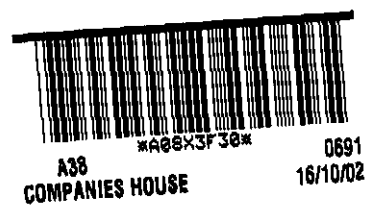


Registration Number 26390

Hastings Cottage Improvement Society Limited

Directors' Report and Financial Statements

for the year ended 31st March 2002



Hastings Cottage Improvement Society Limited

Company Information

Directors	M. A. Lester J. W. Lester R. Sandford
Secretary	R Sandford FRICS
Company Number	26390
Registered Office	3 Cambridge Gardens Hastings East Sussex TN34 1EH
Auditors	Gibbons & Mannington 7/9 Wellington Square Hastings East Sussex TN34 1PD
Business Address	3 Cambridge Gardens Hastings East Sussex TN34 1EH
Bankers	National Westminster Bank PLC Havelock Road Hastings East Sussex TN34 1BW
Solicitors	Funnell & Perring 192/193 Queens Road Hastings East Sussex TN34 1RG

Hastings Cottage Improvement Society Limited

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Hastings Cottage Improvement Society Limited

Directors' Report for the year ended 31st March 2002

The directors present their report and the financial statements for the year ended 31st March 2002.

Principal Activity

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

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31st March 2002	1st April 2001
M. A. Lester	44	44
J. W. Lester	95	95
R. Sandford	130	130

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Gibbons & Mannington be reappointed as auditors of the company will be put to the Annual General Meeting.

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

This report was approved by the Board on 12.09.02 and signed on its behalf by


R Sandford FRICS
Secretary

Hastings Cottage Improvement Society Limited

Auditors' Report to the Shareholders of Hastings Cottage Improvement Society Limited

We have audited the financial statements on pages 3 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to 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 judgements made by the directors in the preparation of the financial statements, and 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Gibbons & Mannington

Gibbons & Mannington

**Chartered Accountants and
Registered Auditor**

**7/9 Wellington Square
Hastings
East Sussex
TN34 1PD**

05.09.02

Hastings Cottage Improvement Society Limited

**Profit and Loss Account
for the year ended 31st March 2002**

		2002	2001
	Notes	£	£
Turnover	2	192,993	191,013
Property costs		(121,993)	(95,061)
Administrative expenses		(35,951)	(34,465)
Operating profit	3	35,049	61,487
Interest receivable and similar income		1,155	2,075
Interest payable and similar charges	4	(1,944)	(4,415)
Profit on ordinary activities before taxation		34,260	59,147
Tax on profit on ordinary activities	7	(4,886)	(10,900)
Profit on ordinary activities after taxation		29,374	48,247
Dividends		(18,000)	(16,500)
Retained profit for the year		11,374	31,747
Retained profit brought forward		312,989	281,242
Retained profit carried forward		<u>324,363</u>	<u>312,989</u>

The notes on pages 5 to 10 form an integral part of these financial statements.

Hastings Cottage Improvement Society Limited

Balance Sheet as at 31st March 2002

	Notes	2002		2001	
		£	£	£	£
Fixed Assets					
Tangible assets	8		1,186,753		1,168,757
Current Assets					
Debtors	9	23,359		18,874	
Cash at bank and in hand		3,739		62,353	
		<u>27,098</u>		<u>81,227</u>	
Creditors: amounts falling due within one year	10	<u>(25,098)</u>		<u>(72,605)</u>	
Net Current Assets			<u>2,000</u>		<u>8,622</u>
Total Assets Less Current Liabilities			<u>1,188,753</u>		<u>1,177,379</u>
Capital and Reserves					
Called up share capital	11		15,000		15,000
Revaluation reserve	12		849,390		849,390
Profit and loss account	12		324,363		312,989
Shareholders' Funds			<u>1,188,753</u>		<u>1,177,379</u>

The financial statements are 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.

The financial statements were approved by the Board on 12.08.02 and signed on its behalf by


M. A. Lester

Director

The notes on pages 5 to 10 form an integral part of these financial statements.

