

FOR REGISTRAR OF COMPANIES

Reg of Cos

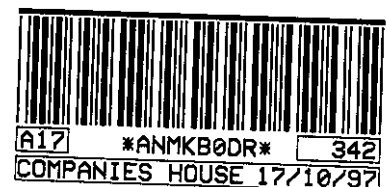
**HASTINGS COTTAGE IMPROVEMENT  
SOCIETY LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31ST MARCH 1997**

**GIBBONS AND MANNINGTON**

Chartered Accountants  
7/9 Wellington Square  
Hastings  
East Sussex  
TN34 1PD



HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITED

COMPANY INFORMATION

Company Number:

26390

Directors :

M A Lester  
J W Lester  
R Sandford

Secretary :

R Sandford

Registered Office :

3 Cambridge Gardens  
Hastings  
East Sussex  
TN34 1EH

Auditors :

Gibbons and Mannington  
7/9 Wellington Square  
Hastings  
East Sussex  
TN34 1PD

Bankers :

National Westminster Bank PLC  
Havelock Road  
Hastings  
East Sussex  
TN34 1BW

HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITEDREPORT OF THE DIRECTORS

The Directors present their annual report together with the audited financial statements for the year ended 31st March 1997.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires 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 apply them consistently;

make judgements and estimates that are reasonable and prudent; and

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 maintaining 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.

PRINCIPAL ACTIVITIES

The principal activity of the Company which remained unchanged during the year under review was that of providing and improving living accomodation for renting.

REVIEW OF BUSINESS

The Profit and Loss Account is set out on page 4 and shows the Company's profit for the year together with the retained profits carried forward.

During this financial year the company purchased 48 High Street for the sum of £76,298 with the aid of a bank loan. As at 31 March 1997 the company had contracted to spend approximately £50,000 on conversion of this building into 3 flats and a shop.

The Directors recommend that the dividend be increased from £13.50 to £15.00 per share.

HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITEDREPORT OF THE DIRECTORS(CONTINUED)FIXED ASSETS

The movements in fixed assets during the year are shown on page 11. The Directors are of the opinion that the residual value of the Freehold Properties is not less than the market value appearing in the Balance Sheet.

DIRECTORS

The Directors of the Company throughout the year and their interests in the Share Capital of the Company were:-

	<u>£25 Ordinary Shares</u>	
	<u>1997</u>	<u>1996</u>
M A Lester	58	57
J W Lester	71	70
R Sandford	80	80

The Director retiring by rotation is Mr M A Lester who being eligible offers himself for re-election.

AUDITORS

The Auditors, Messrs Gibbons and Mannington will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

By Order Of The Board

.....  
M A Lester  
Chairman

HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITEDAUDITORS REPORT TO THE SHAREHOLDERS OFHastings Cottage Improvement Society Limited

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 6.

*Respective Responsibilities of Directors and Auditors*

As described on page 1 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

*Basis of Opinion*

We conducted our audit in accordance with 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 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 of the state of the Company's affairs as at 31st March 1997 and of the profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

*Gibbons & Mannington*

7/9 Wellington Square  
Hastings  
East Sussex  
TN34 1PD

20.3.1997

Gibbons & Mannington  
Chartered Accountants  
Registered Auditors

HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 1997

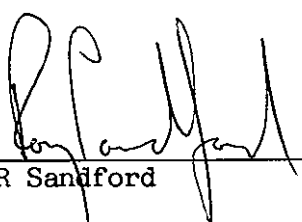
		<u>1997</u>	<u>1996</u>
	<u>NOTES</u>	<u>£</u>	<u>£</u>
Turnover	1	155,343	147,071
Cost of Sales		<u>(54,965)</u>	<u>(50,968)</u>
Gross Profit		100,378	96,103
Other Operating Income		1,736	986
Administrative Expenses		(27,090)	(24,953)
Interest Payable and Similar Charges		<u>(4,040)</u>	<u>(2,918)</u>
Operating Profit		70,984	69,218
After charging:			
Auditors Remuneration		940	940
Accountancy		682	646
Staff Costs	8	23,207	21,477
Interest Payable on Loans and Overdrafts repayable within 5 Years		4,040	2,918
Depreciation		<u>17</u>	<u>22</u>
Profit on ordinary activities before taxation		70,984	69,218
Tax on Profit/Loss on ordinary activities	2	16,578	16,848
Profit on ordinary activities after taxation		54,406	52,370
Dividends		9,000	8,100
Retained Profit for the year		45,406	44,270
Retained Profits brought forward		153,848	109,578
Retained Profits carried forward		<u>£199,254</u>	<u>£153,848</u>

All disclosures relate only to continuing operations.

