


Gardenbook Projects Limited

Report and Accounts

30 September 2003

 **ERNST & YOUNG**



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COMPANIES HOUSE 30/07/04

Gardenbook Projects Limited

Registered No: 2875522

Directors


M B Owen
A J Norton
H R Bilton
A R Lovelady

Secretary

A R Lovelady

Auditors

Ernst & Young LLP
Silkhouse Court
Tithebarn Street
Liverpool
L2 2LE

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Directors' report

The directors present their report and accounts for the year ended 30 September 2003.

Results and dividends

The loss for the year, after taxation, amounted to £36,452. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the year was property investment in the United Kingdom

The directors consider the results and state of affairs to be satisfactory.

Directors and their interests

The directors at 30 September 2003 and their interests in the share capital of the company were as follows:

		<i>At</i> <i>30 September 2003</i>	<i>At</i> <i>1 October 2002</i>
M B Owen	"A" Ordinary shares	—	—
	"B" Ordinary shares	—	—
A J Norton	"A" Ordinary shares	—	—
	"B" Ordinary shares	100	100
H R Bilton	"A" Ordinary shares	—	—
	"B" Ordinary shares	100	100
A R Lovelady	"A" Ordinary shares	—	—
	"B" Ordinary shares	—	—

M B Owen and A R Lovelady are directors of Ethel Austin Investment Properties Limited, which owns the company's "A" ordinary shares.

The interests of directors in the share capital of the ultimate parent undertaking referred to in note 18 were as follows:

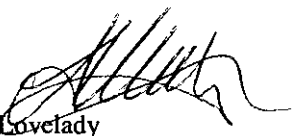
	<i>Class of share</i>	<i>At</i> <i>30 September 2003</i>		<i>At</i> <i>1 October 2002</i>	
		<i>Beneficial</i>	<i>Non beneficial</i>	<i>Beneficial</i>	<i>Non beneficial</i>
M B Owen	Ordinary shares	1,503,741	446,259	1,503,741	446,259
	Preference shares	3,000	0	3,000	0

Directors' report

Fixed assets

The company's investment properties were revalued on 30 September 2003 by the directors. The valuations totalling £4,868,750 have been incorporated in these accounts.

By order of the board


A R Lovelady
Secretary

29 July 2004

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 year. 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 auditors' report

to the members of Gardenbook Projects Limited

We have audited the company's accounts for the year ended 30 September 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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.

Independent auditors' report

to the members of Gardenbook Projects Limited (continued)

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 September 2003 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
Liverpool

30 July 2004

Ernst & Young LLP

Profit and loss account

for the year ended 30 September 2003

	Notes	2003 £	2002 £
Turnover	2	326,810	313,239
Cost of sales		44,387	31,095
Gross profit		282,423	282,144
Administrative expenses		6,795	63,943
Operating profit	3	275,628	218,201
(Loss)/profit on disposal of tangible fixed assets	4	(94,746)	144,353
		180,882	362,554
Bank interest receivable	7	—	201
Interest payable	8	(205,487)	(276,733)
		(205,487)	(276,532)
(Loss)/profit on ordinary activities before taxation		(24,605)	86,022
Tax on (loss)/profit on ordinary activities	9	11,847	15,385
(Loss)/profit retained for the financial year		(36,452)	70,637

Statement of total recognised gains and losses

for the year ended 30 September 2003

	2003 £	2002 £
(Loss)/profit for the financial year	(36,452)	70,637
Unrealised surplus on revaluation of investment properties	632,972	390,000
Total gains and losses recognised since the last annual report	<u>596,520</u>	<u>460,637</u>

Note of historical cost profits and losses

for the year ended 30 September 2003

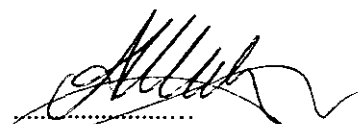
	2003 £	2002 £
Reported (loss)/profit on ordinary activities before taxation	(24,605)	86,022
Realisation of property revaluation surpluses of earlier years	98,865	161,325
Historical cost profit on ordinary activities before taxation	<u>74,260</u>	<u>247,347</u>
Historical cost profit for the year retained after taxation and dividends	<u>62,413</u>	<u>231,962</u>

