

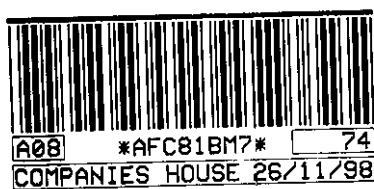
**FERRERSMERE ESTATES LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 1998

Company number: 2303538



# **FERRERSMERE ESTATES LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 March 1998

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# **FERRERSMERE ESTATES LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 March 1998

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Company registration number: 2303538

Registered office: Cobbs Lane  
Wollaston  
Wellingborough  
Northants  
NN29 7SW

Directors: Mr W M Griggs  
Mr S W Griggs  
Mrs B Y Griggs

Secretary: Mr H M Johnstone

Bankers: Midland Bank Plc

Solicitors: Smith Chamberlain

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants

# **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 1998.

### **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 £63,119 (1997: £110,775). 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 1997 and 31 March 1998 are indicated below.

|                                                                      | Parent undertaking<br>1998 and 1997<br>Ordinary shares | The company and other group undertakings<br>1998 and 1997<br>Ordinary shares |
|----------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------|
| 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                                                | -                                                                            |

\* Includes joint holdings of 8,444 (1997: 8,444) ordinary shares.

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the company's business, except as disclosed in note 21 to the financial statements.

### **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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### **Land and buildings**

During the year the investment property was revalued and transferred to assets held for resale. The revised valuation has been incorporated in the financial statements. The surplus of £11,000 arising from the revaluation has been transferred to reserves.

### **Year 2000 Compliance**

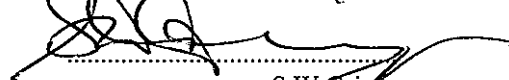
Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of the company's cutomers and suppliers.

The compay is in the process of assessing the risks resulting from this issue. When the analysis is complete, the company will consider the likely impact on the business, develop action plans to deal with the key risks, and estimate the costs to be incurred.

### **Auditors**

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

ON BEHALF OF THE BQARD



S W Griggs  
Director

Registered office:

Cobbs Lane  
Wollaston  
Wellingborough  
Northants  
NN29 7SW

28 October 1998

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

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 4.

**Respective responsibilities of directors and auditors**

As described on page 1 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.

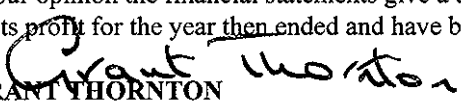
**Basis of opinion**

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 1998 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

28 October 1998

## **FERRERSMERE ESTATES LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 March 1998

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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 investment property revaluation reserve. 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 1998

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|                                                      | <b>Note</b> | <b>1998<br/>£</b>     | <b>1997<br/>£</b>      |
|------------------------------------------------------|-------------|-----------------------|------------------------|
| <b>Turnover</b>                                      | 1           | 210,010               | 209,960                |
| Other operating income and charges                   | 2           | 52,231                | 49,772                 |
| <b>Operating profit</b>                              |             | <u>157,779</u>        | <u>160,188</u>         |
| Amounts written off investments                      | 7           | 18,000                | -                      |
| Net interest                                         | 3           | 18,162                | 15,671                 |
| <b>Profit on ordinary activities before taxation</b> | 1           | <u>121,617</u>        | <u>144,517</u>         |
| Tax on profit on ordinary activities                 | 5           | 58,498                | 33,742                 |
| <b>Profit retained</b>                               | 16          | <u><u>£63,119</u></u> | <u><u>£110,775</u></u> |

