

# **Ferrersmere Estates Limited**

## **Report and Financial Statements**

31 March 2007

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# Ferrersmere Estates Limited

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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**

Cobbs Lane  
Wollaston  
Nr Wellingborough  
Northamptonshire  
NN29 7SW

## Directors' report (continued)

The directors present their report and financial statements for the year ended 31 March 2007

### Results and dividends

The profit for the year, after taxation, is £105,888 (2006 £1,365,359) The directors do not recommend the payment of any dividends

### Principal activities and review of the business

The Company's principal activities during the year continued to be holding of properties for use within the R Griggs Group

### 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

There was an exceptional gain on disposal of properties of £nil (2006 £1,361,010)

### Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

During the year the company had in force an indemnity provision in favour of one or more directors of Ferrersmere Estates Limited against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and of the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

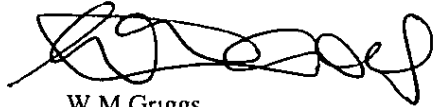
### Re-appointment of auditors

In accordance with s 385 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company

## Directors' report (continued)

The directors' report takes advantage of the reduced disclosure available to small entities, in accordance with the special provisions of Part VII of the Companies Act 1985

On behalf of the board



W M Griggs  
Director

31 Oct 2007

## Statement of directors' responsibilities

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 UK 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 (the "financial statements") for the year ended 31 March 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 transactions is not disclosed.

We read the Directors' 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 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**

**to the members of Ferrersmere Estates Limited (continued)**

### **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 2007 and of the Company's 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

*31 October* 2007

**Profit and loss account**  
for the year ended 31 March 2007

	<i>Notes</i>	<i>2007</i> £	<i>2006</i> £
<b>Turnover</b>	2	99,999	126,780
Depreciation	3	8,004	7,333
Other operating charges		12,522	115,098
		<u>20,526</u>	<u>122,431</u>
<b>Operating profit</b>	3	79,473	4,349
Interest receivable and similar income		26,415	–
<b>Exceptional items</b>			
Profit on disposal of tangible fixed assets	4	–	1,361,010
		<u>105,888</u>	<u>1,365,359</u>
<b>Profit on ordinary activities before taxation</b>			
Tax on profit on ordinary activities	7	–	–
<b>Profit for the financial year transferred to reserves</b>	12	<u>105,888</u>	<u>1,365,359</u>



**Statement of total recognised gains and losses**  
for the year ended 31 March 2007

	2007 £	2006 £
Profit for the financial year	105,888	1,365,359
Unrealised surplus on revaluation of certain fixed assets	–	873,333
<b>Total recognised gains and losses relating to the year</b>	<u>105,888</u>	<u>2,238,692</u>

## Balance sheet

at 31 March 2007

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	8	1,581,707	1,600,000
<b>Current assets</b>			
Debtors	9	26,633	17,836
Cash at bank		455,071	358,495
		481,704	376,331
<b>Creditors</b> amounts falling due within one year	10	26,372	34,891
<b>Net current assets</b>		455,332	341,440
<b>Total assets less current liabilities</b>		2,037,039	1,941,440
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Revaluation reserve	12	863,044	873,333
Profit and loss account	12	1,173,993	1,068,105
<b>Shareholders' funds</b>	12	2,037,039	1,941,440



W M Griggs  
Director

31 oct 2007

## Notes to the financial statements

at 31 March 2007

### 1. Accounting policies

#### ***Basis of preparation***

The financial statements of Ferrersmere Estates Limited were approved for issue by the Board of Directors on 31 October 2007

The financial statements are prepared under the historical cost convention, modified to include the revaluation of land and buildings

The financial statements are prepared in accordance with applicable accounting standards

#### ***Cash flow statement***

The directors have taken advantage of the exemption in Financial Reporting Standard No 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 Financial Reporting Standard 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, 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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

#### ***Revenue Recognition***

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty

#### ***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,

# Notes to the financial statements

at 31 March 2007

## 1. Accounting policies (continued)

### Deferred taxation (continued)

- 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

## 2. Turnover

Turnover is the total amount receivable by the Company for goods supplied and services provided net of value added tax and trade discounts