Balance sheet

at 30 September 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	10	4,868,750	5,084,052
Current assets			
Debtors	11	100,180	91,484
Creditors: amounts falling due within one year	12	166,268	227,997
Net current liabilities		(66,088)	(136,513)
Total assets less current liabilities		4,802,662	4,947,539
Creditors: amounts falling due after more than one year	13	3,129,309	3,870,706
		<u>1,673,353</u>	<u>1,076,833</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Revaluation reserve	17	1,433,747	899,640
Profit and loss account	17	238,606	176,193
Equity shareholders' funds	17	<u>1,673,353</u>	<u>1,076,833</u>

ERNST & YOUNG


 A R Lovelady
 Director

29 July 2004

Notes to the accounts

at 30 September 2003

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention, modified to include the revaluation of investment properties.

The true and fair override provisions of the Companies Act 1985 have been invoked, see "investment properties" below.

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 accounts on the grounds that the company is small.

Depreciation

No depreciation is provided on investment properties in accordance with Statement of Standard Accounting Practice No. 19.

Investment properties

Investment properties are accounted for in accordance with SSAP 19, as follows:

(i) Investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, unless a deficit, or its reversal on an individual property is expected to be permanent, in which case it is recognised in the profit and loss account for the year. The revaluation of investment properties takes into account the provisions of abstract 28 from the Urgent Issues Task Force where operating lease incentives apply to a particular investment property.

(ii) No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

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

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 tax in the future.

Provision is made for tax on gains arising from the revaluation 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.

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.

Notes to the accounts

at 30 September 2003

2. Turnover

Turnover represents the amount of gross rents and charges receivable and arises from one continuing activity of property investment in the United Kingdom.

3. Operating profit

This is stated after charging:

	2003 £	2002 £
Auditors' remuneration - audit services	2,755	2,775
Directors' emoluments	—	50,000

4. Exceptional items

	2003 £	2002 £
(Loss)/profit on disposal of investment properties	(94,746)	144,353

5. Staff costs

	2003 £	2002 £
Wages and salaries	—	50,000
Social security costs	—	5,809
	—	55,809

6. Directors' emoluments

	2003 £	2002 £
Emoluments	—	50,000

7. Interest receivable

	2003 £	2002 £
Bank interest receivable	—	201

8. Interest payable

	2003 £	2002 £
Bank loan	82,241	107,501
Group undertaking	123,246	169,232
	205,487	276,733

Notes to the accounts

at 30 September 2003

9. Tax

(a) Tax on (loss)/profit on ordinary activities

The tax charge is made up as follows:

	2003 £	2002 £
<i>Current tax:</i>		
UK corporation tax	27,000	16,500
Tax over provided in previous years	(15,153)	(1,115)
Total current tax (note 9(c))	<u>11,847</u>	<u>15,385</u>

(b) Tax included in statement of total recognised gains and losses

No deferred tax has been recognised in respect of the unrealised surplus on the property revaluations as there was no binding agreement to sell the properties at the balance sheet date.

(c) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%). The differences are reconciled below:

	2003 £	2002 £
(Loss)/profit on ordinary activities before taxation	<u>(24,605)</u>	<u>86,022</u>
Profit/(loss) on ordinary activities multiplied by rate of tax	(7,382)	25,807
Chargeable gains	5,811	34,156
Adjustments in respect of prior years	(15,153)	(1,115)
Income not taxable - profit on disposal of fixed assets	-	(43,306)
Expenses not deductible for tax purposes	28,530	-
Capital allowances in advance of depreciation	(74)	-
Other differences	115	(157)
Total current tax (note 9(a))	<u>11,847</u>	<u>15,385</u>

(d) Factors that may affect future tax charges

If the investment properties were sold for the amount of their valuations, a tax liability of approximately £300,000 would arise.

