

Report of the Directors and
Financial Statements for the Year Ended 31 December 2003
for
Mitrecroft Limited



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for the Year Ended 31 December 2003

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Mitrecroft Limited

Company Information
for the Year Ended 31 December 2003

DIRECTORS:

N Kelly
B Kelly

SECRETARY:

N Kelly

REGISTERED OFFICE:

The Old Prebendal House
Station Road
Shipton -U- Wychwood
Oxon
OX7 6BQ

REGISTERED NUMBER:

2027217 (England and Wales)

AUDITORS:

Lawrence Braham & Co.
Registered Auditor
8a Accommodation Road
London NW11 8ED

Mitrecroft Limited

Report of the Directors
for the Year Ended 31 December 2003

The directors present their report with the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company for operating nursing homes and property development.

DIRECTORS

The directors during the year under review were:

N Kelly
B Kelly

The beneficial interests of the directors holding office on 31 December 2003 in the issued share capital of the company were as follows:

	31.12.03	1.1.03
Ordinary shares £1 shares		
N Kelly	35,999	-
B Kelly	53,999	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Lawrence Braham & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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

ON BEHALF OF THE BOARD:



N Kelly - Director

Date: 19/10/04

Report of the Independent Auditors to the Shareholders of
Mitrecroft Limited

We have audited the financial statements of Mitrecroft Limited for the year ended 31 December 2003 on pages four to eleven. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Directors 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 transactions with the company is not disclosed.

We read the Report of the Directors 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 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 of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Lawrence Braham & Co.
Registered Auditor
8a Accommodation Road
London NW11 8ED



Date: 19 October 2004

Mitrecoft Limited

Profit and Loss Account
for the Year Ended 31 December 2003

		31.12.03		31.12.02	
	Notes	£	£	£	£
TURNOVER	2		188,975		175,535
Administrative expenses			14,782		14,825
OPERATING PROFIT	3		174,193		160,710
Income from investments		55,000		50,000	
Interest receivable and similar income		225		5,342	
			55,225		55,342
			229,418		216,052
Interest payable and similar charges			69,227		80,870
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			160,191		135,182
Tax on profit on ordinary activities	4		18,745		12,359
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			141,446		122,823
Retained profit brought forward			248,449		125,626
RETAINED PROFIT CARRIED FORWARD			£389,895		£248,449

The notes form part of these financial statements

Mitrecroft Limited

Statement of Total Recognised Gains and Losses
for the Year Ended 31 December 2003

	31.12.03	31.12.02
	£	£
PROFIT FOR THE FINANCIAL YEAR	141,446	122,823
Total gains and (losses) recognised relating to the year		
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>£141,446</u>	<u>£122,823</u>

The notes form part of these financial statements

Mitrecroft Limited

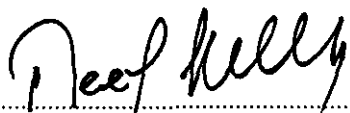
Balance Sheet

31 December 2003

		31.12.03		31.12.02	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		2,400,683		2,400,683
Investments	7		396,718		396,718
			<u>2,797,401</u>		<u>2,797,401</u>
CURRENT ASSETS:					
Debtors	8	148,541		147,156	
Cash at bank		36,891		61,416	
		<u>185,432</u>		<u>208,572</u>	
CREDITORS: Amounts falling due within one year	9	734,104		669,415	
NET CURRENT LIABILITIES:			<u>(548,672)</u>		<u>(460,843)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			2,248,729		2,336,558
CREDITORS: Amounts falling due after more than one year	10		793,221		1,112,496
			<u>£1,455,508</u>		<u>£1,224,062</u>
CAPITAL AND RESERVES:					
Called up share capital	12		200,002		110,002
Revaluation reserve	13		865,611		865,611
Profit and loss account			389,895		248,449
SHAREHOLDERS' FUNDS:			<u>£1,455,508</u>		<u>£1,224,062</u>

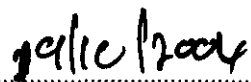
These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:



N Kelly - Director

Approved by the Board on



The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2003

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings	- not provided
Plant and machinery etc	- at 12.5% and 25% per annum on cost

No depreciation is provided on freehold property and improvements as they are maintained in good condition and in the opinion of the directors, any depreciation involved would not be material.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. **TURNOVER**

Turnover represents rental income and is derived wholly within the United Kingdom.

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	31.12.03	31.12.02
	£	£
Depreciation - owned assets	-	500
Auditors' remuneration	1,575	2,075
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	-	-
	<u> </u>	<u> </u>

4. **TAXATION**

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.03	31.12.02
	£	£
Current tax:		
UK corporation tax	18,745	12,359
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	18,745	12,359
	<u> </u>	<u> </u>

UK corporation tax was charged at 19% in 2002.

5. **GROUP FINANCIAL STATEMENTS**

The company has taken advantage of the exemption not to prepare group financial statements conferred by Section 248 Companies Act 1985.

