



Financial statements Gladstone Securities Limited

For the year ended 30 June 2010



Company No. 04562615

Company information

Company registration number	04562615
Registered office	No 1 St Paul's Square Liverpool Merseyside L3 9SJ
Directors	C J Chetwood A P Mason C I Mason P Pearce
Secretary	B D Harvey
Bankers	Yorkshire Bank PLC 2 Moorfields Liverpool L2 2BS
Solicitors	Hill Dickinson LLP No 1 St Paul's Square Liverpool L3 9SJ
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 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 2010

Principal activity

The principal activity of the company during the year was that of 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.

Directors' responsibilities continued

In so far as each of the directors is 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', with a large, sweeping flourish at the end.

B D Harvey
Secretary

29 March 2011

Independent auditor's report to the members of Gladstone Securities Limited

We have audited the financial statements of Gladstone Securities Limited for the year ended 30 June 2010 which comprise the principal accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses 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 auditors

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.

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 2010 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.

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 £3,744 during the year ended 30 June 2010 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.

Independent auditor's report to the members of Gladstone Securities Limited

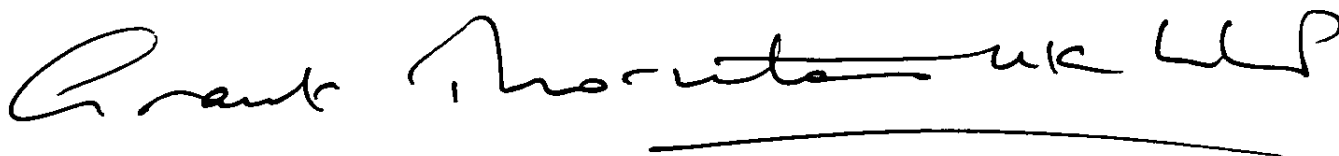
Opinion on other matter prescribed by the Companies Act 2006

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

29 March 2011

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 June 2012 which show that the income receivable by the company is insufficient to cover the expenditure and to finance the bank loan facility that is in place. Although the cash flow forecasts show that there are insufficient funds to cover expenses for a period of time, there is an expectancy that in July 2011 the company will receive the repayment of a loan made that will provide sufficient funds to cover any shortfall. In the short term the forecasts of the company indicate that there will 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 there have been no indications from the bank that this support will be withdrawn. The forecasts demonstrate that the interest cover covenant will be difficult to comply with in the future, with a potential breach of the covenant in the year to 30 June 2011.

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 a loan of £148,998 due from a third party which is expected in July 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 to 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 initially recorded at cost 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 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.

Current tax

The current tax charge is based on the profit for the period and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

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.

Provision is made for deferred tax which arises from disposals of investment properties where the company has entered into a legally binding contract to sell at 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.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Profit and loss account

	Note	2010 £	2009 £
Turnover		346,595	346,106
Cost of sales		10,904	10,854
Gross profit		335,691	335,252
Other operating charges	1	43,944	42,577
Operating profit	2	291,747	292,675
Interest receivable		–	582
Interest payable and similar charges		(295,491)	(316,933)
Loss on ordinary activities before taxation		(3,744)	(23,676)
Tax on loss on ordinary activities	4	–	–
Loss for the financial year	13	(3,744)	(23,676)

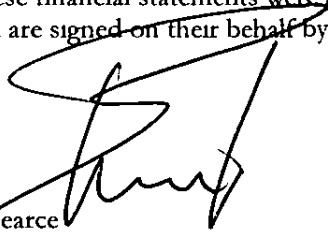
The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	5	<u>5,500,000</u>	<u>5,500,000</u>
Current assets			
Debtors due within one year	6	<u>331,012</u>	<u>358,628</u>
Cash at bank		<u>1,236</u>	<u>977</u>
		<u>332,248</u>	<u>359,605</u>
Creditors: amounts falling due within one year	7	<u>4,444,129</u>	<u>4,467,742</u>
Net current liabilities		<u>(4,111,881)</u>	<u>(4,108,137)</u>
Total assets less current liabilities		<u>1,388,119</u>	<u>1,391,863</u>
Capital and reserves			
Called-up equity share capital	11	<u>100</u>	<u>100</u>
Revaluation reserve	12	<u>1,126,758</u>	<u>1,126,758</u>
Profit and loss account	13	<u>261,261</u>	<u>265,005</u>
Shareholders' funds		<u>1,388,119</u>	<u>1,391,863</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 29 March 2011, and are signed on their behalf by


