

THE ARMOURERS HALL COMPANY LIMITED

Report and Accounts

31 March 2002

 ERNST & YOUNG



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# The Armourers Hall Company Limited

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Registered No. 2800134

## **DIRECTORS**

Rear Adm. J P W Middleton  
R A Crabb  
R N Lay

## **SECRETARY**

Cmdr. T J K Sloane

## **AUDITORS**

Ernst & Young LLP  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NH

## **BANKERS**

National Westminster Bank PLC  
94 Moorgate  
London EC2M 6XT

## **STOCKBROKERS**

Cazenove & Co. Limited  
12 Tokenhouse Yard  
London EC2R 7AN

## **REGISTERED OFFICE**

Armourers Hall  
81 Coleman Street  
London EC2R 5BJ

# The Armourers Hall Company Limited

## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 2002.

### RESULTS AND DIVIDENDS

The loss for the year after taxation was £33,737 (2001 – profit of £49,285)

The directors do not recommend the payment of a dividend.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is managing the operating activities of the properties owned by the company. The directors intend to continue that activity for the foreseeable future.

### FIXED ASSETS

Details of the fixed assets are given in note 6 to the accounts.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows :

Ven C J H Wagstaff (resigned 5 July 2001)

Rear Adm. J P W Middleton

R A Crabb

R N Lay (appointed 5 July 2001)

None of the directors had any beneficial interest in the share capital of the company during the year.

### AUDITORS

On 28 June 2001 Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treat the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the members at the Annual General Meeting.

Ernst & Young will continue in office as auditors as provided for under section 386 of the Companies Act 1985.

### SPECIAL PROVISIONS RELATING TO SMALL COMPANIES

This report has been prepared in accordance with the special provisions of the Companies Act 1985 relating to small companies.

By order of the board



Secretary  
13 June 2002

## The Armourers Hall Company Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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 AUDITOR'S REPORT TO THE MEMBERS OF THE ARMOURERS HALL COMPANY LIMITED**

We have audited the company's accounts for the year ended 31 March 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16. These accounts have been prepared on the basis of the accounting policies set out therein and in accordance with the Financial Reporting Standard for Smaller Entities.

**Respective responsibilities of directors and auditor**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 Directors' Report is not consistent with the accounts, if 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 with the company 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.

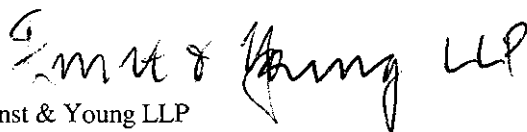
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

13 June 2002

• The Armourers Hall Company Limited

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 March 2002

|   | <i>Notes</i> | 2002<br>£             | 2001<br>£             |
|---|--------------|-----------------------|-----------------------|
| <b>TURNOVER</b>   | 2            | 253,214               | 299,259               |
| Administrative expenses                                     | 3            | (443,345)             | (415,499)             |
|   |              | <u>(190,131)</u>      | <u>(116,240)</u>      |
| Other operating income                                      | 4            | 125,918               | 180,390               |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |              | <u>(64,213)</u>       | <u>64,150</u>         |
| Tax on loss/(profit) on ordinary activities                 | 5            | 30,476                | (14,865)              |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>  |              | <u>(33,737)</u>       | <u>49,285</u>         |
| <b>RETAINED EARNINGS BROUGHT FORWARD</b>                    |              | <u>163,099</u>        | <u>113,814</u>        |
| <b>RETAINED EARNINGS CARRIED FORWARD</b>                    |              | <u><u>129,362</u></u> | <u><u>163,099</u></u> |

# The Armourers Hall Company Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2002

|   | Notes | 2002<br>£ | 2001<br>£ |
|---|-------|-----------|-----------|
| (Loss)/profit for the financial year on ordinary activities |       | (33,737)  | 49,285    |
| Unrealised (loss)/profit on investments                     | 12    | (44,589)  | 33,853    |
| Current taxation on government bonds                        | 12    | 8,918     | (6,771)   |
| Total recognised gains and losses relating to the year      |       | (69,408)  | 76,367    |
| Prior year adjustment                                       |       | 5,574     | -         |
| Total gains and losses recognised since last annual report  |       | (63,834)  | 76,367    |

The prior year adjustment relates to the write off of deferred taxation on the revaluation of the investment property, in accordance with the requirements of FRS 19 'Deferred Tax'. There is no material impact on profits in either 2002 or 2001.