There were no recognised gains or losses for 1996 or 1997 other than those included in the Profit and Loss Account.

HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITEDBALANCE SHEET AS AT 31ST MARCH 1997

		<u>1997</u>		<u>1996</u>	
	<u>NOTES</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
FIXED ASSETS					
Tangible Assets	3		713,004		636,620
CURRENT ASSETS					
Debtors	4	24,064		23,256	
Cash at Bank and in Hand		38,859		27,780	
		<u>62,923</u>		<u>51,036</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	99,536		56,671	
NET CURRENT LIABILITIES			(36,613)		(5,635)
NET ASSETS			<u>£676,391</u>		<u>£630,985</u>
CAPITAL AND RESERVES					
Called Up Share Capital	6		15,000		15,000
Revaluation Reserve	7		462,137		462,137
Profit and Loss Account			199,254		153,848
SHAREHOLDERS' FUNDS	8		<u>£676,391</u>		<u>£630,985</u>


 \_\_\_\_\_ Director  
 R Sandford

HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997**1 Accounting Policies**

The Accounts are prepared, except as stated below concerning the revaluation of freehold investment properties, under the historical cost convention on a going concern basis and in accordance with appropriate accounting standards.

**1.1 Tangible Fixed Assets**

Tangible fixed assets are stated at valuation or cost.

Depreciation is provided as follows:-

**Freehold Investment Properties**

Investment properties were revalued last year. The Directors do not consider that a further revaluation is necessary at this time as in their opinion no significant alteration has arisen in the valuations. A further revaluation will be considered by the Directors during the next two to three years.

Land is not depreciated. Properties are maintained to ensure that their values do not diminish over time. The maintenance costs are charged to profit and loss account in the year incurred. In the Directors' opinion depreciation would be immaterial and has not been charged.

**Plant and Equipment**

Depreciation is calculated so that the cost of tangible fixed assets is written off over their estimated lives at the annual rate of 25% reducing balance method.

**1.2 Turnover**

Turnover represents aggregate rentals receivable from operating leases granted to tenants of the freehold investment properties in respect of continuing activities.

**1.3 Operating Lease**

The rental costs under an operating lease for the Company's administration office are charged to profit and loss account in equal amounts over the period of the lease.

**1.4 Pensions**

An defined contribution scheme is provided for a Director. The premiums paid by the Company are charged to the profit and loss account during the year in which they are paid.

**1.5 Deferred Taxation**

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of tangible fixed assets in the financial statements at different written down values to those at which they are included in taxation computations to the extent that it is probable that a liability will crystallise in the future.



HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997(CONTINUED)2 Taxation

Corporation Tax is payable on the results disclosed by these financial statements at the rate of 24% (1996 - 25%).

No provision has been made for deferred taxation as no liability is likely to crystallize.

3 Fixed Assets - Tangible Assets

Details of tangible fixed assets and movements during the year are given in the schedule on page 11.

4 Debtors

	<u>1997</u>	<u>1996</u>
Trade Debtors	19,690	19,320
Prepayments	2,124	1,911
Advance Corporation Tax Recoverable	2,250	2,025
	<u>£24,064</u>	<u>£23,256</u>

5 Creditors: Amounts falling due within one year

	<u>1997</u>	<u>1996</u>
Bank Loans, repayable on demand	71,293	26,425
Trade Creditors	2,440	5,073
Corporation Tax	14,553	15,048
Proposed Dividend	9,000	8,100
Advance Corporation Tax	2,250	2,025
	<u>£99,536</u>	<u>£56,671</u>

The Company's bankers hold a legal charge in their favour over certain of the Company's freehold properties.

HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997(CONTINUED)6 Share Capital

Authorised		
2,000 Ordinary Shares of £25 each	<u>£50,000</u>	<u>£50,000</u>
Issued and Fully Paid		
600 Ordinary Shares of £25 each	<u>£15,000</u>	<u>£15,000</u>

7 Revaluation Reserve

## Freehold Properties

Balance brought forward 1st April 1996	462,137	357,373
Transfer on Revaluation during the Year	-	104,764
Balance carried forward 31st March 1997	<u>£462,137</u>	<u>£462,137</u>

No contingent liability to Corporation Tax arises by reason of this revaluation.

