent undertaking)	-	-	-
Mrs B Y Griggs (non-executive director)	*13,012	*6,822	-

\* Includes joint holdings of 8,444 (1996: 2,254) ordinary shares.

#### **Directors' responsibilities for the financial statements**

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 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**FERRERSMERE ESTATES LIMITED**

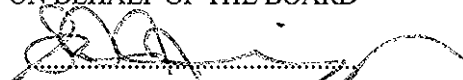
**REPORT OF THE DIRECTORS**

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**Auditors**

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



S W Griggs  
Director

**Registered office:**

Cobbs Lane  
Wollaston  
Wellingborough  
Northants  
NN29 7SW

2 October 1997

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
FERRERSMERE ESTATES LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 4.

**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.

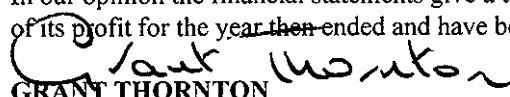
**Basis of opinion**

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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**GRANT THORNTON**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**

Northampton

2 October 1997

## **FERRERSMERE ESTATES LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 March 1997

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#### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention except that investment properties are revalued annually.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

#### **TURNOVER**

Turnover is the total rent receivable by the company, excluding VAT.

#### **DEPRECIATION**

Depreciation is calculated to write down the cost of all tangible fixed assets other than freehold land and excluding investment properties, by equal annual instalments over their expected useful lives. The rate generally applicable is:

Freehold buildings - 2% Straight line method

#### **INVESTMENT PROPERTIES**

In accordance with Statement of Standard Accounting Practice No 19, certain of the company's properties are held for long-term investment and are included in the balance sheet at their open market values. The surplus or deficit on annual revaluation of such properties is transferred to the profit and loss account. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### **INVESTMENTS**

Investments are included at cost less amounts written off.

#### **DEFERRED TAXATION**

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

**FERRERSMERE ESTATES LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 1997

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	<b>Note</b>	<b>1997 £</b>	<b>1996 £</b>
<b>Turnover</b>	1	209,960	200,780
Other operating income and charges	2	49,772	97,185
<b>Operating profit</b>		<u>160,188</u>	<u>103,595</u>
Amounts written off investments	7	-	27,000
<b>Exceptional items</b>			
- Provision against interest receivable from associated undertaking		-	72,046
Net interest	3	15,671	(54,556)
<b>Profit on ordinary activities before taxation</b>	1	<u>144,517</u>	<u>59,105</u>
Tax on profit on ordinary activities	5	33,742	(4,633)
<b>Profit retained</b>	16	<u>£110,775</u>	<u>£63,738</u>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

# FERRERSMERE ESTATES LIMITED

## BALANCE SHEET AT 31 MARCH 1997

	Note	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Tangible assets	6		2,507,935		2,545,405
Investments	7		401		401
			<u>2,508,336</u>		<u>2,545,806</u>
<b>Current assets</b>					
Debtors	8	8,266		391,486	
Asset held for resale	9	-		65,000	
		<u>8,266</u>		<u>456,486</u>	
<b>Creditors: amounts falling due within one year</b>	10	4,470,905		5,072,046	
<b>Net current liabilities</b>			<u>(4,462,639)</u>		<u>(4,615,560)</u>
<b>Total assets less current liabilities</b>			<u>(1,954,303)</u>		<u>(2,069,754)</u>
<b>Creditors: amounts falling due after more than one year</b>	11		202,100		202,100
<b>Provisions for liabilities and charges</b>	13		4,676		-
			<u>£(2,161,079)</u>		<u>£(2,271,854)</u>
<b>Capital and reserves</b>					
Called up share capital	15		2		2
Profit and loss account	16		(2,161,081)		(2,271,856)
<b>Shareholders' funds</b>	17		<u>£(2,161,079)</u>		<u>£(2,271,854)</u>

The financial statements were approved by the Board of Directors on 2 October 1997

  
S W Griggs Director

The accompanying accounting policies and notes form an integral part of these financial statements.



**FERRERSMERE ESTATES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1997

**1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Turnover and profit on ordinary activities are attributable to the activity as stated in the Report of the Directors.

The profit on ordinary activities is stated after:

	1997 £	1996 £
Auditors' remuneration	2,900	2,900
Provisions for diminution in value: - writedown of investments	-	27,000
	=====	=====

**2 OTHER OPERATING INCOME AND CHARGES**

	Note	1997 £	1996 £
Other operating charges		(228)	42,975
Depreciation	6	50,000	54,210
		£49,772	£97,185
		=====	=====

**3 NET INTEREST**

	1997 £	1996 £
On other loans	15,761	17,490
Other interest receivable and similar income	(90)	(72,046)
	£15,671	£(54,556)
	=====	=====

On 22 May 1997, the company formally waived the debt due from its associated undertaking Rufus Properties Limited, in respect of loan stock and accrued interest thereon, as existing at 25 March 1996, totalling £1,172,539. These amounts have previously been fully provided against.

**4 DIRECTORS AND EMPLOYEES**

No director received remuneration from the company during the year.

**5 TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax charge/(credit) represents:

	1997 £	1996 £
Corporation tax @ 32% (1996: nil%)	29,066	-
Deferred tax	4,676	(4,633)
	£33,742	£(4,633)
	=====	=====

# FERRERSMERE ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1997

### 6 TANGIBLE FIXED ASSETS

	Land and buildings		
	Total £	Freehold £	Investment property £
Cost or valuation			
At 1 April 1996	2,740,451	2,710,451	30,000
Additions	12,530	12,530	-
At 31 March 1997	<u>£2,752,981</u>	<u>£2,722,981</u>	<u>£30,000</u>
Depreciation			
At 1 April 1996	195,046	195,046	-
Provided in the year	50,000	50,000	-
At 31 March 1997	<u>£245,046</u>	<u>£245,046</u>	<u>£ -</u>
Net book amount at 31 March 1997	<u>£2,507,935</u>	<u>£2,477,935</u>	<u>£30,000</u>
Net book amount at 31 March 1996	<u>£2,545,405</u>	<u>£2,515,405</u>	<u>£30,000</u>

The gross amount of land and buildings on which depreciation is being provided is £2,460,451.

