



# Financial statements Gladstone Securities Limited

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For the year ended 30 June 2009

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Company No. 04562615

## Company information

<b>Company registration number</b>	04562615
<b>Registered office</b>	No 1 St Paul's Square Liverpool Merseyside L3 9SJ
<b>Directors</b>	C J Chetwood A P Mason C I Mason P Pearce
<b>Secretary</b>	B D Harvey
<b>Bankers</b>	Yorkshire Bank Plc 2 Moorfields Liverpool Merseyside L2 2BS
<b>Solicitors</b>	Hill Dickinson LLP No 1 St Paul's Square Liverpool L3 9SJ
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Royal Liver Building Liverpool Merseyside L3 1PS

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2009

### Principal activity

The principal activity of the company during the year was property investment

### Directors

The directors who served the company during the year were as follows

C J Chetwood  
A P Mason  
C I Mason  
P Pearce

### Directors' responsibilities

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

**Auditor**

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 485 of the Companies Act 2006

**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'B D Harvey', written over a horizontal line.

B D Harvey  
Secretary

26 March 2010



## Report of the independent auditor to the members of Gladstone Securities Limited

We have audited the financial statements of Gladstone Securities Limited for the year ended 30 June 2009 which comprise the principal accounting policies, profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

## Report of the independent auditor to the members of Gladstone Securities Limited (continued)

### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the accounting policies on page 7 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £23,676 during the year ended 30 June 2009 and has not complied with conditions within the loan facilities which could result in the bank calling for the loan to be repaid. These conditions, along with the other matters explained in accounting policies on page 7 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

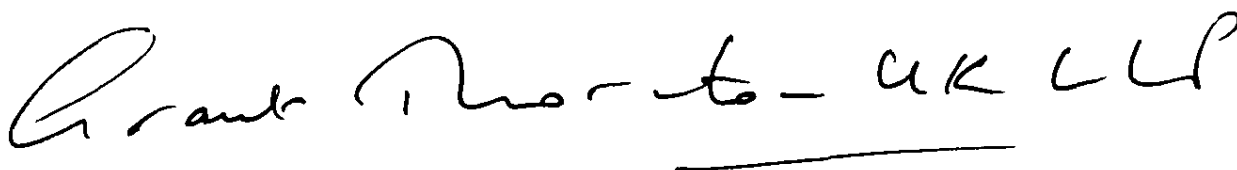
### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the report of the directors in accordance with the small companies regime.



Michael Cox  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Liverpool

26th March 2010.

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The accounting policies of the company are set out below and remain unchanged from the prior year

### **Basis of preparation - going concern**

The directors have prepared cash flow forecasts for the period to December 2011 which show that the income receivable by the company is just sufficient to cover the expenditure and to finance the bank loan facility that is in place. The forecasts of the company indicate that there may be a need for an additional facility from the bank, the shareholders or the related parties of the company.

The company has failed to comply with some conditions in the bank loan facility being the late provision of financial statements and the interest cover covenant. The directors believe that despite this the company's bankers will continue to support the company and this support has been demonstrated by the renegotiation of the loan facility in June 2009. The forecasts demonstrate that the interest cover covenant will be complied with in the future as the company is benefiting from the renegotiation of the finance facility and the reduction in the bank interest cost.

The directors are confident that the lack of headroom in the forecasts are short term and the company will benefit from increased rental income which is built into one tenant's lease and the repayment of £148,998 due from a third party which is expected in 2011.

Whilst there is inherent uncertainty concerning the above, the directors are confident that the bank will continue to support the company and additional facilities are available from the shareholders and related parties to allow the company to meet their liabilities as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

### **Turnover**

The turnover shown in the profit and loss account represents rent receivable by the company during the year, exclusive of Value Added Tax. Turnover is recognised in the period in which it relates, taking into account provisions for lease incentives. Lease incentives are spread on a straight line basis over the period to the first rent review date.

### **Fixed assets**

All fixed assets are recorded at cost or valuation less any provision for impairment.



### **Investment properties**

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment properties revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with the FRSSE which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment Properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not subject to discounting.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## Profit and loss account

	Note	2009 £	2008 £
Turnover		346,106	239,531
Cost of sales		10,854	7,905
Gross profit		335,252	231,626
Other operating charges	1	42,577	119,132
<b>Operating profit</b>	2	292,675	112,494
Interest receivable and similar income		582	2,802
Interest payable and similar charges		(316,933)	(283,635)
<b>Loss on ordinary activities before taxation</b>		(23,676)	(168,339)
Tax on loss on ordinary activities		—	—
<b>Loss for the financial year</b>	13	(23,676)	(168,339)

The accompanying accounting policies and notes form part of these financial statements.

## Balance sheet

	Note	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	4	<u>5,500,000</u>	<u>5,500,000</u>
<b>Current assets</b>			
Debtors due within one year	5	358,628	439,431
Cash at bank		<u>977</u>	<u>95,077</u>
		359,605	534,508
<b>Creditors: amounts falling due within one year</b>	6	<u>4,467,742</u>	<u>614,437</u>
<b>Net current liabilities</b>		<u>(4,108,137)</u>	<u>(79,929)</u>
<b>Total assets less current liabilities</b>		<u>1,391,863</u>	<u>5,420,071</u>
<b>Creditors: amounts falling due after more than one year</b>	7	<u>–</u>	<u>4,002,532</u>
		<u>1,391,863</u>	<u>1,417,539</u>
<b>Capital and reserves</b>			
Called-up equity share capital	11	100	100
Revaluation reserve	12	1,126,758	1,128,758
Profit and loss account	13	<u>265,005</u>	<u>288,681</u>
<b>Shareholders' funds</b>		<u>1,391,863</u>	<u>1,417,539</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 26/3/10, and are signed on their behalf by



A P Mason  
Director

Company Registration Number 04562615

The accompanying accounting policies and notes form part of these financial statements.

