

# The Armourers Hall Company Limited

## Report and Accounts

31 March 2005

 ERNST & YOUNG



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# The Armourers Hall Company Limited

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Registered No: 2800134

## **Directors**

C K Cash  
G B Martin  
A M R Pontifex

## **Secretary**

Cmdr. T J K Sloane

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **Bankers**

National Westminster Bank PLC  
94 Moorgate  
London EC2M 6XT

## **Fund Managers**

Rathbone Investment Management Limited  
159 New Bond Street  
London W1S 2UD

## **Registered Office**

Armourers' Hall  
81 Coleman Street  
London EC2R 5BJ

## Directors' report

The directors present their report and accounts for the year ended 31 March 2005.

### Results and dividends

The profit for the year after taxation was £226,214 (2004 – loss of £5,590)

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:

C K Cash (appointed 8 July 2004)

R N Lay (resigned 8 July 2004)

G B Martin

A M R Pontifex

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

### Auditors

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

### 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

9 June 2005

## 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; 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 auditors' report

to the members of The Armourers Hall Company Limited

We have audited the company's accounts for the year ended 31 March 2005 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, 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.

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

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

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

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 Directors' Report is not consistent with the financial statements, 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 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 accounts give a true and fair view of the state of affairs of the company as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young Ltd*

Ernst & Young LLP  
Registered Auditor  
London  
9 June 2005

## Profit and loss account

for the year ended 31 March 2005

|   | Notes | 2005<br>£ | 2004<br>£ |
|---|-------|-----------|-----------|
| <b>Turnover</b>   | 2     | 264,378   | 243,398   |
| Administrative expenses                                     | 3     | (325,155) | (437,198) |
|   |       | (60,777)  | (193,800) |
| Other operating income                                      | 4     | 300,540   | 158,438   |
| <b>Profit/(loss) on ordinary activities before taxation</b> |       | 239,763   | (35,362)  |
| Tax on profit/(loss) on ordinary activities                 | 5     | (13,549)  | 29,772    |
| <b>Profit/(loss) on ordinary activities after taxation</b>  | 13    | 226,214   | (5,590)   |
| <b>Retained earnings brought forward</b>                    |       | 128,673   | 134,263   |
| <b>Retained earnings carried forward</b>                    |       | 354,887   | 128,673   |

## Statement of total recognised gains and losses

for the year ended 31 March 2005

|   | <i>Note</i> | <i>2005</i><br>£ | <i>2004</i><br>£ |
|---|-------------|------------------|------------------|
| Profit/(loss) for the financial year on ordinary activities |             | 226,214          | (5,590)          |
| Unrealised profit/(loss) on investments                     | 12          | 41,024           | (73,001)         |
| Current taxation on government bonds                        | 12          | 6,199            | 13,870           |
| Unrealised surplus on revaluation of properties             | 12          | 340,000          | —                |
| Total recognised gains and losses relating to the year      |             | <u>613,437</u>   | <u>(64,721)</u>  |
| Total gains and losses recognised since last annual report  |             | <u>613,437</u>   | <u>(64,721)</u>  |

## Balance sheet

at 31 March 2005

|  | Notes | 2005<br>£        | 2004<br>£        |
|--|-------|------------------|------------------|
| <b>Fixed assets</b>  |       |                  |                  |
| Tangible fixed assets  | 6     | 2,377,013        | 2,052,206        |
| Investments  | 7     | 1,912,185        | 1,546,650        |
|  |       | <u>4,289,198</u> | <u>3,598,856</u> |
| <b>Current assets</b>  |       |                  |                  |
| Stock  |       | 1,050            | 3,120            |
| Debtors  | 8     | 38,141           | 58,709           |
| Cash at bank and in hand                                       |       | 1,023,481        | 1,038,350        |
|  |       | <u>1,062,672</u> | <u>1,100,179</u> |
| <b>Creditors:</b> amounts falling due within one year          | 9     | (89,828)         | (84,732)         |
|  |       | <u>972,844</u>   | <u>1,015,447</u> |
| <b>Net current assets</b>                                      |       |                  |                  |
|  |       | <u>5,262,042</u> | <u>4,614,303</u> |
| <b>Total assets less current liabilities</b>                   |       |                  |                  |
| <b>Creditors:</b> amounts falling due after more than one year | 10    | (2,724,676)      | (2,724,676)      |
|  |       | <u>2,537,366</u> | <u>1,889,627</u> |
| <b>Capital and reserves</b>                                    |       |                  |                  |
| Equity share capital   | 11    | 1,000,002        | 1,000,002        |
| Revaluation reserve  | 12    | 1,182,477        | 760,952          |
| Profit and loss account  | 13    | 354,887          | 128,673          |
|  |       | <u>2,537,366</u> | <u>1,889,627</u> |
| <b>Equity Shareholders' Funds</b>                              |       |                  |                  |
|  |       | <u>2,537,366</u> | <u>1,889,627</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 9 June 2005 and signed on its behalf

