



**LLANOVER PROPERTIES (CORBY)
LIMITED**

Report and Financial Statements

31 March 2006

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REPORT AND FINANCIAL STATEMENTS 2006

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LLANOVER PROPERTIES (CORBY) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R A E Herbert, CBE
R E Phillips, FRICS
H E Murray

SECRETARY

D G Metters

REGISTERED OFFICE

23a Gold Tops
Newport
South Wales
NP20 4UL

BANKERS

Butterfield Bank (UK) Limited

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cardiff

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

ACTIVITIES

The company is engaged in the business of letting property and property investment.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results of the company for the year are set out in the profit and loss account on page 5 and its position at the year-end is shown in the balance sheet on page 6.

The directors consider that the company is well placed to continue to trade profitably in the future.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year (2005 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company, who served throughout the financial year, are as set out on page 1.

No director held any interests in the shares of the company at any point during the year.

The interests of R A E Herbert, CBE, and R E Phillips, FRICS, in the shares of the parent company, Llanover Properties Limited, are shown in the directors' report of that company. H E Murray has a beneficial interest in 101 (2005 - 101) £1 ordinary shares of the parent company.

AUDITORS


In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have indicated their willingness to continue in office as the company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


D G Motters
Secretary

Date 21/12/06

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

UK Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss of the company for that period. The financial statements should also comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed; and
- (d) 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 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 financial statements comply with the Companies Act 1985. They are also responsible for the system of control, 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 LLANOVER PROPERTIES (CORBY) LIMITED

We have audited the financial statements of Llanover Properties (Corby) Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Cardiff

Date *8 May 2007*

LLANOVER PROPERTIES (CORBY) LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2006

	Note	2006 £	2005 £
TURNOVER: continuing operations		732,528	722,065
Cost of sales		(347,663)	(335,163)
Gross profit		384,865	386,902
Administrative expenses		(95,089)	(223,597)
OPERATING PROFIT: continuing operations		289,776	163,305
Interest receivable		43,475	75,277
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	333,251	238,582
Tax on profit on ordinary activities	4	(78,012)	(47,696)
PROFIT FOR THE FINANCIAL YEAR	10	<u>255,239</u>	<u>190,886</u>

There have been no recognised gains and losses for the current financial year or the prior financial period other than as stated in the profit and loss account and, accordingly, no statement of total recognised gains and losses is presented.

LLANOVER PROPERTIES (CORBY) LIMITED

BALANCE SHEET 31 March 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	5	3,383,164	3,303,783
CURRENT ASSETS			
Debtors	6	1,143,246	824,857
Investments	7	834,197	805,257
Cash at bank and in hand		306,242	426,450
		<u>2,283,685</u>	<u>2,056,565</u>
CREDITORS: amounts falling due within one year	8	<u>(412,374)</u>	<u>(311,684)</u>
NET CURRENT ASSETS		<u>1,871,311</u>	<u>1,744,881</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,254,475	5,048,664
CREDITORS: amounts falling due after more than one year			
Deferred income		(3,911,908)	(3,964,178)
PROVISIONS FOR LIABILITIES	9	<u>(5,648)</u>	<u>(2,806)</u>
NET ASSETS		<u>1,336,919</u>	<u>1,081,680</u>
SHARE CAPITAL AND RESERVES			
Called up share capital	11	10,000	10,000
Profit and loss account	10	<u>1,326,919</u>	<u>1,071,680</u>
TOTAL SHAREHOLDERS' FUNDS	10	<u>1,336,919</u>	<u>1,081,680</u>

These financial statements were approved by the Board of Directors on 21/12/2006
Signed on behalf of the Board of Directors

R A E Herbert, CBE

Director

R E Phillips, FRICS
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

Lease premiums

Reverse premiums received are treated as deferred income and released over the period of the lease or on acquisition of the related fundholders' leasehold interest.

Tangible fixed assets - investment properties

The company's freehold land and buildings at Tyson Courtyard, Corby, are treated as investment properties, as defined by Statement of Standard Accounting Practice No. 19, and their carrying value is reviewed annually by the directors. Accordingly, they are not depreciated. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, it is necessary to adopt SSAP 19 and not depreciate in order to give a true and fair view.

If this departure from the Act had not been made, the result for the year would have been reduced by depreciation. However, the amount of depreciation cannot be reasonably quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Investments

Current asset investments are stated at the lower of cost and net realisable value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover in respect of rents receivable is recognised over the period to which the rent relates. Turnover is stated net of value added tax and arises in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

1. ACCOUNTING POLICIES (continued)

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs represent contributions payable by the company to the fund.