## Other primary statements

### Statement of total recognised gains and losses

	2009 £	2008 £
Loss for the financial year	(23,676)	(168,339)
Unrealised (loss)/profit on revaluation of certain fixed assets	(2,000)	845,326
Total gains and losses recognised for the year	<u>(25,676)</u>	<u>676,987</u>

The accompanying accounting policies and notes form part of these financial statements.

## Notes to the financial statements

### 1 Other operating charges

	2009 £	2008 £
Administrative expenses	<u>42,577</u>	<u>119,132</u>

### 2 Operating profit

Operating profit is stated after charging

	2009 £	2008 £
Auditor's fees	<u>11,815</u>	<u>11,500</u>

### 3 Directors and employees

The average number of staff employed by the company during the financial year amounted to

	2009 No	2008 No
Number of management staff	<u>4</u>	<u>4</u>

The directors received no remuneration in respect of their services to the company. The company had no other employees.

### 4 Tangible fixed assets

	Freehold Investment Properties £
Cost or valuation	
At 1 July 2008	5,500,000
Additions	2,000
Revaluation	(2,000)
At 30 June 2009	<u>5,500,000</u>
Depreciation	
At 1 July 2008 and 30 June 2009	<u>—</u>
Net book value	
At 30 June 2009	<u>5,500,000</u>
At 30 June 2008	<u>5,500,000</u>

#### 4 Tangible fixed assets (continued)

The freehold investment properties have been revalued at 30 June 2009 by C J Chetwood, a director and qualified chartered surveyor on the basis of existing use, open market value. Deferred taxation, based on unrealised revaluation surpluses, has not been provided as the directors consider that properties are held primarily for long term investment, and not with the intention of resale in the foreseeable future. The deferred tax amount is disclosed as a contingent liability.

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts:

	Freehold Investment Properties £
Cost	4,373,242
Net book amount at 30 June 2009	<u>4,373,242</u>
Net book amount at 30 June 2008	<u>4,371,242</u>

#### 5 Debtors

	2009 £	2008 £
Trade debtors	64,065	–
Amount owed by related undertaking	27	99,531
Called up share capital not paid	100	100
Other debtors	294,436	339,800
	<u>358,628</u>	<u>439,431</u>

**6 Creditors: amounts falling due within one year**

	2009	2008
	£	£
Bank loans and overdraft	4,270,207	365,782
Trade creditors	14,030	20,265
Amount owed to related undertaking	59,000	3,473
Corporation tax	–	67,704
Other taxation	8,198	8,216
Other creditors	116,307	148,997
	<u>4,467,742</u>	<u>614,437</u>

The company does not have an overdraft facility in place with its bank and the bank overdraft is therefore unsecured

The bank loans are secured by a legal charge over the company's freehold investment properties

The first loan amounting to £3,951,944 is repayable by monthly instalments commencing in May 2008 followed by a final repayment in May 2023. Interest is payable at 1.5% above LIBOR.

The second loan amounting to £263,124 is repayable by monthly instalments over a period of 15 years commencing in June 2005. Interest is payable at 1.4% above LIBOR.

Both loans have been disclosed as repayable in less than one year in accordance with FRS 25 as conditions within the loan facilities have not been complied with.

**7 Creditors: amounts falling due after more than one year**

	2009	2008
	£	£
Bank loans	–	4,002,532

If the conditions within the loan facilities had been completed with an amount of £3,435,258 (2008 - £4,033,062) in respect of liabilities would fall due for payment after more than five years from the balance sheet date.

**8 Capital commitments**

There were no capital commitments at 30 June 2009 or 30 June 2008.

**9 Contingent liabilities**

There is a contingent liability of £315,000 (2008 - £315,000) in respect of Corporation Tax which would be payable if the company's investment properties were sold at their revalued amounts.

## 10 Related party transactions

A P Mason, C I Mason, C J Chetwood and P Pearce who are the directors of the company, are also directors of Mason & Partners Limited

During the year the company has incurred accountancy fees of £15,000 (2008 £12,500), a refund of management fees of £1,941 (2008 fees of £7,940) and letting fees of £Nil (2008 £33,425) At 30 June 2009 the balance owed to Mason & Partners Limited for services rendered was £5,176 (2008 £3,672) which is included within other creditors

At 30 June 2009 Mason & Partners Limited owed the company £27 (2008 £99,531) in their capacity as managing agents

During the year, Mason & Partners Limited advanced the company funds amounting to a maximum exposure of £59,000 Interest charged on the loan was £Nil (2008 £3,473) The balance at 30 June 2009 is £59,000 (2008 £3,473) The loan is unsecured and repayable when the company is in a position to do so

## 11 Share capital

Authorised share capital

	2009 £	2008 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted and called up

	2009		2008	
	No	£	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows

	2009 £	2008 £
Ordinary shares	<u>100</u>	<u>100</u>

## 12 Revaluation reserve

	2009 £	2008 £
Balance brought forward	1,128,758	283,432
Revaluation of fixed assets	(2,000)	845,326
Balance carried forward	<u>1,126,758</u>	<u>1,128,758</u>



**13 Profit and loss account**

	2009 £	2008 £
Balance brought forward	288,681	457,020
Loss for the financial year	<u>(23,676)</u>	<u>(168,339)</u>
Balance carried forward	<u>265,005</u>	<u>288,681</u>