*Andrew Partifex*

Director



## Notes to the accounts

at 31 March 2005

### 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.

#### Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets, excluding investment properties, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

|                   |   |               |
|-------------------|---|---------------|
| Hall improvements | — | over 10 years |
|-------------------|---|---------------|

#### 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 in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date.

#### 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.

## Notes to the accounts

at 31 March 2005

### 3. Administrative expenses

These include:

|                                    | 2005<br>£         | 2004<br>£         |
|------------------------------------|-------------------|-------------------|
| Auditors' remuneration             | 7,097             | 7,094             |
| Depreciation of owned fixed assets | 15,193            | 15,193            |
|                                    | <u>          </u> | <u>          </u> |

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

### 4. Other operating income

|  | 2005<br>£      | 2004<br>£      |
|--|----------------|----------------|
| Income from Fixed Income & Government Securities | 133,803        | 122,260        |
| Other interest receivable                        | 30,914         | 25,808         |
| (Loss)/profit on sale of investments             | (64,177)       | 10,370         |
| Other income                                     | 200,000        | —              |
|  | <u>300,540</u> | <u>158,438</u> |

Other income represents an amount received from the developer of a nearby building for the loss of light that will arise from the construction of that building.

### 5. Tax on profit/(loss) on ordinary activities

|   | 2005<br>£         | 2004<br>£         |
|---|-------------------|-------------------|
| On profit/(loss) on ordinary activities                               |                   |                   |
| Corporation tax at 19% (2004 – 19%) payable on profits                | 13,549            | (29,772)          |
|   | <u>          </u> | <u>          </u> |
| On profit on investment activities:                                   |                   |                   |
| Corporation tax at 19% (2004 – 19%) on unrealised loss on investments | (6,199)           | (13,870)          |
|   | <u>          </u> | <u>          </u> |

## Notes to the accounts

at 31 March 2005

### 5. Tax on profit/(loss) on ordinary activities (continued)

Factors affecting current tax charge/(credit) 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 (2005 - 19%, 2004 - 19%).

The differences are explained below:

|  | 2005<br>£ | 2004<br>£ |
|--|-----------|-----------|
| Net profit/(loss) before taxation        | 239,763   | (35,362)  |
| Corporation tax at 19% (2004 - 19%)      | 45,555    | (6,719)   |
| Effects of:                              |           |           |
| Non deductible expenses                  | (1,594)   | (1,072)   |
| Capital allowances                       | (4,605)   | (5,979)   |
| Current year excess expenses             | —         | 27,640    |
| Excess expenses group relieved           | —         | (43,642)  |
| Accounting profits on fixed assets       | (25,807)  | —         |
| Current tax charge/(credit) for the year | 13,549    | (29,772)  |

There is an unrecognised deferred tax liability of £179,792 (2004 - £93,124). This relates to the tax that would be payable on the gain that would arise if 73 Moorgate 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

|                                 | Land and<br>Buildings<br>£ | Hall<br>improvements<br>£ | Total<br>£ |
|---------------------------------|----------------------------|---------------------------|------------|
| Cost or valuation:              |                            |                           |            |
| At 1 April 2004                 | 1,930,001                  | 151,933                   | 2,081,934  |
| Surplus on revaluation          | 340,000                    | —                         | 340,000    |
| At 31 March 2005                | 2,270,001                  | 151,933                   | 2,421,934  |
| Depreciation:                   |                            |                           |            |
| At 1 April 2004                 | —                          | 29,728                    | 29,728     |
| Charge for year                 | —                          | 15,193                    | 15,193     |
| At 31 March 2005                | —                          | 44,921                    | 44,921     |
| Net book value at 31 March 2005 | 2,270,001                  | 107,012                   | 2,377,013  |
| Net book value at 1 April 2004  | 1,930,001                  | 122,205                   | 2,052,206  |