During the year the investment property was revalued by the directors. The basis of the valuation used was open market value.

### 7 FIXED ASSET INVESTMENTS

At 31 March 1997 the company held 50% (1996: 50%) of the allotted ordinary share capital of Rufus Properties Limited, a company engaged in property development and registered in England & Wales. At 25 March 1997 the aggregate capital and deficit reserves was £464,569 (25 March 1996: £430,916) and the loss for the financial year ended on that date was £33,653 (25 March 1996: profit £2,151,253).

	Total	Shares in associated undertaking -unlisted	Unsecured loan stock	Loan
Cost				
At 1 April 1996 and 31 March 1997	<u>£1,114,017</u>	<u>£401</u>	<u>£833,366</u>	<u>£280,250</u>
Amounts written off				
At 1 April 1996 and 31 March 1997	<u>£1,113,616</u>	<u>£ -</u>	<u>£833,366</u>	<u>£280,250</u>
Net book amount				
At 31 March 1996 and 31 March 1997	<u>£401</u>	<u>£401</u>	<u>£ -</u>	<u>£ -</u>

On 22 May 1997, the company formally waived the debt due from its associated undertaking, Rufus Properties Limited, in respect of loan stock and accrued interest thereon, as existing at 25 March 1996, totalling £1,172,539. These amounts have previously been fully provided against.

The above associated undertaking is accounted for using the equity method in the financial statements of the ultimate parent undertaking.

**FERRERSMERE ESTATES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1997

**8 DEBTORS**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	8,035	380,118
Other debtors	-	11,368
Prepayments and accrued income	231	-
	<u>£8,266</u>	<u>£391,486</u>

**9 ASSETS HELD FOR RESALE**

	<b>Land</b>
	<b>£</b>
Valuation	
At 1 April 1996	65,000
Disposals	(65,000)
At 31 March 1997	<u>£ -</u>

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Bank overdraft	4,419,073	4,957,250
Amounts owed to group undertakings	-	61,131
Corporation tax	29,066	-
Social security and other taxes	7,232	1,725
Other creditors	12,634	6,898
Accruals	2,900	45,042
	<u>£4,470,905</u>	<u>£5,072,046</u>

**11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>1997 and 1996</b>
Unsecured loan stock	<u>£202,100</u>

The unsecured loan stock represents a loan from a director, Mr W M Griggs. The loan is subject to interest at the rate of 2% above Lloyds Bank base rate and is repayable on demand after more than 12 months.

**FERRERSMERE ESTATES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1997

**12 BORROWINGS**

Borrowings are repayable as follows:

	1997 £	1996 £
Within one year:		
Bank overdraft	4,419,073	4,957,250
After one and within two years:		
Other loans	202,100	202,100
	<u>£4,621,173</u>	<u>£5,159,350</u>

**13 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation (note 14) £
At 1 April 1996	-
Provided during the year	4,676
At 31 March 1997	<u>£4,676</u>

**14 DEFERRED TAXATION**

Deferred taxation provided for in the financial statements is set out below.

	1997	1996
Accelerated capital allowances	<u>£4,676</u>	<u>£ -</u>

**15 SHARE CAPITAL**

	1997 and 1996
Authorised 500,000 ordinary shares of £1 each	<u>£500,000</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>£2</u>

**16 RESERVES**

	Profit and loss account £
At 1 April 1996	(2,271,856)
Retained profit for the year	110,775
At 31 March 1997	<u>£(2,161,081)</u>

## **FERRERSMERE ESTATES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1997

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#### **17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Profit for the financial year and net increase in shareholders' funds	110,775	63,738
Shareholders' funds at 1 April 1996	(2,271,854)	(2,335,592)
Shareholders' funds at 31 March 1997	<u>£(2,161,079)</u>	<u>£(2,271,854)</u>

#### **18 CAPITAL COMMITMENTS**

There were no capital commitments at 31 March 1997 or 31 March 1996.

#### **19 CONTINGENT LIABILITIES**

The company, together with other group undertakings, is party to unlimited multilateral guarantees given in respect of the bank loan and overdrafts of the participating companies. As at 31 March 1997 the total overdraft and loans guaranteed by the company under this agreement amounted to £10,201,522 (1996: £25,223,254).

#### **20 POST BALANCE SHEET EVENTS**

On 22 May 1997, the company formally waived all debts and accrued interest thereon due from its associated undertaking, Rufus Properties Limited, with effect from 25 March 1996. The debt outstanding at this date totalled £1,172,539. No interest has been accrued within these financial statements for the current year and all such amounts receivable have previously been fully provided against.

#### **21 CONTROLLING RELATED PARTY**

The ultimate parent undertaking and controlling related party of this company is R Griggs Group Limited, which is registered in England and Wales.

The largest group of undertakings for which group accounts have been drawn up is that headed up by R Griggs Group Limited.

#### **22 RELATED PARTY TRANSACTIONS**

##### **Transactions with group undertakings**

The company has taken advantage of exemptions conferred to it as a subsidiary undertaking by Financial Reporting Standard Number 8 - Related Party Transactions. The company is therefore not required to disclose transactions with fellow group undertakings.