



Grant Thornton

**Financial Statements**  
British Waterways  
Marinas Limited

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**For the Year Ended 31 March 2008**

## Officers and professional advisers

Company registration number	4930453
Registered office	64 Clarendon Road Watford Herts WD17 1DA
Directors	D Newton C Warren A Thake (Resigned 23 April 2007) J A Sharman (Appointed 23 April 2007) J Froomberg (Resigned 24 June 2008)
Secretary	C Howells
Bankers	National Westminster Bank plc PO Box 12258 1 Princes Street London EC2R 8PA
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors No 1 Whitehall Riverside Whitehall Road Leeds LS1 4BN

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2008.

### Principal activities and business review

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

Our key performance indicators of return on average capital employed of 11.0% (2007 - 10.2%) and the moorings occupancy at 90% (2007 - 92%) were at target for the year.

We are pleased to report the results of BWML's fourth year of operation and are encouraged by the level of growth that our business has been able to generate. Our pre tax profit of £768k for the year to 31st March 2008 represents a return of 11% on the average capital invested in our business throughout the year and we have managed to deliver returns to our holding company, British Waterways, of £1.4m from this profit, plus rents and service level agreement charges. In the year our revenue grew by £266k (4%) and pre tax profits by £316k (70%) against the same period last year.

Our performance is particularly encouraging given the difficulties we have experienced in the new and second hand boat sales market. We have taken the decision, for the time being, to remain outside the new boat sales market. Chandlery sales have also proved difficult, however the business initiative of "chandlery in a box" rolled out to other locations has helped to deliver a modest sales increase.

Our revenue performance by each of our main business activities is shown below.

	2008 £	2007 £
Moorings	<b>3,645,629</b>	2,972,429
Retail	<b>1,181,800</b>	1,170,354
New Boat Sales	<b>192,680</b>	548,340
Boat Management Fees	<b>300,094</b>	347,350
Brokerage Fees	<b>328,467</b>	381,003
Repairs, Lifting and Hardstanding	<b>227,271</b>	251,407
Other Income	<b>508,539</b>	447,215
	<b><u>6,384,480</u></b>	<b><u>6,118,098</u></b>

During the course of this year we added two new sites to our portfolio bringing our total number of sites to 18. The two sites acquired are at Diglis Basin and Whixall Marina.

Diglis Basin was acquired under lease from British Waterways on 1 April 2007 and when transferred to us was a 77 berth marina, we have subsequently invested significantly in the development of upgraded moorings within the inner basin of this site and brought capacity to 112 berths.

We acquired freehold, the marina at Whixall in Shropshire in June 2007. Following our acquisition we have completely replaced the moorings infrastructure and facilities provided at this attractive site.

The addition of these two sites and some further reconfiguring of 2 of our other sites has increased our portfolio during the year by a further 294 moorings to a total of 2731. Our current occupancy of 90% remains encouraging and we hope that, when the new moorings we have developed fill, we will see an increase in this occupancy level.

## Report of the directors (continued)

We, like many other businesses in the leisure sector, are conscious of the general economic conditions within the UK economy following the well publicised credit crunch and the corresponding impacts this may have within our market, however we feel that we are in a stable position to cope with any demands that this may place on our business. We wait to see whether the current economic climate will continue to see a levelling off in the retail and second hand boat sales markets, or any weakening of demand in the competitive market for our core mooring product.

As we drive towards the highest standards in customer service, our intention remains that we should obtain RYA Customer Charter recognition at all of our sites. In the year we have been awarded and received the charter at 10 of our sites, and we have been further recommended by our customers and await the certification at 4 sites. We are continuing to work with our customers and the RYA at our remaining 4 sites.

As a wholly owned subsidiary of British Waterways we will continue to monitor our mutual relationship which is subject to regular review from the Fair Trade Committee of the Board of British Waterways, established to ensure there is no cross-subsidy between ourselves and our holding company or any other unlawful competitive advantage arising from that relationship. We seek to ensure that at all times we operate in accordance with generally accepted best business practise, particularly in the field of Fair Trading with regard to both companies and customers.

BWML now employs some 82 full time equivalent staff throughout the group. Our staff remain a key factor in the effective performance of our business and help to deliver significantly continued growth of our business. The skill, dedication and perseverance shown by all is a credit to them and I now take this opportunity on behalf of myself and BWML Board to thank them greatly for their achievements.

### Results and dividends

The profit for the year, after taxation, amounted to £515,632. The directors have not recommended a dividend.

### Financial risk management objectives and policies

The company uses various financial instruments that include cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk.

