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England and Wales

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**ARUNDEL CORPORATION**

Report and Accounts

31 March 2006



THWAITES, BLACKWELL, BAILEY & CO  
DELAPORT COACHHOUSE  
WHEATHAMPSTEAD  
HERTS  
AL4 8RQ

**ARUNDEL CORPORATION**  
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**for the year ended 31 March 2006**

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**ARUNDEL CORPORATION**  
**Directors' Report**  
**for the year ended 31 March 2006**

The directors present their annual report on the affairs of the company, together with financial statements, for the year ended 31 March 2006.

**Principal activities**

The principal activity of the company is that of property investment.

**Directors**

The directors in office in the year and their interests in the company's issued share capital on 31 March 2006 were as follows:

	31 March 2006	1 April 2005
MRS V A SCARLES	-	-
N R SCARLES	-	-

There have been no changes in directorship between the end of the year and the dates of this report.

**Reappointment of auditors**

Pursuant to s386 Companies Act 1985, an elective resolution was passed dispensing with the requirement to appoint auditors annually. Therefore, THWAITES, BLACKWELL, BAILEY & CO are deemed to continue as auditors.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 proper accounting records that 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 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.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors must have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

**Statement of disclosure of information to auditors**

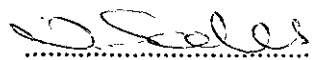
So far as each of the directors at the time the report is approved are aware:

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

**ARUNDEL CORPORATION**  
**Directors' Report**  
**for the year ended 31 March 2006**

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of  
the board of directors

  
.....  
MRS V A SCARLES  
Director

Approved by the board: 15 January 2007

**ARUNDEL CORPORATION**  
**Independent Auditors' Report**  
**for the year ended 31 March 2006**

**Independent auditors' report to the shareholders**  
**of ARUNDEL CORPORATION**

We have audited the financial statements of ARUNDEL CORPORATION for the year ended 31 March 2006 which comprise Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with s235 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 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 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 financial statements, 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 other transactions 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 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 judgments 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 applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

**THWAITES, BLACKWELL, BAILEY & CO**  
**Registered Auditors**

**DELAPORT COACHHOUSE**  
**WHEATHAMPSTEAD**  
**HERTS AL4 8RQ**

*Thwaites, Blackwell, Bailey & Co*  
Date: 15 January 2007

**ARUNDEL CORPORATION**  
**Profit and Loss Account**  
**for the year ended 31 March 2006**

	Notes	2006 £	2005 £
Turnover		1,714,050	1,907,442
Cost of Sales		(1,012,114)	(1,235,180)
<b>Gross profit</b>		<b>701,936</b>	<b>672,262</b>
<b>Operating profit</b>		<b>701,936</b>	<b>672,262</b>
Other interest receivable and similar income	2	9,588	8,561
<b>Profit on ordinary activities before taxation</b>		<b>711,524</b>	<b>680,823</b>
Tax on profit or loss on ordinary activities	3	(133,954)	(198,236)
<b>Profit on ordinary activities after taxation</b>		<b>577,570</b>	<b>482,587</b>
Extraordinary profit	4	25,195	2,166,199
Tax on extraordinary profit or loss		(6,081)	(24,325)
<b>Profit for the financial year</b>		<b>596,684</b>	<b>2,624,461</b>

**ARUNDEL CORPORATION**  
**Balance Sheet**  
**as at 31 March 2006**

	Notes	2006 £	2005 £
<b>Fixed assets</b>			
Tangible assets	6	26,292,083	26,296,666
<b>Current assets</b>			
Debtors	7	-	65,193
Cash at bank and in hand		575,030	172,572
		<u>575,030</u>	<u>237,765</u>
<b>Creditors: amounts falling due within one year</b>	8	(702,736)	(724,840)
<b>Net current liabilities</b>		<u>(127,706)</u>	<u>(487,075)</u>
<b>Total assets less current liabilities</b>		26,164,377	25,809,591
<b>Creditors: amounts falling due after more than one year</b>	9	(14,111,485)	(14,150,000)
<b>Net assets</b>		<u>12,052,892</u>	<u>11,659,591</u>
<b>Capital and reserves</b>			
Called up share capital	10	100	100
Revaluation reserve	11	3,593,795	3,597,178
Profit and loss account	11	8,458,997	8,062,313
<b>Shareholders' funds</b>		<u>12,052,892</u>	<u>11,659,591</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Signed on behalf of the board of directors