# The Armourers Hall Company Limited

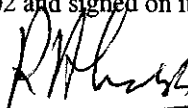
## BALANCE SHEET

at 31 March 2002

|  | Notes | 2002<br>£        | 2001<br>£        |
|--|-------|------------------|------------------|
| <b>FIXED ASSETS</b>  |       |                  |                  |
| Tangible fixed assets  | 6     | 1,775,001        | 1,775,001        |
| Investments  | 7     | 1,555,678        | 2,242,755        |
|  |       | <u>3,330,679</u> | <u>4,017,756</u> |
| <b>CURRENT ASSETS</b>  |       |                  |                  |
| Stock  |       | 1,721            | 4,700            |
| Debtors  | 8     | 64,319           | 34,429           |
| Cash at bank and in hand                                       |       | 1,096,299        | 528,482          |
|  |       | <u>1,162,339</u> | <u>567,611</u>   |
| <b>CREDITORS: amounts falling due within one year</b>          | 9     | (31,527)         | (54,468)         |
|  |       | <u>1,130,812</u> | <u>513,143</u>   |
| <b>NET CURRENT ASSETS</b>                                      |       |                  |                  |
|  |       | <u>4,461,491</u> | <u>4,530,899</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       |                  |                  |
| <b>CREDITORS: amounts falling due after more than one year</b> | 10    | (2,724,676)      | (2,724,676)      |
|  |       | <u>1,736,815</u> | <u>1,806,223</u> |
| <b>CAPITAL AND RESERVES</b>                                    |       |                  |                  |
| Equity share capital   | 11    | 1,000,002        | 1,000,002        |
| Revaluation reserve  | 12    | 607,451          | 643,122          |
| Profit and loss account  | 13    | 129,362          | 163,099          |
|  |       | <u>1,736,815</u> | <u>1,806,223</u> |
| <b>Equity Shareholders' Funds</b>                              |       |                  |                  |
|  |       | <u>1,736,815</u> | <u>1,806,223</u> |

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

Approved by the board on 13 June 2002 and signed on its behalf

  
Director



# The Armourers Hall Company Limited

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## NOTES TO THE ACCOUNTS

at 31 March 2002

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

The accounts are prepared under the historical cost convention modified by the revaluation of fixed assets and in accordance with applicable accounting standards.

#### *Investment properties*

In accordance with Statement of Standard Accounting Practice No. 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve and no depreciation is provided in respect of freehold investment properties.

The directors consider that this accounting policy results in the accounts giving a true and fair view.

#### *Listed investments*

Investments are shown at market value based on the middle market price quoted on the London Stock Exchange.

#### *Statement of cash flows*

A statement of cash flows is not presented as the company is exempt as a small company in accordance with Financial Reporting Standard No. 1.

#### *Repairs and maintenance*

Repairs and maintenance costs of the company's properties are written off in the profit and loss account as incurred.

#### *Investment income*

Investment income is recognised when receivable.

#### *Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

#### *Pensions*

The company operates a defined contribution pension scheme for certain employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

### 2. TURNOVER

Turnover represents the invoiced value of amounts received and receivable in respect of the letting of the company's properties.

# The Armourers Hall Company Limited

## NOTES TO THE ACCOUNTS

at 31 March 2002

### 3. ADMINISTRATIVE EXPENSES

These include:

|                        | 2002  | 2001  |
|------------------------|-------|-------|
|                        | £     | £     |
| Auditors' remuneration | 7,050 | 4,406 |

The directors received no remuneration for their services during the year.

### 4. OTHER OPERATING INCOME

|                                   | 2002           | 2001           |
|-----------------------------------|----------------|----------------|
|                                   | £              | £              |
| Income from Government Securities | 130,470        | 164,245        |
| Other interest receivable         | 37,761         | 20,217         |
| Loss on sale of investments       | (42,313)       | (4,072)        |
|                                   | <u>125,918</u> | <u>180,390</u> |

### 5. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

|   | 2002            | 2001          |
|---|-----------------|---------------|
|   | £               | £             |
| <i>On Profit on Ordinary Activities</i>                         |                 |               |
| Corporation tax at 20% (2001 – 20%) payable on (losses)/profits | (13,798)        | 15,681        |
| Realised loss on sale of investments                            | (8,462)         | (816)         |
| Underprovision in prior years                                   | (8,216)         | –             |
|   | <u>(30,476)</u> | <u>14,865</u> |

Factors affecting current tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a small company (20%).

# The Armourers Hall Company Limited

## NOTES TO THE ACCOUNTS at 31 March 2002

### 5. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

The differences are explained below:

|                                 | 2002<br>£ | 2001<br>£ |
|---------------------------------|-----------|-----------|
| Net income before taxation      | (64,213)  | 64,150    |
| Corporation tax at 20%          | (12,843)  | 12,830    |
| Effects of:                     |           |           |
| Non deductible expenses         | 3,267     | 4,382     |
| Capital allowances              | (2,291)   | (2,347)   |
| Current year excess expenses    | 20,785    | —         |
| Excess expenses group relieved  | (31,178)  | —         |
| Under provision in prior year   | (8,216)   | —         |
| Current tax charge for the year | (30,476)  | 14,865    |

There is an unrecognised deferred tax liability of £73,059. This relates to the tax that would be payable on the gain that would arise if the investment properties were sold. Under FRS 19, deferred tax is not recognised on revaluations of non-monetary assets unless the Company has entered into a binding agreement to sell the asset. As a result, a deferred tax liability in respect of the corporation tax that would be payable if the property was sold has not been recognised.