Notes to the Financial Statements
for the Year Ended 31 December 2003

6. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
COST OR VALUATION:			
At 1 January 2003			
and 31 December 2003	2,400,000	54,694	2,454,694
DEPRECIATION:			
At 1 January 2003			
and 31 December 2003	-	54,011	54,011
NET BOOK VALUE:			
At 31 December 2003	2,400,000	683	2,400,683
At 31 December 2002	2,400,000	683	2,400,683

Cost or valuation at 31 December 2003 is represented by:

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
Valuation in 1997	2,400,000	-	2,400,000
Cost	-	54,694	54,694
	2,400,000	54,694	2,454,694

If Land & Buildings had not been revalued they would have been included at the following historical cost:

	31.12.03	31.12.02
	£	£
Cost	1,534,389	1,534,389

The company's freehold property and improvements were revalued by the directors at open market value on 31st December 1988 and the resultant loss carried to the profit and loss account. The cost shown above is the revalued amount plus additional expenditure to date. A further revaluation at open market value was carried out by the directors on 31st December 1997 in the sum of £2,400,000. This figure was based on a valuation by Grimleys, International Property Advisors, on 28th February 1996 of the property excluding that part disposed of in 1997. The valuation has been incorporated in the balance sheet and the surplus over net book amount of £865,611 has been added to the revaluation reserve.

Mitrecroft Limited

Notes to the Financial Statements
for the Year Ended 31 December 2003

7. **FIXED ASSET INVESTMENTS**

	£	
COST:		
At 1 January 2003		
and 31 December 2003		396,720
PROVISIONS:		
At 1 January 2003		
and 31 December 2003		2
NET BOOK VALUE:		
At 31 December 2003		396,718
At 31 December 2002		396,718
	31.12.03	31.12.02
	£	£
Unlisted investments	396,718	396,718

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Old Prebendal House Limited

Nature of business: nursing and residential home

	%		
Class of shares:	holding		
Ordinary shares	100.00		
		31.12.03	31.12.02
		£	£
Aggregate capital and reserves		366,182	340,365
Profit for the year		25,817	8,516

Pridestatus Limited

Nature of business: nursing and residential home

	%		
Class of shares:	holding		
Ordinary shares	100.00		
Ordinary B shares	100.00		
		31.12.03	30.6.02
		£	£
Aggregate capital and reserves		671,962	648,329
Profit for the year		23,723	9,791

Notes to the Financial Statements
for the Year Ended 31 December 2003

7. **FIXED ASSET INVESTMENTS - continued****Welwyn Homes Limited**

Nature of business: property development

Class of shares:	%
Ordinary	holding 27.00

30.9.03	31.3.02
£	£
297,051	385,250
(88,199)	221,169

Aggregate capital and reserves
(Loss)/Profit for the period/year

8. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

31.12.03	31.12.02
£	£

Amounts owed by
related companies

148,541	147,156
148,541	147,156

9. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

31.12.03	31.12.02
£	£
118,826	106,667
1,500	1,500
4,002	-
569,916	524,786
18,745	12,359
21,115	24,103
734,104	669,415

Bank loans and overdrafts
Trade creditors
Other creditors
Amounts owed to subsidiary
Taxation
Accrued expenses

10. **CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

31.12.03	31.12.02
£	£
793,221	1,112,496

Bank loans

Amounts falling due in more than five years:

Repayable by instalments
Bank loans

153,220	472,495
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Notes to the Financial Statements
for the Year Ended 31 December 2003

11. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.03	31.12.02
	£	£
Bank overdrafts	12,159	-
Bank loans	899,888	1,219,163
	<u>912,047</u>	<u>1,219,163</u>

The bank loan is repayable over a 15 year period in quarterly instalments commencing on 10 May 1997. The rate of interest is 2.5% over bank base rates. The bank loan and overdraft is secured on the freehold property of the company, also by intercompany cross guarantee and by debenture over the assets of the company and its subsidiary company.

12. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.03	31.12.02
			£	£
200,000	Ordinary shares	£1	<u>200,000</u>	<u>200,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.03	31.12.02
			£	£
110,002	Ordinary shares	£1	<u>200,002</u>	<u>110,002</u>

13. REVALUATION RESERVE

	31.12.03	31.12.02
	£	£
Brought forward	<u>865,611</u>	<u>865,611</u>

14. ULTIMATE PARENT COMPANY

Essex Quay Property & Management Limited, a company registered in the Republic of Ireland, is the ultimate holding company.

15. CONTINGENT LIABILITIES

There is a contingent liability in respect of a grant received from English Heritage for repairs to part of the company's freehold property. This grant would become repayable if certain conditions relating to public access and permissions for conversion or alteration were not complied with. The contingent liability in respect of this grant amounts to £96,600.

16. RELATED PARTY DISCLOSURES

The freehold property of the company is leased to its subsidiary company. Operating lease rental received were: 2003 (£170,000) and 2002 (£170,000).