Gardenbook Projects Limited

Report and Accounts

30 September 2005

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

Registered office

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17 North John Street
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Directors' report

The directors present their report and accounts for the year ended 30 September 2005.

Results and dividends

The profit for the year, after taxation, amounted to £166,305. 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 2005 and their interests in the share capital of the company were as follows:

		At 30 September 2005	*At 1 October 2004*
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 owned the company's "A" ordinary shares at 30 September 2005.

The interests of directors in the share capital of the ultimate parent undertaking referred to in note 17 were as follows:

	Class of share	*At 30 September 2005*		*At 30 September 2004*	
		Beneficial	*Non beneficial*	*Beneficial*	*Non beneficial*
M B Owen	Ordinary shares	1,503,741	446,259	1,503,741	446,259
	Preference shares	3,000	-	3,000	-

Fixed assets

The company's investment properties were revalued on 30 September 2005 by the directors. The valuations totalling £5,275,000 have been incorporated in these accounts.

By order of the board

A R Lovelady
Secretary

7 July, 2006

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 auditors' report
to the members of Gardenbook Projects Limited

We have audited the company's accounts for the year ended 30 September 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 17. 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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Liverpool

14 July 2006

Profit and loss account
for the year ended 30 September 2005

	Notes	2005 £	2004 £
Turnover	2	379,126	331,928
Cost of sales		55,018	63,164
Gross profit		324,108	268,764
Administrative expenses		7,766	14,484
Operating profit	3	316,342	254,280
Profit/(loss) on disposal of tangible fixed assets	4	104,781	(103,017)
		421,123	151,263
Interest receivable and similar income	6	9,151	823
Interest payable and similar charges	7	(138,840)	(164,488)
		(129,689)	(163,665)
Profit/(loss) on ordinary activities before taxation		291,434	(12,402)
Tax on profit/(loss) on ordinary activities	8	125,129	27,903
Profit/(loss) for the financial year		166,305	(40,305)

Statement of total recognised gains and losses
for the year ended 30 September 2005

	2005	*2004*
	£	£
Profit/(loss) for the financial year	166,305	(40,305)
Unrealised surplus on revaluation of investment properties	731,126	612,608
Total gains and losses recognised since the last annual report	897,431	572,303

Note of historical cost profits and losses
for the year ended 30 September 2005

	2005	*2004*
	£	£
Reported profit/(loss) on ordinary activities before taxation	291,434	(12,402)
Realisation of property revaluation surpluses of earlier years	190,752	–
Historical cost profit/(loss) on ordinary activities before taxation	482,186	(12,402)
Historical cost profit/(loss) for the year retained after taxation and dividends	357,057	(40,305)

Balance sheet
at 30 September 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	9	5,275,000	4,900,000
Current assets			
Debtors	10	296,981	124,418
Creditors: amounts falling due within one year	11	485,619	278,733
Net current liabilities		(188,638)	(154,315)
Total assets less current liabilities		5,086,362	4,745,685
Creditors: amounts falling due after more than one year	12	1,943,275	2,500,029
		3,143,087	2,245,656
Capital and reserves			
Called up share capital	15	1,000	1,000
Revaluation reserve	16	2,586,729	2,046,355
Profit and loss account	16	555,358	198,301
Equity shareholders' funds	16	3,143,087	2,245,656

A R Lovelady
Director

7 July 2006

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Notes to the accounts
at 30 September 2005

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 company has taken advantage of the concession in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a statement of cash flows on the grounds that the company is small as defined in companies legislation.

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, nd 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 2005

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:

	2005 £	*2004* £
Auditors' remuneration - audit services	3,381	2,920
Directors' emoluments	–	–

4. Exceptional items

	2005 £	*2004* £
Profit/(loss) on disposal of investment properties	104,781	(103,017)
Tax effect	69,318	-

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5. Staff costs
The company has no employees other than directors.