### 6. TANGIBLE FIXED ASSETS

|   | Freehold land<br>and buildings |           |
|---|--------------------------------|-----------|
|   | 2002<br>£                      | 2001<br>£ |
| Investment properties at valuation:<br>At 31 March 2001 and 31 March 2002 | 1,775,001                      | 1,775,001 |

The valuation was carried out by DTZ Tie Leung, Chartered Surveyors, and is stated at market value at the year end.

# The Armourers Hall Company Limited

## NOTES TO THE ACCOUNTS at 31 March 2002

### 7. INVESTMENTS

|                               | <i>Government securities</i> |                  |
|-------------------------------|------------------------------|------------------|
|                               | 2002                         | 2001             |
|                               | £                            | £                |
| At valuation:                 |                              |                  |
| At 1 April                    | 2,242,755                    | 2,312,974        |
| Disposals                     | (1,380,083)                  | (104,072)        |
| Purchases                     | 737,595                      | —                |
| Revaluation (deficit)/surplus | (44,589)                     | 33,853           |
| At 31 March                   | <u>1,555,678</u>             | <u>2,242,755</u> |

### 8. DEBTORS

|                                | 2002          | 2001          |
|--------------------------------|---------------|---------------|
|                                | £             | £             |
| Trade debtors                  | 20,141        | 13,695        |
| Prepayments and accrued income | 2,060         | 3,473         |
| Other debtors                  | 1,133         | 1,203         |
| Due from parent undertaking    | 40,985        | 16,058        |
|                                | <u>64,319</u> | <u>34,429</u> |

### 9. CREDITORS: amounts falling due within one year

|                                       | 2002          | 2001          |
|---------------------------------------|---------------|---------------|
|                                       | £             | £             |
| Other creditors                       | 13,369        | 19,517        |
| Accruals and deferred income          | 13,961        | 30,986        |
| Other taxes and social security costs | 4,197         | 3,965         |
|                                       | <u>31,527</u> | <u>54,468</u> |

### 10. CREDITORS: amounts falling due after more than one year

|                                   | 2002             | 2001             |
|-----------------------------------|------------------|------------------|
|                                   | £                | £                |
| Amounts due to parent undertaking | <u>2,724,676</u> | <u>2,724,676</u> |

The parent undertaking has indicated that the amounts will not be called within one year and there is no interest payable.

# The Armourers Hall Company Limited

## NOTES TO THE ACCOUNTS

at 31 March 2002

### 11. EQUITY SHARE CAPITAL

|                            | <i>Authorised<br/>2002 &amp; 2001<br/>£</i> | <i>Allotted,<br/>called up<br/>and fully paid<br/>2002 &amp; 2001<br/>£</i> |
|----------------------------|---|---|
| Ordinary shares of £1 each | 5,000,000                                   | 1,000,002   |

### 12. REVALUATION RESERVE

|                                       | <i>2002<br/>£</i> | <i>2001<br/>£</i> |
|---------------------------------------|-------------------|-------------------|
| At 31 March 2001                      | 643,122           | 616,040           |
| Changes in the year                   | (35,671)          | 27,082            |
| At 31 March 2002                      | 607,451           | 643,122           |
|                                       | <i>2002<br/>£</i> | <i>2001<br/>£</i> |
| Changes in the year:                  |                   |                   |
| Arising on revaluation of investments | (44,589)          | 33,853            |
| Current taxation on government bonds  | 8,918             | (6,771)           |
|                                       | (35,671)          | 27,082            |

### 13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

|   | <i>Share<br/>capital<br/>£</i> | <i>Revaluation<br/>reserve<br/>£</i> | <i>Profit and<br/>loss account<br/>£</i> | <i>Total<br/>£</i> |
|---|--------------------------------|--------------------------------------|--|--------------------|
| At beginning of year as previously stated | 1,000,002                      | 653,167                              | 157,525                                  | 1,810,694          |
| Prior year adjustment                     | —                              | (10,045)                             | 5,574                                    | (4,471)            |
| At beginning of year as restated          | 1,000,002                      | 643,122                              | 163,099                                  | 1,806,223          |
| Loss for the year                         | —                              | —                                    | (33,737)                                 | (33,737)           |
| Movement on revaluation reserve (note 12) | —                              | (35,671)                             | —  | (35,671)           |
| At 31 March 2002                          | 1,000,002                      | 607,451                              | 129,362                                  | 1,736,815          |

### 14. CAPITAL COMMITMENTS

There are no capital commitments contracted for, or authorised by the directors but not contracted for, at 31 March 2002 (2001 – £nil).

# The Armourers Hall Company Limited

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## NOTES TO THE ACCOUNTS at 31 March 2002

### 15. PENSION COMMITMENTS

The company operates a defined contribution scheme for certain employees. Premiums paid in the year amounted to £16,362 (2001 – £14,899).

There are no outstanding or pre-paid contributions at 31 March 2002. The assets of the scheme are held separately from those of the company.

### 16. RELATED PARTIES

The company is a wholly owned subsidiary of The Worshipful Company of Armourers & Brasiers, a company incorporated by Royal Charter in 1453.

During the year the parent charged £39,040 (2001 – £38,946) for overheads and was charged £30,000 (2001 – £30,000) for the use of the premises.