2303538

Ferrersmere Estates Limited

Report and Financial Statements

31 March 2006

TUSDAY
AVV4PLHV
A25 19/12/2006 355
COMPANIES HOUSE

Registered No: 2303538

Directors
W M Griggs
S W Griggs

Secretary
SLC Registrars Limited

Auditors
Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham
NG1 5FY

Bankers
HSBC Bank Plc

Solicitors
DLA

Registered office
Nene Park
Diamond Way
Irthlingborough
Northants
NN9 5QF

Directors' report

The directors present their report and financial statements for the year ended 31 March 2006.

Results and dividends

The profit for the year amounted to £1,365,359 (2005: £1,713,629). The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The company is principally engaged in the holding of properties for use within the R Griggs Group and the holding of investment properties.

Directors and their interests

The directors who served the company during the year were as follows:

W M Griggs
S W Griggs

There are no directors' interests requiring disclosure under the Companies Act 1985.

Exceptional items

As a result of the continuing restructuring of the Group's operations, the company has incurred restructuring costs totalling £nil (2005: £675,000).

There was an exceptional gain on disposal of properties of £1,361,010 (2005: £2,702,409).

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

W M Griggs

Director

19 December 2006

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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; 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 Ferrersmere Estates Limited

We have audited the company's financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. These financial statements have been prepared on the basis of 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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 other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report (continued)

to the members of Ferrersmere Estates Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Nottingham

19 Dec 2006

Profit and loss account
for the year ended 31 March 2006

	Notes	2006 £	2005 £
Turnover	2	126,780	163,813
Staff costs	6	–	8,607
Depreciation	3	7,333	8,000
Exceptional items	5	–	675,000
Other operating charges		115,098	461,855
		122,431	1,153,462
Operating profit/(loss)	3	4,349	(989,649)
Exceptional items			
Profit on disposal of tangible fixed assets	5	1,361,010	2,702,409
Interest receivable and similar income	7	–	869
Profit on ordinary activities before taxation		1,365,359	1,713,629
Tax on profit on ordinary activities	8	–	–
Profit for the financial year transferred to reserves	14	1,365,359	1,713,629

Statement of total recognised gains and losses
for the year ended 31 March 2006

	2006	*2005*
	£	*£*
Profit for the financial year	1,365,359	1,713,629
Unrealised surplus on revaluation of certain fixed assets	873,333	–
Total recognised gains and losses relating to the year	2,238,692	1,713,629

Balance sheet
at 31 March 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	9	1,600,000	734,000
Investments	10	–	650,000
		1,600,000	1,384,000
Current assets			
Debtors	11	17,836	27,288
Cash at bank		358,495	–
		376,331	27,288
Creditors: amounts falling due within one year	12	34,891	1,708,540
Net current assets/(liabilities)		341,440	(1,681,252)
Total assets less current liabilities		1,941,440	(297,252)
Capital and reserves			
Called up share capital	13	2	2
Revaluation reserve	14	873,333	185,341
Profit and loss account	14	1,068,105	(482,595)
Equity shareholders' funds / (deficit)	14	1,941,440	(297,252)

W M Griggs
Director

19 December 2006

Notes to the financial statements
at 31 March 2006

1. Accounting policies

Basis of preparation
The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Cash flow statement
The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related party transactions
The company is a wholly owned subsidiary of R Griggs Group Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the R Griggs Group.

Fixed assets
Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Finance costs incurred as a consequence of obtaining tangible fixed assets are not capitalised.

Depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold property - 2% straight line

Investment properties
Certain of the company's properties are held for long-term investment. Investment properties are accounted for in accordance with SSAP 19, as follows:

(i) investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and

(ii) no depreciation is provided in respect of leasehold investment properties where the lease has over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

Notes to the financial statements
at 31 March 2006

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs

Defined contribution pension schemes

For defined contribution schemes the amount charged to the profit and loss account represents the contributions payable to the plans in the accounting period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined benefit pension scheme

The company participates in a defined benefit pension scheme but is unable to identify its share of the underlying assets and liabilities. The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

2. Turnover

Turnover is the total rent receivable by the company, excluding VAT in respect of the company's principal activity and is wholly undertaken in the UK.

3. Operating profit/(loss)

This is stated after charging:

		2006	*2005*
		£	*£*
Auditors' remuneration	- audit services	1,000	5,500
	- taxation services	3,600	13,750
Depreciation of owned fixed assets		7,333	8,000

Notes to the financial statements
at 31 March 2006

4. Directors emoluments

Directors' emoluments have been borne by the other group companies. The directors of the company are also directors or officers of a number of the companies within the R Griggs Group. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 March 2006 and 31 March 2005.

5. Exceptional items

	2006	*2005*
	£	*£*
Recognised in arriving at operating profit:		
Exceptional items - restructuring costs	–	(675,000)

Exceptional items have been incurred as a result of the Group's restructuring exercise that was substantially completed in 2005.