### **Liquidity risk**

The company manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest surplus cash safely and profitably. BWML funding where necessary is via share capital issue to its holding company British Waterways (BW). Such investments by BW are made in accordance with its corporate hurdle rate and business objectives.

## Report of the directors (continued)

### **Interest rate risk**

The company does not require bank or other borrowings and as a result the directors do not consider the company's exposure to interest rate risk to be material.

### **Credit risk**

In order to manage credit risk, the directors have instituted a process at each of its marina sites of review of all debtors by the marina manager on a two weekly basis. Individual customer accounts are also subject to review and action where necessary by the credit controller on a regular basis with reference to debt ageing and collection history.

### **Directors**

The directors who served the company during the year and up to the date of this report are listed on page 1.

### **Directors' responsibilities**

The directors are responsible for preparing the Annual Report 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). The financial statements are required by law to 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 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 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 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.

## Report of the directors (continued)

### Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

C Howells  
Secretary  
28 July 2008



## Report of the independent auditor to the members of British Waterways Marinas Limited

We have audited the financial statements of British Waterways Marinas Limited for the year ended 31 March 2008 on pages 11 to 20. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

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 auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements. The information given in the Report of the Directors includes that specific information presented in the Chairman's statement that is cross referred from the Business Review section of the Report of the Directors.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of 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 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.



# Report of the independent auditor to the members of British Waterways Marinas Limited (continued)

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, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

LEEDS

28 July 2008

## Accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

### Cash flow statement

The company is a wholly owned subsidiary of British Waterways Board, a public corporation, and is included in the consolidated financial statements of British Waterways Board which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996).

### Related parties transactions

Although the company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the British Waterways Board group, it has elected to do so in note 14 of these financial statements.

### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

### Goodwill

Positive purchased goodwill arising on acquisitions is capitalised and classified as an asset on the Balance Sheet. Amortisation is not provided in respect of goodwill as the useful economic life is deemed to be indefinite. The board members consider that the departure from the statutory accounting rules is necessary to provide a true and fair view and to comply with FRS 10.

### Fixed assets

All fixed assets are initially recorded at cost.

### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings and structures	40 years
Long leases	The unexpired lease term
Pontoons	25 years
Vessels	25 years
Other plant including cranes and hoists	10 years
Operational vehicles, computer and office equipment	5 years

No depreciation is provided on freehold land.

## Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

## Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

## Pension costs

The company participates in the pension scheme of its parent company, British Waterways Board. The scheme is a centrally administered funded defined benefit scheme.

It is not possible for the scheme to identify the company's share of the underlying assets and liabilities of the scheme and hence, in accordance with FRS 17, contributions to the scheme are accounted for as though it was a defined contribution scheme.

## Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Profit and loss account

	<b>Note</b>	<b>2008 £</b>	<b>2007 £</b>
Turnover	1	<b>6,384,480</b>	6,118,098
Other operating charges	2	<b>(5,651,078)</b>	(5,684,692)
<b>Operating profit</b>	3	<b>733,402</b>	433,406
Interest receivable		<b>34,850</b>	19,048
<b>Profit on ordinary activities before taxation</b>		<b>768,252</b>	452,454
Tax on profit on ordinary activities	6	<b>(252,620)</b>	(126,000)
<b>Profit for the financial year</b>	16	<b>515,632</b>	326,454

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

## Balance sheet

	Note	2008 £	2007 £
<b>Fixed assets</b>			
Intangible assets	7	1,494,999	784,999
Tangible assets	8	6,063,827	4,611,354
		<u>7,558,826</u>	<u>5,396,353</u>
<b>Current assets</b>			
Stocks	9	550,796	647,596
Debtors	10	2,159,978	1,270,603
Cash at bank and in hand		386,259	521,495
		<u>3,097,033</u>	<u>2,439,694</u>
<b>Creditors: amounts falling due within one year</b>	11	<b>(3,381,864)</b>	<b>(2,641,684)</b>
<b>Net current liabilities</b>		<u><b>(284,831)</b></u>	<u><b>(201,990)</b></u>
<b>Total assets less current liabilities</b>		<u><b>7,273,995</b></u>	<u><b>5,194,363</b></u>
<b>Provisions for liabilities</b>			
Deferred taxation	12	(165,291)	(101,291)
		<u>7,108,704</u>	<u>5,093,072</u>
<b>Capital and reserves</b>			
Called-up equity share capital	15	1,616	1,466
Share premium account	16	6,159,384	4,659,534
Profit and loss account	16	947,704	432,072
<b>Shareholders' funds</b>	16	<u><b>7,108,704</b></u>	<u><b>5,093,072</b></u>