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



**FERRERSMERE ESTATES LIMITED**

**BALANCE SHEET AT 31 MARCH 1998**

|                                                                | Note | £             | 1998<br>£           | £            | 1997<br>£           |
|----------------------------------------------------------------|------|---------------|---------------------|--------------|---------------------|
| <b>Fixed assets</b>                                            |      |               |                     |              |                     |
| Tangible assets                                                | 6    |               | 2,427,935           |              | 2,507,935           |
| Investments                                                    | 7    |               | 401                 |              | 401                 |
|                                                                |      |               | <u>2,428,336</u>    |              | <u>2,508,336</u>    |
| <b>Current assets</b>                                          |      |               |                     |              |                     |
| Debtors                                                        | 8    | 19,341        |                     | 8,266        |                     |
| Asset held for resale                                          | 9    | 41,000        |                     | -            |                     |
|                                                                |      | <u>60,341</u> |                     | <u>8,266</u> |                     |
| <b>Creditors: amounts falling due within one year</b>          | 10   | 4,368,404     |                     | 4,470,905    |                     |
| <b>Net current liabilities</b>                                 |      |               | <u>(4,308,063)</u>  |              | <u>(4,462,639)</u>  |
| <b>Total assets less current liabilities</b>                   |      |               | <u>(1,879,727)</u>  |              | <u>(1,954,303)</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   | 5,133         |                     | 4,676        |                     |
|                                                                |      | <u></u>       | 207,233             | <u></u>      | 206,776             |
|                                                                |      |               | <u>£(2,086,960)</u> |              | <u>£(2,161,079)</u> |
| <b>Capital and reserves</b>                                    |      |               |                     |              |                     |
| Called up share capital                                        | 15   |               | 2                   |              | 2                   |
| Revaluation reserve                                            | 16   |               | 11,000              |              | -                   |
| Profit and loss account                                        | 16   |               | (2,097,962)         |              | (2,161,081)         |
| <b>Shareholders' funds</b>                                     | 17   |               | <u>£(2,086,960)</u> |              | <u>£(2,161,079)</u> |

The financial statements were approved by the Board of Directors on 28 October 1998

  
S W Griggs Director

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

**FERRERSMERE ESTATES LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

---

|                                                          | <b>1998</b>    | <b>1997</b>     |
|----------------------------------------------------------|----------------|-----------------|
|                                                          | <b>£</b>       | <b>£</b>        |
| <b>Profit for the financial year</b>                     | 63,119         | 110,775         |
| Unrealised surplus on revaluation of investment property | 11,000         | -               |
| <b>Total recognised gains and losses for the year</b>    | <u>£74,119</u> | <u>£110,775</u> |

# FERRERSMERE ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

### 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:

|                                                                   | 1998<br>£    | 1997<br>£    |
|-------------------------------------------------------------------|--------------|--------------|
| Auditors' remuneration                                            | 2,000        | 2,900        |
| Provisions for diminution in value:<br>- writedown of investments | 18,000       | -            |
|                                                                   | <u>=====</u> | <u>=====</u> |

### 2 OTHER OPERATING INCOME AND CHARGES

|                         | Note | 1998<br>£      | 1997<br>£      |
|-------------------------|------|----------------|----------------|
| Other operating charges |      | 2,231          | (228)          |
| Depreciation            | 6    | 50,000         | 50,000         |
|                         |      | <u>£52,231</u> | <u>£49,772</u> |
|                         |      | <u>=====</u>   | <u>=====</u>   |

### 3 NET INTEREST

|                                              | 1998<br>£      | 1997<br>£      |
|----------------------------------------------|----------------|----------------|
| On interest payable and similar charges      | 18,162         | 15,761         |
| Other interest receivable and similar income | -              | (90)           |
|                                              | <u>£18,162</u> | <u>£15,671</u> |
|                                              | <u>=====</u>   | <u>=====</u>   |

### 4 DIRECTORS AND EMPLOYEES

No director received remuneration from the company during the year. All staff costs were borne by the ultimate parent undertaking, R Griggs Group Limited.

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

|                                                  | 1998<br>£      | 1997<br>£      |
|--------------------------------------------------|----------------|----------------|
| United Kingdom corporation tax @ 48% (1997: 32%) | 58,041         | 29,066         |
| Deferred tax (note 13)                           | 457            | 4,676          |
|                                                  | <u>£58,498</u> | <u>£33,742</u> |
|                                                  | <u>=====</u>   | <u>=====</u>   |

The above tax rate of 48% is higher than expected because of the expenditure on non qualifying assets.