	2006	*2005*
	£	*£*
Recognised below operating profit:		
Profit on disposal of fixed assets	1,361,010	2,702,409

6. Staff costs

	2006	*2005*
	£	*£*
Wages and salaries	–	7,233
Social security costs	–	846
Other pension costs (note 15)	–	528
	–	8,607

The monthly average number of employees during the year was as follows:

	2006	*2005*
	No.	*No.*
Administrative staff	–	2
Directors	2	2
	2	4

7. Interest receivable

	2006	*2005*
	£	*£*
Interest receivable and similar income	–	869

Notes to the financial statements
at 31 March 2006

8. Tax

(a) Tax on profit on ordinary activities
Current tax:

	2006 £	*2005* £
Adjustments in respect of prior year:		
- UK corporation tax	–	–
Total current tax (note 8(b))	–	–

(b) Factors affecting the current tax charge

The differences are reconciled below:

	2006 £	*2005* £
Profit on ordinary activities before tax	1,365,359	1,713,629
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	409,607	514,089
(Income)/expenses not (taxable)/deductible for taxation purposes	(387,500)	46,355
Capital allowances in arrears/(excess) of depreciation	17,719	(1,031,905)
Capital gain / (loss)	29,786	(381,969)
Utilisation of tax losses brought forward	(69,612)	–
Unutilised trading losses for the year	–	853,430
Total current tax (note 8(a))	–	–

(c) Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	2006 £	*2005* £
Depreciation in advance of capital allowances	(241,346)	(226,387)
Tax losses available	(863,779)	(913,938)
Other timing differences	(2,275,976)	(2,305,762)
	(3,381,101)	(3,446,087)

The current and total effective tax rates for 2006 and 2005 are lower than standard primarily because of the ability to utilise previously unrecognised tax losses brought forward. Given the uncertainty over future utilisation over timing differences and losses (eg profits may arise in entities that cannot offset the losses), no deferred tax assets have been recognised in respect of them. As and when these timing differences and losses are utilised, this will affect the current and total tax charges.

Notes to the financial statements
at 31 March 2006

9. Tangible fixed assets

	Freehold land and buildings £
Cost or valuation:	
At 1 April 2005	750,000
Surplus on revaluation	850,000
At 31 March 2006	1,600,000
Depreciation:	
At 1 April 2005	16,000
Provided in the year	7,333
Eliminated on revaluation	(23,333)
At 31 March 2006	–
Net book value:	
At 31 March 2006	1,600,000
At 1 April 2005	734,000

Freehold land and buildings were revalued on 31 March 2006 by Blacklee Smith Chartered Surveyors. The basis of valuation used was open market value with vacant possession in existing condition.

If land and buildings had not been revalued, they would have been included on the historical basis at the following amounts:

	£
Cost	750,000
Accumulated depreciation	23,333
Net book value:	
At 31 March 2006	726,667
Net book value:	
At 1 April 2005	734,000

Notes to the financial statements
at 31 March 2006

10. Investments

	Investment properties £
Cost or valuation:	
At 1 April 2005	650,000
Disposals	(650,000)
At 31 March 2006	–

Investment properties were revalued using the directors' estimate of open market value at 31 March 2005. The historical cost of the investment properties is £nil (2005: £635,000).

11. Debtors

	2006 £	*2005* £
Trade debtors	–	1,186
Amounts owed to group undertakings	17,726	24,065
Other debtors	110	–
Prepayments and accrued income	–	2,037
	17,836	27,288

12. Creditors: amounts falling due within one year

	2006 £	*2005* £
Bank overdraft	–	1,441,397
Trade creditors	514	6,353
Amounts owed to group undertakings	–	2,181
Other creditors	702	–
Accruals and deferred income	33,675	258,609
	34,891	1,708,540

13. Share capital

		Authorised
	2006 £	*2005* £
Ordinary shares of £1 each	500,000	500,000

	Allotted, called up and fully paid			
		2006		*2005*
	No.	£	*No.*	£
Ordinary shares of £1 each	2	2	2	2

Notes to the financial statements
at 31 March 2006

14. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Revaluation reserve*	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*	*£*
At 1 April 2005	2	185,341	(482,595)	(297,252)
Profit for the year	–	–	1,365,359	1,365,359
Surplus on revaluation of fixed assets	–	873,333	–	873,333
Transfer from revaluation reserve to profit and loss account	–	(185,341)	185,341	–
At 31 March 2006	2	873,333	1,068,105	1,941,440

15. Pensions

The company participates in a defined benefit pension scheme but is unable to identify its share of the underlying assets and liabilities. The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period. The disclosures required in accordance with FRS 17 have been disclosed within the financial statements of Airwair International Limited which is the sponsoring employer.

16. Contingent liability

The company, together with other group undertakings, is party to unlimited multilateral guarantees given in respect of the bank loans and overdrafts of participating companies. As at 31 March 2006 the total cost of the loans and overdrafts guaranteed by the company under this agreement amounted to £8,111,081 (2005: £14,568,938).

17. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under FRS 8.

18. Ultimate parent company

Ferrersmere Estates Limited is wholly owned by R Griggs Group Limited and is the only group of which the company is a member and for which group financial statements are prepared.

Copies of the ultimate parent company's consolidated financial statements may be obtained from Cobbs Lane, Wollaston, Northants, NN29 7SW.