## Notes to the accounts

at 31 March 2005

### 6. Tangible fixed assets (continued)

The net book value of land and buildings comprises:

|                                     | 2005      | 2004      |
|-------------------------------------|-----------|-----------|
|                                     | £         | £         |
| Investment properties at valuation: | 2,270,001 | 1,930,001 |

### 7. Investments

|                               | 2005      | 2004      |
|-------------------------------|-----------|-----------|
|                               | £         | £         |
| At valuation:                 |           |           |
| At 31 March 2003              | 1,546,650 | 2,125,517 |
| Disposals                     | (927,337) | (505,866) |
| Purchases                     | 1,251,848 | —         |
| Revaluation surplus/(deficit) | 41,024    | (73,001)  |
| At 31 March 2004              | 1,912,185 | 1,546,650 |

### 8. Debtors

|                                | 2005   | 2004   |
|--------------------------------|--------|--------|
|                                | £      | £      |
| Trade debtors                  | 25,743 | 8,340  |
| Corporation tax recoverable    | —      | 2,858  |
| Prepayments and accrued income | 11,680 | 10,339 |
| Other debtors                  | 718    | 168    |
| Due from parent undertaking    | —      | 37,004 |
|                                | 38,141 | 58,709 |

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

|                                       | 2005   | 2004   |
|---------------------------------------|--------|--------|
|                                       | £      | £      |
| Corporation tax                       | 7,350  | —      |
| Other creditors                       | 66,254 | 36,181 |
| Accruals and deferred income          | 10,633 | 46,127 |
| Other taxes and social security costs | 3,529  | 2,424  |
| Due to parent undertaking             | 2,062  | —      |
|                                       | 89,828 | 84,732 |

## Notes to the accounts

at 31 March 2005

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

|                                   | 2005<br>£ | 2004<br>£ |
|-----------------------------------|-----------|-----------|
| Amounts due to parent undertaking | 2,724,676 | 2,724,676 |

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

### 11. Equity share capital

|                            | Authorised<br>2005 & 2004<br>£ | Allotted,<br>called up<br>and fully paid<br>2005 & 2004<br>£ |
|----------------------------|--------------------------------|--|
| Ordinary shares of £1 each | 5,000,000                      | 1,000,002  |

### 12. Revaluation reserve

|   | 2005<br>£ | 2004<br>£ |
|---|-----------|-----------|
| At 31 March 2004                            | 760,952   | 829,767   |
| Changes in the year                         | 421,525   | (68,815)  |
| At 31 March 2005                            | 1,182,477 | 760,952   |
| Changes in the year:                        |           |           |
| Arising on revaluation of 73 Moorgate       | 340,000   | —         |
| Arising on revaluation of investments       | 41,024    | (73,001)  |
| Current taxation on government bonds        | 6,199     | 13,870    |
| Arising on profits realised during the year | 34,302    | (9,684)   |
|   | 421,525   | (68,815)  |

### 13. Reconciliation of shareholders' funds and movements on reserves

|   | Share<br>capital<br>£ | Revaluation<br>reserve<br>£ | Profit and<br>loss account<br>£ | Total<br>£ |
|---|-----------------------|-----------------------------|---------------------------------|------------|
| At 1 April 2004                           | 1,000,002             | 760,952                     | 128,673                         | 1,889,627  |
| Profit for the year                       | —                     | —                           | 226,214                         | 226,214    |
| Movement on revaluation reserve (note 12) | —                     | 421,525                     | —                               | 421,525    |
| At 31 March 2005                          | 1,000,002             | 1,182,477                   | 354,887                         | 2,537,366  |

## Notes to the accounts

at 31 March 2005

### 14. Capital commitments

There are no capital commitments contracted for, or authorised by the directors but not contracted for, at 31 March 2005 (2004 – £nil).

### 15. Pension commitments

The company operates a defined contribution scheme for certain employees. Premiums paid in the year amounted to £ 8,509 (2004 – £14,297).

There are no outstanding or pre-paid contributions at 31 March 2005. 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 and Brasiers, a company incorporated by Royal Charter in 1453.

During the year the parent charged £ 44,433 (2004 – £43,150) for overheads and was charged £ 30,000 (2004 – £30,000) for the use of the premises.