Notes to the accounts

at 30 September 2003

10. Tangible fixed assets

	Land and Buildings Freehold development property £	Freehold investment properties £	Total £
Cost or valuation:			
At 1 October 2002	1,764,052	3,320,000	5,084,052
Additions	53,849	—	53,849
Surplus on revaluation	—	632,972	632,972
Disposals	(502,123)	(400,000)	(902,123)
Transfers	(1,315,778)	1,315,778	—
At 30 September 2003	—	4,868,750	4,868,750
Depreciation	—	—	—
Net book value:			
At 30 September 2003	—	4,868,750	4,868,750
At 1 October 2002	1,764,052	3,320,000	5,084,052

The freehold investment properties were valued by the directors on the basis of an open market value at 30 September 2003. The cost of the properties was £3,435,003 (2002 £2,420,360).

11. Debtors

	2003 £	2002 £
Trade debtors	82,689	75,975
Corporation tax repayable	12,211	—
Other debtors	300	10,961
Prepayments and accrued income	4,980	4,548
	<u>100,180</u>	<u>91,484</u>

12. Creditors: amounts falling due within one year

	2003 £	2002 £
Current instalment due on bank loan (note 14)	62,688	62,688
Trade creditors	90,712	66,202
Corporation tax	—	8,350
Accruals and deferred income	12,868	90,757
	<u>166,268</u>	<u>227,997</u>

Notes to the accounts

at 30 September 2003

13. Creditors: amounts falling due after more than one year

	2003 £	2002 £
Bank loans (note 14)	1,417,532	1,767,527
Amount owed by related undertaking	1,711,777	2,103,179
Total loans (note 14)	<u>3,129,309</u>	<u>3,870,706</u>

14. Loans

Creditors include finance capital which is due for repayment as follows:

	2003 £	2002 £
Amounts repayable:		
In one year or less or on demand	62,688	62,688
In more than one year but not more than two years	64,680	64,680
In more than two years but not more than five years	208,676	208,676
	<u>336,044</u>	<u>336,044</u>
In more than five years	2,855,953	3,597,350
	<u>3,191,997</u>	<u>3,933,394</u>

The bank loans are secured by legal charges over the freehold properties owned by the company. They are repayable in quarterly instalments at commercial rates.

The loan from the group undertaking is available for five years if required.

15. Related party transactions

A J Norton and H R Bilton are directors of American Golf Discount Centre Limited which leases some of the company's investment properties.

The rent received from American Golf Discount Centre Limited during the year was £321,300 (2002 £305,167).

16. Share capital

	2003 £	Authorised 2002 £
'A' Ordinary shares of £1 each	800	800
'B' Ordinary shares of £1 each	200	200
	<u>1,000</u>	<u>1,000</u>

	No.	2003 £	No.	2002 £
'A' Ordinary shares of £1 each	800	800	800	800
'B' Ordinary shares of £1 each	200	200	200	200
		<u>1,000</u>		<u>1,000</u>

Notes to the accounts

at 30 September 2003

17. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £	<i>Revaluation reserve</i> £	<i>Profit and loss account</i> £	<i>Total share- holders' funds</i> £
At 1 October 2001	1,000	670,965	(55,769)	616,196
Profit for the year	—	—	70,637	70,637
Revaluation of investment property	—	390,000	—	390,000
Realised on sale of investment properties	—	(161,325)	161,325	—
At 30 September 2002	1,000	899,640	176,193	1,076,833
Loss for the year	—	—	(36,452)	(36,452)
Revaluation of investment property	—	632,972	—	632,972
Realised on sale of investment properties	—	(98,865)	98,865	—
At 30 September 2003	1,000	1,433,747	238,606	1,673,353

18. Ultimate parent company

The company's immediate parent undertaking is Ethel Austin Investment Properties Limited and the ultimate parent undertaking is Ethel Austin Investments Limited.

Copies of the group accounts of Ethel Austin Investments Limited may be obtained from North House, 17 North John Street, Liverpool, L2 5EA.