Hastings Cottage Improvement Society Limited

Notes to the Financial Statements for the year ended 31st March 2002

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

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. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Plant and machinery - 25% reducing balance

Investment properties were revalued on 21 May 1999 as at 31 March 1999. The directors will consider a further revaluation within two years.

1.4. Pensions

A 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.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

Operating profit is stated after charging:
Depreciation of tangible assets

2002	2001
£	£
4	5

4. Interest payable and similar charges

On loans and overdrafts

2002	2001
£	£
1,944	4,415

Hastings Cottage Improvement Society Limited

Notes to the Financial Statements for the year ended 31st March 2002

..... continued

5. Directors' emoluments

	2002	2001
	£	£
Remuneration and other benefits	<u>19,169</u>	<u>15,750</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

6. Pension costs

The company operates a defined contribution pension scheme in respect of a director. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £5,419 (2001 - £3,000).

7. Taxation

	2002	2001
	£	£
UK current year taxation		
UK Corporation Tax	<u>4,886</u>	<u>10,900</u>

Hastings Cottage Improvement Society Limited

Notes to the Financial Statements for the year ended 31st March 2002

..... continued

8. Tangible fixed assets

	Land and buildings freehold	Plant and machinery	Total
	£	£	£
Cost/revaluation			
At 1st April 2001	1,168,741	753	1,169,494
Additions	18,000	-	18,000
At 31st March 2002	1,186,741	753	1,187,494
Depreciation			
At 1st April 2001	-	737	737
Charge for the year	-	4	4
At 31st March 2002	-	741	741
Net book values			
At 31st March 2002	1,186,741	12	1,186,753
At 31st March 2001	1,168,741	16	1,168,757

The 1999 valuation was made on 31 March 1999 by Messrs W A Bryan & Co, Chartered Surveyors and Valuers on an open market value for existing use basis.

9. Debtors

	2002 £	2001 £
Trade debtors	2,715	10,224
Prepayments and accrued income	20,644	8,650
	23,359	18,874

Hastings Cottage Improvement Society Limited

Notes to the Financial Statements for the year ended 31st March 2002

..... continued

10. Creditors: amounts falling due within one year	2002 £	2001 £
Bank loan 1 - NatWest Bank	-	7,921
Bank loan 2 - NatWest Bank	-	34,849
Corporation tax	4,886	10,900
Accruals and deferred income	2,212	2,435
Proposed dividend	18,000	16,500
	<u>25,098</u>	<u>72,605</u>

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

11. Share capital	2002 £	2001 £
Allotted, called up and fully paid 600 Ordinary shares of £25 each	<u>15,000</u>	<u>15,000</u>

12. Reserves	Revaluation reserve £	Profit and loss account £	Total £
At 1st April 2001	849,390	312,989	1,162,379
Retained profit for the year		11,374	11,374
At 31st March 2002	<u>849,390</u>	<u>324,363</u>	<u>1,173,753</u>

Hastings Cottage Improvement Society Limited

Notes to the Financial Statements for the year ended 31st March 2002

..... continued

13. Capital commitments

	2002 £	2001 £
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	<u>20,000</u>	<u>30,000</u>

14. 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 the market rent. During the year the company purchased goods and services to the value of £32,453 from Mr R Sandford FRICS practising as W A Bryan & Co., Chartered Surveyors. These comprise the following:

	2002 £	2001
Management fees	19,262	22,219
Insurance premiums paid gross to cover all the Society's freehold investment properties	5,434	5,154
Valuation of the Society's properties	-	1,146
Supervision of major repairs	6,757	4,847
Office rent	1,000	1,000
	<u>32,453</u>	<u>34,366</u>

All goods and services were supplied at market value. As stated above Mr Sandford is a director and secretary of the company.

15. Related party transactions

There were no related party transactions during the year (31st March 2001 - £NIL).

16. Ultimate parent undertaking

In the directors' opinion no party has overall control of the company.

Hastings Cottage Improvement Society Limited

**Notes to the Financial Statements
for the year ended 31st March 2002**

..... continued

17. Contingent liabilities

The company has received grants totalling £36,870 to assist with the refurbishment of 46 Church Road, St Leonards on sea. If the property or any of the individual flats are sold within five years of the final payment, the grant is repayable in total, together with interest.