6. Interest receivable

	2005 £	*2004* £
Bank interest receivable	921	823
Interest from parent undertaking	8,230	–
	9,151	823

7. Interest payable and similar charges

	2005 £	*2004* £
Bank loan	138,840	102,323
Parent undertaking	–	62,165
	138,840	164,488

Notes to the accounts
at 30 September 2005

8. Taxation on ordinary activities

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

The tax charge is made up as follows:

	2005 £	*2004* £
Current tax:		
UK corporation tax	126,000	28,000
Tax overprovided in previous years	(871)	(97)
Total current tax (note 8(b))	125,129	27,903

(b) Factors affecting current tax charge

The tax assessment on the profit/(loss) on ordinary activities is different to the standard rate of corporation tax in the UK at 30%, as reconciled below:

	2005 £	*2004* £
Profit/(loss) on ordinary activities before tax	291,434	(12,402)
Profit/(loss) on ordinary activities multiplied by rate of tax at 30%	87,430	(3,721)
Capital gain	69,318	–
Other timing differences	728	760
Adjustments in respect of prior years	(871)	(97)
Income not taxable	(31,434)	–
Expenses not deductible for tax purposes	–	30,905
Capital allowances in advance of depreciation	(42)	56
Total current tax (note 8(a))	125,129	27,903

(c) Factors that may affect future tax charges

If the investment property was sold for the amount of its valuation, a tax liability of approximately £611,000 would arise.

Notes to the accounts
at 30 September 2005

9. Tangible fixed assets

	Freehold investment property £
Cost or valuation:	
At 1 October 2004	4,900,000
Additions	243,874
Surplus on revaluation	731,126
Disposals	(600,000)
At 30 September 2005	5,275,000
Depreciation:	
At 1 October 2004 and 30 September 2005	–
Net book value:	
At 30 September 2005	5,275,000
At 1 October 2004	4,900,000

The freehold investment properties were valued by the directors on the basis of an open market value at 30 September 2005. The cost of the properties was £2,688,271 (2004 £2,853,644).

10. Debtors

	2005 £	*2004* £
Trade debtors	115,493	119,065
Amount owed by parent undertaking	169,575	–
Other debtors	3,765	–
Prepayments and accrued income	8,148	5,353
	296,981	124,418

11. Creditors: amounts falling due within one year

	2005 £	*2004* £
Current instalment due on bank loans (note 13)	107,544	99,963
Trade creditors	87,281	90,281
Corporation tax	119,886	28,000
Other taxation	–	16,712
Accruals and deferred income	170,908	43,777
	485,619	278,733

Notes to the accounts
at 30 September 2005

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

	2005	*2004*
	£	*£*
Loans (note 13)	1,943,275	1,763,866
Amount owed to parent undertaking	–	736,163
	1,943,275	2,500,029

13. Loans

	2005	*2004*
	£	*£*
Amounts repayable:		
In one year or less or on demand	107,544	99,963
In more than one year but not more than two years	109,036	101,955
In more than two years but not more than five years	338,764	320,501
	555,344	522,419
In more than five years	1,495,475	2,077,573
	2,050,819	2,599,992

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.

14. Related party transactions

During the year ended 30 September 2004, A J Norton and H R Bilton were directors of American Golf Discount Centre Limited which leases certain of the company's investment properties.

The rent received from American Golf Discount Centre Limited during the year ended 30 September 2004 was £270,000.

15. Share capital

		Authorised
	2005	*2004*
	£	*£*
'A' Ordinary shares of £1 each	800	800
'B' Ordinary shares of £1 each	200	200
	1,000	1,000

	Allotted, called up and fully paid			
		2005		*2004*
	No.	*£*	*No.*	*£*
'A' Ordinary shares of £1 each	800	800	800	800
'B' Ordinary shares of £1 each	200	200	200	200
		1,000		1,000

The 'A' and 'B' shares have equal rights.

Notes to the accounts
at 30 September 2005

16. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	*Revaluation reserve* £	*Profit and loss account* £	*Total share-holders' funds* £
At 1 October 2003	1,000	1,433,747	238,606	1,673,353
Loss for the year	–	–	(40,305)	(40,305)
Revaluation of investment property	–	612,608	–	612,608
At 30 September 2004	1,000	2,046,355	198,301	2,245,656
Profit for the year	–	–	166,305	166,305
Revaluation of investment property	–	731,126	–	731,126
Realised on sale of investment properties	–	(190,752)	190,752	–
At 30 September 2005	1,000	2,586,729	555,358	3,143,087

17. Ultimate parent company

At 30 September 2005, the company's immediate parent undertaking was Ethel Austin Investment Properties Limited and the ultimate parent undertaking was 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.

On 27 April 2006, Ethel Austin Investment Properties Limited sold 150 ordinary shares of £1 each to both A J Norton and H R Bilton, reducing its shareholding from 80% to 50%. In connection with this transaction, the authorised share capital was redesignated as 500 "A" and 500 "B" ordinary shares of £1 each.