These financial statements were approved by the directors and authorised for issue on 28 July 2008, and are signed on their behalf by:

D Newton  
 Director

## Notes to the financial statements

### 1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.  
 An analysis of turnover is given below:

	<b>2008</b> £	2007 £
United Kingdom	<b><u>6,384,480</u></b>	<u>6,118,098</u>

### 2 Other operating charges

	<b>2008</b> £	2007 £
Administrative expenses	<b><u>5,651,078</u></b>	<u>5,684,692</u>

### 3 Operating profit

Operating profit is stated after charging/(crediting):

	<b>2008</b> £	2007 £
Depreciation of owned fixed assets	<b>215,403</b>	146,659
Profit on disposal of fixed assets	<b>(4,588)</b>	–
Operating lease costs:		
Plant and equipment	<b>13,223</b>	5,857
Other	<b>616,925</b>	577,652
Auditor's remuneration	<b><u>13,250</u></b>	<u>11,750</u>
	<b>2008</b> £	2007 £
Auditor's remuneration - audit of the financial statements	<b><u>13,250</u></b>	<u>11,750</u>

4 Particulars of employees

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

	<b>2008</b>	2007
	<b>No</b>	No
Full time	<b>58</b>	60
Part time	<b>24</b>	19
	<u><b>82</b></u>	<u>79</u>

The aggregate payroll costs of the above were:

	<b>2008</b>	2007
	<b>£</b>	£
Wages and salaries	<b>1,734,298</b>	1,627,486
Social security costs	<b>137,078</b>	125,360
Other pension costs	<b>131,935</b>	127,099
	<u><b>2,003,311</b></u>	<u>1,879,945</u>

British Waterways Marinas employees participate in the British Waterways Defined Benefit Pension Scheme.

It is not possible for the scheme to identify the Company's share of the underlying assets and liabilities of the scheme and hence, in accordance with FRS17, contributions to the scheme are accounted for as though it was a defined contribution scheme.

The British Waterways Defined Benefit Pension Scheme is subject to triennial independent valuation. The last such valuation was at 31st March 2007, which revealed a scheme deficit of £38.5m.

A plan has been put in place for the funding of this deficit and the impacts of this plan on the company are:

Employer contributions were set at the rate of 14% of pensionable pay for the year to 31 March 2008 and this rate will be ongoing.

Deficit contributions will be made by the company. These have been set at £19k per annum from 2008/9. All payments after 31 March 2009 will be increased by cumulative price inflation plus 1.5% p.a.

The pension cost charge represents contributions payable by the company to the fund and amounted to £131,935. This charge includes an accrual for the payment of the estimated proportion of the group pension scheme deficit relating to BWML employees.

5 **Directors**

Remuneration in respect of directors was as follows:

	<b>2008</b>	2007
	£	£
Emoluments receivable	<b><u>169,348</u></b>	<u>156,131</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	<b>2008</b>	2007
	No	No
Defined benefit schemes	<b><u>2</u></b>	<u>2</u>

6 **Taxation on ordinary activities**

(a) Analysis of charge in the year

	<b>2008</b>	2007
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2007 - 30%)	<b>194,052</b>	104,000
Over/under provision in prior year	<b>(5,432)</b>	(4,000)
Total current tax	<b><u>188,620</u></b>	<u>100,000</u>
Deferred tax:		
Origination and reversal of timing differences	<b>64,000</b>	26,000
Tax on profit on ordinary activities	<b><u>252,620</u></b>	<u>126,000</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2007 - 30%).

	<b>2008</b>	2007
	£	£
Profit on ordinary activities before taxation	<b><u>768,252</u></b>	<u>452,454</u>
Profit on ordinary activities by rate of tax	<b>230,476</b>	135,736
Expenses not deductible for tax purposes	<b>27,300</b>	15,264
Capital allowances for period in excess of depreciation	<b>(63,724)</b>	(47,000)
Adjustments to tax charge in respect of previous periods	<b>(5,432)</b>	(4,000)
Total current tax (note 6(a))	<b><u>188,620</u></b>	<u>100,000</u>



7 Intangible fixed assets

	<b>Goodwill £</b>
Cost	
At 1 April 2007	784,999
Addition (note 19)	710,000
At 31 March 2008	<u><u>1,494,999</u></u>
Amortisation	
At 1 April 2007 and 31 March 2008	—
Net book value	
At 31 March 2008	<u><u>1,494,999</u></u>
At 31 March 2007	<u><u>784,999</u></u>