Cash flow statement

As a small company, Llanover Properties (Corby) Limited is exempt from the requirement to prepare a cash flow statement.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006	2005
	£	£
Directors' emoluments		
Emoluments	10,452	10,000
Pension costs	2,440	2,440
	<u>12,892</u>	<u>12,440</u>
	£	£
Employee costs (including directors)		
Wages and salaries	10,500	10,500
Social security costs	452	467
Pension costs	2,440	2,440
	<u>13,392</u>	<u>13,407</u>
	No.	No.
Employee numbers		
Directors	3	3
Administrative	1	1
	<u>4</u>	<u>4</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006	2005
	£	£
Profit on ordinary activities before taxation is after charging		
Auditors' remuneration	<u>4,000</u>	<u>3,850</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2006

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £	2005 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 30% (2005 – 30%)	75,170	44,890
Deferred taxation		
Capital allowances in excess of depreciation	2,842	2,806
	<u>78,012</u>	<u>47,696</u>

The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit on ordinary activities before tax	333,251	238,582
Tax on profit on ordinary activities before tax at 30% (2005 – 30%)	99,975	71,575
Factors affecting charge for the year		
Expenses not deductible for tax purposes	-	628
Capital allowances in excess of depreciation	(2,842)	(2,806)
Marginal rate tax relief	(6,282)	(8,826)
Non-taxable income	(15,681)	(15,681)
Current tax charge for the year	<u>75,170</u>	<u>44,890</u>

5. TANGIBLE FIXED ASSETS – INVESTMENT PROPERTY

	Cronin Courtyard, Corby £
Cost and net book value	
At 31 March 2005	3,303,783
Additions	79,381
At 31 March 2006	<u>3,383,164</u>

The directors consider that the market value of the investment property at 31 March 2006 was not materially different to cost.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

6. DEBTORS

	2006	2005
	£	£
Trade debtors	80,286	117,719
Amount owed by parent company	129,279	84,415
Other debtors and prepayments	933,681	622,723
	<u>1,143,246</u>	<u>824,857</u>

7. CURRENT ASSET INVESTMENTS

This relates to bank deposits and is held under trust until March 2015 under the terms of the acquisition of Cronin Courtyard, Corby.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade creditors	47,413	3,453
Amounts owed to related parties	36,500	-
Corporation tax	75,170	44,890
Other taxation and social security	19,431	16,681
Other creditors	-	9,846
Accruals and deferred income	233,860	236,814
	<u>412,374</u>	<u>311,684</u>

9. PROVISIONS FOR LIABILITIES

	Deferred taxation £
At 1 April 2005	2,806
Charge to profit and loss account	<u>2,842</u>
At 31 March 2006	<u>5,648</u>

The amounts of deferred taxation provided in the financial statements are as follows:

	2006	2005
	£	£
Capital allowances in excess of depreciation	<u>5,648</u>	<u>2,806</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2006

10. CALLED UP SHARE CAPITAL

	Authorised, allotted and fully paid	
	2006	2005
	£	£
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

11. COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Profit and loss account £	Share capital £	Total 2006 £	Total 2005 £
At 1 April	1,071,680	10,000	1,081,680	890,794
Profit for the year	<u>255,239</u>	<u>-</u>	<u>255,239</u>	<u>190,886</u>
At 31 March	<u>1,326,919</u>	<u>10,000</u>	<u>1,336,919</u>	<u>1,081,680</u>

12. TRANSACTIONS WITH RELATED PARTIES

Name of related party	Director with a significant interest
Newbridge Construction Limited	R A E Herbert, CBE & R E Phillips, FRICS
Trustees of Llanarth Estate	R A E Herbert, CBE
Trustees of Llanover Estate	R A E Herbert, CBE
R E Phillips & Partners	R E Phillips, FRICS
Pontymister Developments Limited	R E Phillips, FRICS

During the year, Llanover Properties (Corby) Limited made purchases from Trustees of Llanarth Estate of £4,500 (2005 -£4,964); Trustees of Llanover Estate of £664 (2005 - £732); R E Phillips & Partners of £37,473 (2005 - £30,198) and Pontymister Developments Limited of £284 (2005 - £5,117). At year-end, there was a balance owed to Newbridge Construction Limited of £36,500 (2005 - £nil).

The company has taken advantage of the exemption under FRS 8 as a subsidiary undertaking which is more than 90% controlled by the ultimate parent undertaking and has not disclosed transactions with other group companies.

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The controlling party of the company is the ultimate parent company, Llanover Properties Limited, a company registered in England and Wales. This is the parent of the smallest and largest group of which the company is a member.

Copies of the financial statements of Llanover Properties Limited are available from Companies House, Crown Way, Maindy, Cardiff.