P Pearce
Director

Company registration number 04562615

Other primary statements

Statement of total recognised gains and losses

	2010 £	2009 £
Loss for the financial year	(3,744)	(23,676)
Unrealised loss on revaluation of certain fixed assets	—	(2,000)
Total gains and losses recognised for the year	<u>(3,744)</u>	<u>(25,676)</u>

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

Notes to the financial statements

1 Other operating charges

	2010 £	2009 £
Administrative expenses	<u>43,944</u>	<u>42,577</u>

2 Operating profit

Operating profit is stated after charging

	2010 £	2009 £
Auditor's remuneration		
Auditor's fees	10,250	11,815
Tax services	<u>2,750</u>	<u>2,770</u>

3 Directors and employees

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

	2010 No	2009 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 Tax losses

Unrelieved tax losses amounting to £447,715 (2009 £380,416) remain available to offset against future taxable profits.

A deferred tax asset has not been recognised in respect of timing differences relating to the tax loss as there is insufficient evidence that the asset will be recovered.

5 Tangible fixed assets

	Freehold investment properties £
Cost or valuation At 1 July 2009 and 30 June 2010	<u>5,500,000</u>
Depreciation At 1 July 2009 and 30 June 2010	<u>—</u>
Net book value At 30 June 2010	<u>5,500,000</u>
At 30 June 2009	<u>5,500,000</u>

The freehold investment properties have been revalued at 30 June 2010 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	<u>4,373,242</u>
Net book amount at 30 June 2010	<u>4,373,242</u>
Net book amount at 30 June 2009	<u>4,373,242</u>

6 Debtors

	2010 £	2009 £
Trade debtors	72,248	64,065
Amounts owed by related undertaking	—	27
Called up share capital not paid	100	100
Other debtors	258,664	294,436
	<u>331,012</u>	<u>358,628</u>

7 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank loans and overdraft	4,214,544	4,270,207
Trade creditors	15,023	14,030
Amounts owed to related undertaking	84,060	59,000
Other taxation	13,767	8,198
Other creditors	116,735	116,307
	<u>4,444,129</u>	<u>4,467,742</u>

The company does not have an overdraft facility in place with its bank and the bank overdraft in 2009 was therefore unsecured

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

The first loan amounting to £3,969,022 is repayable by monthly instalments commencing in July 2009 followed by a final repayment in July 2024 Interest is payable at a fixed rate of 7.23%

The second loan amounting to £245,522 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

8 Capital Commitments

There were no capital commitments at 30 June 2010 or 30 June 2009

9 Contingent liabilities

There is a contingent liability of £315,000 (2009 £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 (2009 £15,000) and management fees of £5,537 (2009 a refund of management fees £1,941) At 30 June 2010 the balance owed to Mason & Partners Limited for services rendered was £10,359 (2009 £5,176)

At 30 June 2010 Mason & Partners Limited owed the company £Nil (2009 £27) in their capacity as managing agents

At 30 June 2010 Mason & Partners Limited were owed by the company £2,601 (2009 £Nil) in their capacity as managing agents

During the year, Mason & Partners Limited advanced the company funds amounting to a maximum exposure of £71,100 (2009 £59,000) The balance at 30 June 2010 is £71,100 (2009 £59,000) The loan is unsecured, none interest bearing and has no fixed repayment date

11 Share capital

Authorised share capital

	2010 £	2009 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted and called up

	2010 No	£	2009 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

	2010 £	2009 £
Ordinary shares	<u>100</u>	<u>100</u>

12 Revaluation reserve

	2010 £	2009 £
Balance brought forward	1,126,758	1,128,758
Revaluation of fixed assets	–	(2,000)
Balance carried forward	<u>1,126,758</u>	<u>1,126,758</u>

13 Profit and loss account

	2010 £	2009 £
Balance brought forward	265,005	288,681
Loss for the financial year	<u>(3,744)</u>	<u>(23,676)</u>
Balance carried forward	<u>261,261</u>	<u>265,005</u>