Turnover is attributable to one continuing UK activity, the holding of properties for use within the R Griggs Group

## 3. Operating profit

This is stated after charging

	2007 £	2006 £
Auditors' remuneration - audit services	–	1,000
non audit services		
- taxation services	–	3,600
	<u>8,004</u>	<u>7,333</u>
Depreciation of owned assets		
	<u>8,004</u>	<u>7,333</u>

Auditors' remuneration is borne by other group undertakings

## 4. Exceptional items

Recognised below operating profit

	2007 £	2006 £
Profit on disposal of fixed assets	–	1,361,010
	<u>–</u>	<u>1,361,010</u>

The profit on sale of fixed assets had arose as a result of the Group's restructuring exercise

## Notes to the financial statements

at 31 March 2007

### 5. Staff costs

No salaries or wages have been paid to employees, including the directors, during the year

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

	2007 No	2006 No
Directors	<u>2</u>	<u>2</u>

### 6. 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 2007 and 31 March 2006.

### 7. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows

##### Current tax

	2007 £	2006 £
Adjustments in respect of prior year		
- UK Corporation tax	<u>-</u>	<u>-</u>
Total current tax (note 7(b))	<u>-</u>	<u>-</u>

#### (b) Factors affecting the current tax charge

The differences are reconciled below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>105,888</u>	<u>1,365,359</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	31,766	409,607
Expenses / (income) not deductible / (taxable) for taxation purposes	2,400	(387,500)
Other timing differences	(10,823)	17,719
Capital gain	-	29,786
Utilisation of tax losses brought forward	(23,343)	(69,612)
Total current tax (note 7(a))	<u>-</u>	<u>-</u>

# Notes to the financial statements

at 31 March 2007

## 7. Tax (continued)

### (c) Deferred tax

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

	2007 £	2006 £
Depreciation in advance of capital allowances	(173,028)	(241,346)
Tax losses available	(2,824,008)	(863,779)
Other timing differences	-	(2,275,976)
	<u>(2,997,036)</u>	<u>(3,381,101)</u>

### (d) Factors that may affect future tax charges

The current and total effective tax rates for 2007 and 2006 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.

Announcements were made after the Balance Sheet date to changes in tax laws and rates that will have an effect on the deferred tax asset of the company. The main change that will affect the company is the reduction in the rate of UK Corporation tax from 30% to 28%. This change will result in a reduction of the deferred tax asset of £199,802.

## 8. Tangible fixed assets

	<i>Freehold land and buildings</i> £
Cost or valuation	
At 1 April 2006 and 31 March 2007	<u>1,600,000</u>
Depreciation	
At 1 April 2006	-
Provided in the year	<u>18,293</u>
At 31 March 2007	<u>18,293</u>
Net book value	
At 31 March 2007	<u>1,581,707</u>
At 1 April 2006	<u>1,600,000</u>

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.

## Notes to the financial statements

at 31 March 2007

### 8. Tangible fixed assets (continued)

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	31,337
Net book value	
At 31 March 2007	<u>718,663</u>
At 1 April 2006	<u>726,667</u>

### 9. Debtors

	2007 £	2006 £
Amounts owed by group undertakings	26,523	17,726
Other debtors	110	110
	<u>26,633</u>	<u>17,836</u>

### 10. Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	–	514
Other creditors	702	702
Accruals and deferred income	25,670	33,675
	<u>26,372</u>	<u>34,891</u>

### 11. Share capital

	2007 £	Authorised 2006 £
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

	Allotted, called up and fully paid			
	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	2	<u>2</u>	2	<u>2</u>

## Notes to the financial statements

at 31 March 2007

### 12. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£	£
At 1 April 2006	2	873,333	1,068,105	1,941,440
Profit for the year	–	–	105,888	105,888
Excess depreciation on revalued fixed assets	–	(10,289)	–	(10,289)
At 31 March 2007	<u>2</u>	<u>863,044</u>	<u>1,173,993</u>	<u>2,037,039</u>

### 13. 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 2007 the total cost of the loans and overdrafts guaranteed by the Company under this agreement amounted to £9,940,596 (2006 £8,111,081)

### 14. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8

### 15. 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