# **FERRERSMERE ESTATES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1998

### **6 TANGIBLE FIXED ASSETS**

|                                  |                   | <b>Land and buildings</b> |                   |
|----------------------------------|-------------------|---------------------------|-------------------|
|                                  | <b>Total</b>      | <b>Freehold</b>           | <b>Investment</b> |
|                                  | <b>£</b>          | <b>£</b>                  | <b>property</b>   |
|                                  |                   |                           | <b>£</b>          |
| Cost or valuation                |                   |                           |                   |
| At 1 April 1997                  | 2,752,981         | 2,722,981                 | 30,000            |
| Surplus on revaluation           | 11,000            | -                         | 11,000            |
|                                  | <u>2,763,981</u>  | <u>2,722,981</u>          | <u>41,000</u>     |
| Transfers                        | (41,000)          | -                         | (41,000)          |
| At 31 March 1998                 | <u>£2,722,981</u> | <u>£2,722,981</u>         | <u>£ -</u>        |
| Depreciation                     |                   |                           |                   |
| At 1 April 1997                  | 245,046           | 245,046                   | -                 |
| Provided in the year             | 50,000            | 50,000                    | -                 |
| At 31 March 1998                 | <u>£295,046</u>   | <u>£295,046</u>           | <u>£ -</u>        |
| Net book amount at 31 March 1998 | <u>£2,427,935</u> | <u>£2,427,935</u>         | <u>£ -</u>        |
| Net book amount at 31 March 1997 | <u>£2,507,935</u> | <u>£2,477,935</u>         | <u>£30,000</u>    |

The gross amount of land and buildings on which depreciation is being provided is £2,472,981.

During the year the investment property was revalued by the directors. The basis of the valuation used was open market value. The surplus arising has been transferred to the investment property revaluation reserve.

# FERRERSMERE ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

### 7 FIXED ASSET INVESTMENTS

At 31 March 1998 the company held 50% (1997: 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 1998 the aggregate capital and deficit reserves was £466,634 (25 March 1997: £464,569) and the loss for the financial year ended on that date was £2,065 (25 March 1997: loss £33,653).

|                      | Total             | Shares in<br>associated<br>undertaking<br>-unlisted | Unsecured<br>loan stock | Loan            |
|----------------------|-------------------|-----------------------------------------------------|-------------------------|-----------------|
|                      | £                 | £                                                   | £                       | £               |
| Cost                 |                   |                                                     |                         |                 |
| At 1 April 1997      | 1,114,017         | 401                                                 | 833,366                 | 280,250         |
| Additions            | 18,000            | -                                                   | -                       | 18,000          |
| At 31 March 1998     | <u>£1,132,017</u> | <u>£401</u>                                         | <u>£833,366</u>         | <u>£298,250</u> |
| Amounts written off  |                   |                                                     |                         |                 |
| At 1 April 1997      | 1,113,616         | -                                                   | 833,366                 | 280,250         |
| Provided in the year | 18,000            | -                                                   | -                       | 18,000          |
| At 31 March 1998     | <u>£1,131,616</u> | <u>£ -</u>                                          | <u>£833,366</u>         | <u>£298,250</u> |
| Net book amount      |                   |                                                     |                         |                 |
| At 31 March 1998     | <u>£401</u>       | <u>£401</u>                                         | <u>£ -</u>              | <u>£ -</u>      |
| At 31 March 1997     | <u>£401</u>       | <u>£401</u>                                         | <u>£ -</u>              | <u>£ -</u>      |

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

### 8 DEBTORS

|                                    | 1998<br>£      | 1997<br>£     |
|------------------------------------|----------------|---------------|
| Amounts owed by group undertakings | 18,311         | 8,035         |
| Other debtors                      | 1,030          | -             |
| Prepayments and accrued income     | -              | 231           |
|                                    | <u>£19,341</u> | <u>£8,266</u> |

# FERRERSMERE ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

### 9 ASSET HELD FOR RESALE

|                               | Land and buildings |
|-------------------------------|--------------------|
| Valuation                     |                    |
| Transfer and at 31 March 1998 | £41,000            |
|                               | =====              |

The asset is stated at directors' valuation. Under the Companies Act 1985 current assets should be recorded at the lower of cost and net realisable value, and had historical cost convention been applied, the asset would have been recorded at £30,000. The directors believe that the asset held for resale should be shown at valuation in order to show a true and fair view.