8 Reconciliation of Movement in Shareholders' Funds

	<u>1997</u>	<u>1996</u>
Profit for the financial year	54,406	52,370
Dividends	<u>9,000</u>	<u>8,100</u>
	45,406	44,270
Opening Shareholders Funds	<u>630,985</u>	<u>586,715</u>
Closing Shareholders Funds	<u>£676,391</u>	<u>£630,985</u>

9 Staff Costs

The average number of persons employed by the Company (including Directors) during the year was 3. (1996 - 3)

Staff costs consist of:

Directors' Remuneration:		
Fees	9,000	8,000
Salary	8,145	8,060
Pension Contributions	4,926	4,427
National Insurance Contributions	<u>1,136</u>	<u>990</u>
	<u>£23,207</u>	<u>£21,477</u>

HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997(CONTINUED)10 Historical Cost Profit and Loss

The reported profit on ordinary activities before taxation for 1996 and 1997 are the same as the profits for those years restated on an historical cost basis.

11 Capital Commitments

The Board of Directors has authorised but not yet contracted for the refurbishment of existing freehold property at a cost of approximately £Nil (1996 £70,000).

The Board of Directors have also authorised and contracted for refurbishment work on existing freehold investment properties at a cost of approximately £50,000 (1996 £3,500).

12 Contingent Liability

There is a contingent liability for repayment of local authority grants if the properties are sold within a period after receipt of the grant, as follows:-

<u>Grant</u>	<u>Repayment Period</u>	<u>1997</u>	<u>1996</u>
Improvement	Five Years	12,434	12,434
Conservation Area			
Partnership Scheme	Three Years	990	990
		<u>£13,424</u>	<u>£13,424</u>

13 Transactions with Directors

During the year the Company occupied premises owned by Mr R Sandford, a Director and Secretary of the Company. The rent paid was £1,000 which is considered to be not materially different from a market rent.

Mr R Sandford practising as W A Bryan & Co., Chartered Surveyors, collected all rents on the Society's properties, managed the Society's properties and gave professional advice for total fees including VAT of £23,597.

HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997(CONTINUED)14 Related Party Transactions

During the year the Company used the local builders merchants' accounts of Gensing Investment Co. Limited a Company of which Mrs N L Sandford, the wife of R Sandford, is a Director and major shareholder to purchase building materials to the value of £792.

15 Control of the Company

In the Directors' opinion no party has overall control of the Company.

HASTINGS COTTAGE IMPROVEMENT SOCIETY LIMITEDSCHEDULE OF TANGIBLE ASSETS AS AT 31ST MARCH 1997

	Freehold Investment Property	Plant and Equipment	Total
<u>COST OR VALUATION</u>			
As at 1st April 1996	636,554	753	637,307
Additions	76,401	-	76,401
Revaluation	-	-	-
	712,955	753	713,708
Disposals	-	-	-
	<u>£712,955</u>	<u>£753</u>	<u>£713,708</u>
 <u>DEPRECIATION</u>			
As at 1st April 1996	-	687	687
Provision for year	-	17	17
	-	704	704
Disposals	-	-	-
	<u>-</u>	<u>£704</u>	<u>£704</u>
 NET BOOK VALUE 1997	<u>£712,955</u>	<u>£49</u>	<u>£713,004</u>
 NET BOOK VALUE 1996	<u>£636,554</u>	<u>£66</u>	<u>£636,620</u>

Freehold investment properties are included at valuation plus subsequent historical cost, comprising:-

	<u>1997</u>	<u>1996</u>
Cost	67,627	67,627
Revaluation 1991	357,373	357,373
Valuation 1991	425,000	425,000
Subsequent Cost	104,736	78,681
Revaluation 1995	104,764	104,764
	634,500	634,500
Subsequent Cost	78,455	2,054
	<u>£712,955</u>	<u>£636,554</u>
Net Book Value		

The 1995 valuation was made on 20th November 1995 by Messrs W A Bryan & Co, Chartered Surveyors and Valuers on an open market value for existing use basis.