8 Tangible fixed assets

	<b>Freehold land, buildings and structures £</b>	<b>Leasehold land and buildings £</b>	<b>Craft, plant and equipment £</b>	<b>Total £</b>
Cost				
At 1 April 2007	—	2,511,234	2,390,028	4,901,262
Additions	672,397	158,337	970,936	1,801,670
Disposals	—	—	(146,613)	(146,613)
Transfers	24,567	(24,567)	—	—
At 31 March 2008	<u><u>696,964</u></u>	<u><u>2,645,004</u></u>	<u><u>3,214,351</u></u>	<u><u>6,556,319</u></u>
Depreciation				
At 1 April 2007	—	60,670	229,238	289,908
Charge for the year	15,960	64,024	135,419	215,403
On disposals	—	—	(12,819)	(12,819)
At 31 March 2008	<u><u>15,960</u></u>	<u><u>124,694</u></u>	<u><u>351,838</u></u>	<u><u>492,492</u></u>
Net book value				
At 31 March 2008	<u><u>681,004</u></u>	<u><u>2,520,310</u></u>	<u><u>2,862,513</u></u>	<u><u>6,063,827</u></u>
At 31 March 2007	<u><u>—</u></u>	<u><u>2,450,564</u></u>	<u><u>2,160,790</u></u>	<u><u>4,611,354</u></u>

9 Stocks

	<b>2008 £</b>	<b>2007 £</b>
Finished goods	<u><u>550,796</u></u>	<u><u>647,596</u></u>

10 Debtors

	2008 £	2007 £
Trade debtors	1,751,823	939,078
Other debtors	74,321	–
Prepayments and accrued income	333,834	331,525
	<u>2,159,978</u>	<u>1,270,603</u>

11 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	260,493	244,246
Amounts owed to group undertakings	191,095	258,798
Corporation tax	88,536	102,824
Other taxation	662	–
Other creditors	387,178	303,628
Accruals and deferred income	2,453,900	1,732,188
	<u>3,381,864</u>	<u>2,641,684</u>

12 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2008 £	2007 £
Provision brought forward	101,291	75,291
Profit and loss account movement arising during the year	64,000	26,000
Provision carried forward	<u>165,291</u>	<u>101,291</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2008 £	2007 £
Excess of taxation allowances over depreciation on fixed assets	<u>165,291</u>	<u>101,291</u>

### 13 Commitments under operating leases

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 2 to 5 years	-	27,879	-	16,112
After more than 5 years	602,269	-	567,396	-
	<u>602,269</u>	<u>27,879</u>	<u>567,396</u>	<u>16,112</u>

### 14 Related party transactions

For the year ended 31 March 2008, the business paid rent totalling £576,440 (2007 : £545,512) and service level agreement charges totalling £67,418 (2007 : £104,000) to British Waterways Board (parent undertaking). The business also received commission earned for craft licence sales totalling £4,177 (2007 : £8,212).

### 15 Share capital

Authorised share capital:

	2008 £	2007 £
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>1,616</u>	<u>1,616</u>	<u>1,466</u>	<u>1,466</u>

The company made an allotment of 150 ordinary £1 shares during the year. The difference between the total nominal value of £150 and the total consideration of £1,500,000 has been credited to the share premium account.

16 Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Share premium account £	Profit and loss account £	Total share- holders' funds £
At 1 April 2006	1,321	3,209,679	105,618	3,316,618
Profit for the year	–	–	326,454	326,454
Other movements				
New equity share capital subscribed	145	1,449,855	–	1,450,000
At 31 March 2007 and 1 April 2007	1,466	4,659,534	432,072	5,093,072
Profit for the year	–	–	515,632	515,632
Other movements				
New equity share capital subscribed	150	1,499,850	–	1,500,000
At 31 March 2008	<u>1,616</u>	<u>6,159,384</u>	<u>947,704</u>	<u>7,108,704</u>

17 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £131,714 (2007 - £138,953).

18 Ultimate parent company

The ultimate parent company for which group financial statements are prepared is British Waterways Board, a UK public corporation. A copy of the financial statements of the parent undertaking can be obtained from British Waterways, 64 Clarendon Road, Watford, Herts, WD17 1DA.

## 19 Acquisition

On 1 June 2007 the company acquired the business known as Whixall Marina for a total consideration of £1,310,000. Goodwill arising on the acquisition of £710,000 has been capitalised per note 7. The acquisition has been accounted for under the acquisition method of accounting.

The book value and the fair value of the net assets acquired were as follows:

	<b>Fair value and book value £</b>
Goodwill	<b>710,000</b>
Freehold land, buildings and structures	<b>600,000</b>
	<b><u>1,310,000</u></b>
Satisfied by:	
Cash	<b><u>1,310,000</u></b>