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

|                                 | 1998<br>£  | 1997<br>£  |
|---------------------------------|------------|------------|
| Bank overdraft                  | 4,283,793  | 4,419,073  |
| Corporation tax                 | 58,041     | 29,066     |
| Social security and other taxes | 6,354      | 7,232      |
| Other creditors                 | 14,508     | 12,634     |
| Accruals                        | 5,708      | 2,900      |
|                                 | £4,368,404 | £4,470,905 |
|                                 | =====      | =====      |

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

|                      | 1998 and 1997 |
|----------------------|---------------|
| Unsecured loan stock | £202,100      |
|                      | =====         |

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.

### 12 BORROWINGS

Borrowings are repayable as follows:

|                                 | 1998<br>£  | 1997<br>£  |
|---------------------------------|------------|------------|
| Within one year:                |            |            |
| Bank overdraft                  | 4,283,793  | 4,419,073  |
| After one and within two years: |            |            |
| Other loans                     | 202,100    | 202,100    |
|                                 | £4,485,893 | £4,621,173 |
|                                 | =====      | =====      |

# FERRERSMERE ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

### 13 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred  
taxation  
(note 14)  
£

|                          |               |
|--------------------------|---------------|
| At 1 April 1997          | 4,676         |
| Provided during the year | 457           |
| At 31 March 1998         | <u>£5,133</u> |

### 14 DEFERRED TAXATION

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

|                                | 1998          | 1997          |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | <u>£5,133</u> | <u>£4,676</u> |

### 15 SHARE CAPITAL

1998 and 1997

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

### 16 RESERVES

Revaluation  
reserve  
£

Profit and  
loss account  
£

|                                  |                |                     |
|----------------------------------|----------------|---------------------|
| At 1 April 1997                  | -              | (2,161,081)         |
| Retained profit for the year     | -              | 63,119              |
| Surplus on revaluation of assets | 11,000         | -                   |
| At 31 March 1998                 | <u>£11,000</u> | <u>£(2,097,962)</u> |

### 17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

1998  
£

1997  
£

|                                      |                     |                     |
|--------------------------------------|---------------------|---------------------|
| Profit for the financial year        | 63,119              | 110,775             |
| Other recognised gains and losses    | 11,000              | -                   |
| Net increase in shareholder's funds  | <u>74,119</u>       | <u>110,775</u>      |
| Shareholders' funds at 1 April 1997  | (2,161,079)         | (2,271,854)         |
| Shareholders' funds at 31 March 1998 | <u>£(2,086,960)</u> | <u>£(2,161,079)</u> |

## **FERRERSMERE ESTATES LIMITED**

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

For the year ended 31 March 1998

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#### **18 CAPITAL COMMITMENTS**

There were no capital commitments at 31 March 1998 or 31 March 1997.

#### **19 CONTINGENT LIABILITIES**

The company, together with other group undertakings, is party to unlimited multilateral guarantees given in respect of the bank loans and overdrafts of the participating companies. As at 31 March 1998 the total of the overdrafts and loans guaranteed by the company under this agreement amounted to £5,657,071 (1997: £10,201,522).

#### **20 CONTROLLING RELATED PARTY**

The ultimate parent undertaking and controlling related party of this company is R Griggs Group Limited.

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

#### **21 TRANSACTIONS WITH RELATED PARTIES**

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

As a wholly-owned subsidiary of R Griggs Group Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by R Griggs Group Limited.

##### **Transactions with directors**

Mr W M Griggs, a director, has loaned the company £202,100 (1997: £202,100). During the year loan interest of £18,162 (1997: £15,761) was paid and all of the loan is outstanding at the year end (1997: £202,100).