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ARUNDEL CORPORATION  
ACCOUNTS FOR THE  
YEAR ENDED 31 MARCH 2003



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**ARUNDEL CORPORATION**

**REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 MARCH 2003**

**ACTIVITIES**

The Company carries on business as a property investment company.

**BUSINESS AND RESULTS**

The Directors continued the plans for reinvestment with three additional properties being purchased during the year, and further investments planned.

Investment properties continue to be valued at their open market value.

**DIRECTORS**

The directors who served during the year together with their interest in the ordinary share capital of the company were as follows:-

	<u>31.3.03</u>	<u>31.3.02</u>
N.R. Scarles	-	-
Mrs. V.A. Scarles	-	-

**DIRECTORS RESPONSIBILITIES FOR THE PREPARATION OF ACCOUNTS**

The directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year and of its profit or loss for the period. In preparing the financial statements, the directors ensure that applicable accounting standards have been followed and that appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used.

The directors are also responsible for maintaining adequate accounting records and for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the company are properly safeguarded and that fraud and other irregularities will be prevented or detected.

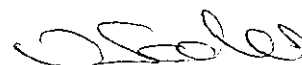
**ACCOUNTANTS**

The Accountants, Messrs. Thwaites, Blackwell, Bailey & Co. have signified their willingness to continue in this post.

**SMALL COMPANY RULES**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies. It was approved by the board on 22 October 2003 and signed on its behalf.

Delaport Coach House  
Wheathampstead  
Herts. AL4 8RQ.



Mrs. V.A. Scarles  
Director

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**ARUNDEL CORPORATION**

We have audited the accounts of Arundel Corporation for the year ended 31 March 2003 which comprise pages 3 to 6. These accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and 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 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom 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.

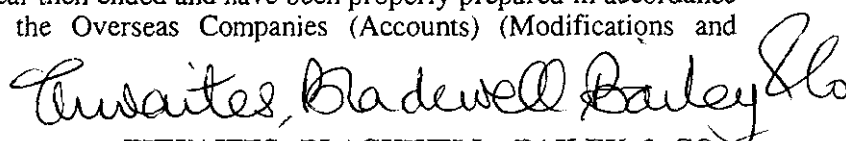
**Basis of audit opinion**

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.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the Overseas Companies (Accounts) (Modifications and Exemptions) order 1990.

  
**THWAITES, BLACKWELL, BAILEY & CO.**  
**REGISTERED AUDITORS**

Delaport Coach House  
Wheathampstead  
Herts. AL4 8RQ

22 October 2003

**ARUNDEL CORPORATION**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2003**

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
Turnover	1	1,415,805	1,166,330
Administration expenses		319,922	252,254
<b>Operating profit</b>	2	<b>1,095,883</b>	914,076
Profit on the disposal of investment properties		691,822	1,530,662
Receipts re legal proceedings		-	105,307
<b>Profit on ordinary activities before interest</b>		<b>1,787,705</b>	2,550,045
Interest receivable		14,333	15,395
Interest payable		(557,796)	(462,652)
<b>Profit on ordinary activities before taxation</b>		<b>1,244,242</b>	2,102,788
Taxation on profit on ordinary activities	3	177,266	146,632
<b>Profit on ordinary activities after taxation</b>		<b>1,066,976</b>	1,956,156
<b>Dividend paid</b>		<b>200,000</b>	-
		<b>866,976</b>	1,956,156
<b>Retained profit brought forward</b>		<b>3,996,584</b>	2,040,428
<b>Retained profit carried forward</b>		<b>4,863,560</b>	3,996,584

None of the company's activities were acquired or discontinued during the year and there were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

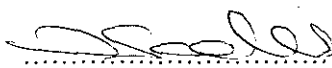
**ARUNDEL CORPORATION**

**BALANCE SHEET**

**31 MARCH 2003**

	<u>Note</u>	<u>2003</u>	<u>2002</u>
		£	£
<b>Fixed Assets</b>			
Tangible assets	4	18,657,415	13,757,415
<b>Current Assets</b>			
Cash at bank		116,209	637,875
Debtors	5	287,355	292,669
		<u>403,564</u>	<u>930,544</u>
<b>Creditors: Amounts falling due within one year</b>	6	<u>10,589,592</u>	<u>8,375,909</u>
<b>Net current liabilities</b>		(10,186,028)	(7,445,365)
<b>Net assets</b>		<u>8,471,387</u>	<u>6,312,050</u>
<b>Capital and reserves</b>			
Called up share capital	7	100	100
Profit & loss account		4,863,560	3,996,584
Revaluation reserve	8	3,607,727	2,315,366
<b>Shareholders' funds</b>		<u>8,471,387</u>	<u>6,312,050</u>

The financial statements which have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 applicable to small companies were approved by the Board on 22 October 2003 and signed on its behalf:-

 ..... Director  
Mrs. V.A. Scarles

**ARUNDEL CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2003**

1. **Accounting policies**

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for smaller entities (effective June 2002).

**Turnover**

Turnover comprises rental income receivable.

**Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes, except to the extent that a liability to taxation is unlikely to crystallise.

	<u>2003</u> £	<u>2002</u> £
2. <b>Operating profit</b>		
This is stated after charging:-		
Directors' remuneration	77,791	53,686
Auditors' remuneration	2,500	2,315
	<u>          </u>	<u>          </u>
3. <b>Taxation</b>		
UK corporation tax @ 26.5%	177,266	148,441
Overprovision re earlier years	-	(1,809)
	<u>          </u>	<u>          </u>
	<u>177,266</u>	<u>146,632</u>
	<u>          </u>	<u>          </u>
4. <b>Tangible fixed assets</b>		Freehold & Leasehold <u>Investment Properties</u>
<b>Valuation</b>		
At 1 April 2002		13,757,415
Additions - at cost		4,175,600
Disposals - at revaluation amounts		(920,000)
		<u>          </u>
		17,013,015
Movement from revaluations		1,644,400
		<u>          </u>
		<u>18,657,415</u>
		<u>          </u>

**ARUNDEL CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2003**

	<u>2003</u> £	<u>2002</u> £
5. <b>Debtors</b>		
Tenants & sundry rents	131,243	103,880
Managing agents	156,112	188,789
	<u>287,355</u>	<u>292,669</u>
6. <b>Creditors: Amounts falling due within one year</b>		
Loans on investment properties	9,952,750	7,952,000
Rents in advance	312,044	243,688
Corporation tax	177,266	148,441
Sundry creditors & accruals	147,532	31,780
	<u>10,589,592</u>	<u>8,375,909</u>
The bank loans are secured by a first legal charge on the Company's properties.		
7. <b>Share capital</b>		
Authorised: Ordinary shares of £1 each	<u>100</u>	<u>£100</u>
Authorised: Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
8. <b>Revaluation reserve</b>		
Balance brought forward 1.4.2002	2,315,366	3,280,946
Revaluation of properties	1,644,400	(143,080)
Reserve relating to sales	(352,039)	(822,500)
	<u>3,607,727</u>	<u>2,315,366</u>
Balance carried forward 31.3.2003		