MRS V A SCARLES  
 Director

Approved by the board: 15 January 2007

**ARUNDEL CORPORATION**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2006**

**1 Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2005).

**Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

**Investment properties**

Investment properties are revalued periodically. 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. Depreciation is not provided in respect of freehold investment properties, or in respect of leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP19 "Accounting for investment properties".

**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 by the balance sheet date.

Deferred taxation is accounted for at expected tax rates on all differences arising 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. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

**2 Interest receivable and similar income:**

	2006	2005
	£	£
Deposit account interest	9,588	8,561
	<u>9,588</u>	<u>8,561</u>

**3 Tax on profit on ordinary activities**

The taxation charge is based on the taxable profit for the year and comprises:

	2006	2005
	£	£
Current tax:		
UK corporation tax	126,859	180,217
Adjustment in respect of prior period tax	7,095	18,019
Tax on profit on ordinary activities	<u>133,954</u>	<u>198,236</u>



**ARUNDEL CORPORATION**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2006**

<b>4</b>	<b>Extraordinary items</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Extraordinary Profit or (Loss)		
	Extraordinary profit or loss	25,195	2,166,199
		<u>25,195</u>	<u>2,166,199</u>
<b>5</b>	<b>Dividends</b>		
	Dividends of £200,000 (2005: £200,000) have been paid in the year.		
<b>6</b>	<b>Tangible fixed assets</b>		
		<b>Land and Buildings</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
	<b>Cost</b>		
	At 1 April 2005	26,296,666	26,296,666
	Disposals	(4,583)	(4,583)
	At 31 March 2006	<u>26,292,083</u>	<u>26,292,083</u>
	<b>Depreciation</b>		
	At 1 April 2005	-	-
	At 31 March 2006	<u>-</u>	<u>-</u>
	<b>Net book value</b>		
	At 31 March 2006	<u>26,292,083</u>	<u>26,292,083</u>
	At 31 March 2005	<u>26,296,666</u>	<u>26,296,666</u>
<b>7</b>	<b>Debtors</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Trade debtors	-	62,285
	Managing agents	-	2,908
		<u>-</u>	<u>65,193</u>
<b>8</b>	<b>Creditors: amounts falling due within one year</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Managing agents	11,271	-
	Trade creditors	410,994	372,767
	Corporation tax payable	132,940	204,542
	Accruals and deferred income	147,531	147,531
		<u>702,736</u>	<u>724,840</u>

The bank loans are secured by a first legal charge on the company's properties.

<b>9</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Bank Loans	14,111,485	14,150,000
		<u>14,111,485</u>	<u>14,150,000</u>

The bank loans are secured by a first legal charge on the company's properties.

**ARUNDEL CORPORATION**  
**Notes to the Financial Statements**

	2006	2005
10 Share capital - equity shares	No. of shares	No. of shares
Authorised share capital:		
Ordinary \$100 shares	-	10,000
Ordinary \$1 shares	<u>10,000</u>	<u>-</u>
Allotted, call up fully paid share capital:		
Ordinary \$100 shares	-	2
Ordinary \$1 shares	<u>200</u>	<u>-</u>

During the year the company split its shares. At the beginning of the year the company had an authorised share capital of 100 shares of \$100 each, giving a total authorised share capital of \$10,000. Of this there were 2 issued shares. During the year the authorised share capital was changed to 10,000 shares of \$1 each. The original issued shares were annulled and 200 new shares were issued.

**11 Reserves**

	Revaluation Reserve £	Profit and Loss Account £
Brought forward	3,597,178	8,062,313
Reserve relating to sales	(3,383)	-
Profit for the financial year	-	596,684
Dividends	-	(200,000)
	<u>3,593,795</u>	<u>8,458,997</u>