

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1998

Registered number: 27970 England

SILK & CO
CHARTERED ACCOUNTANTS



SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1998

CONTENTS

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Cash flow statement	8
Notes	9 - 13

The following page does not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

COMPANY INFORMATION

FOR THE YEAR ENDED 30TH JUNE 1998

DIRECTORS	H M Withers FCA FTII Mrs J G P Penn
SECRETARY	H M Withers FCA FTII
COMPANY NUMBER	27970 England
REGISTERED OFFICE	35 Cambridge Road Hastings East Sussex TN34 1DW
AUDITORS	Silk & Co Registered Auditors Chartered Accountants 23 Havelock Road Hastings East Sussex TN34 1BP

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH JUNE 1998

The directors present their report and the audited financial statements for the year ended 30th June 1998.

Principal activity

The principal activity of the company continues to be that of management of its freehold commercial property at Portslade, East Sussex.

The results for the year are set out on page 5.

The directors consider the profit achieved on ordinary activities before taxation to be satisfactory.

Business review

The company's balance sheet as detailed on page 7 shows a satisfactory position, with shareholders' funds amounting to £634,071.

Following an agreement in the year to 30th June 1996 with Lloyds Bank Plc to extend the repayment period on the bank loan, it was agreed that the unpaid loan stock interest at the time, be carried forward until the bank loan is repaid. On the basis of current base earnings, the directors are confident that all capital commitments will be met by the stated dates.

Results and dividends

The total distribution of dividends for the year to 30th June 1998 is £3,606 (as set out in note 7 to the financial statements).

The directors do not recommend a final dividend and the retained profit of £16,026 will be deducted from the deficit at the beginning of the year.

Fixed assets

Details of movements in fixed assets are set out in note 8 to the financial statements.

The company's interest in freehold property has been valued at £998,097 by the company's insurers on the basis of their previous year's valuation index linked to current year values, and the directors have accepted this valuation.

continued

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

DIRECTORS' REPORT
(continued)

FOR THE YEAR ENDED 30TH JUNE 1998

Directors

The directors at 30th June 1998 and their interests in the share capital of the company were as follows:

	At 30th June 1998 and 1997		
	<u>Preference Shares</u>	<u>Preferred Ordinary Shares</u>	<u>Deferred Ordinary Shares</u>
H M Withers FCA FTII	-	-	1
H M Withers FCA FTII as Settlement Trustee	-	-	1,000
Mrs J G P Penn	61	40	749

The major shareholders at 30th June 1998 were:

	<u>Preference Shares</u>	<u>Preferred Ordinary Shares</u>	<u>Deferred Ordinary Shares</u>
Mrs J G P Penn	61	40	749
The Silver Lady Fund (England and Wales)	387	692	9
The Trustees of The Elizabeth Baxter Hostel (England and Wales)	498	833	2,666

Auditors

The auditors, Silk & Co, have expressed their willingness to continue to act and a resolution for their re-appointment will be submitted to the Annual General Meeting.

Signed on behalf of the board of directors



H M Withers
Secretary

Approved by the board: 19th November 1998

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

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 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.

Signed on behalf of the board of directors



H M Withers
Director

Approved by the board: 19th November 1998

AUDITORS' REPORT TO THE SHAREHOLDERS OF
SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention as modified by the revaluation of the fixed assets and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3, 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

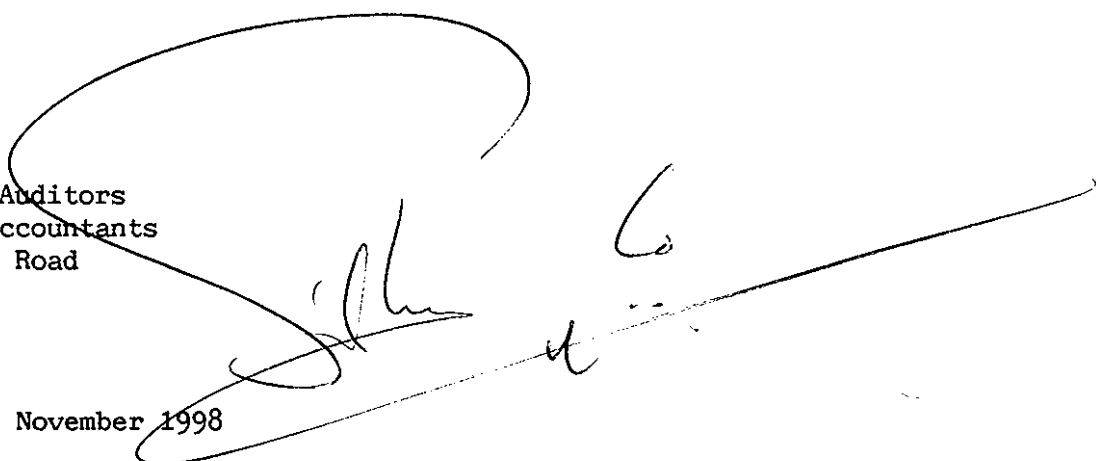
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and 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 error or other irregularity. 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 30th June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Silk & Co
Registered Auditors
Chartered Accountants
23 Havelock Road
Hastings
East Sussex
TN34 1BP



Dated: 20th November 1998

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 1998

	Note	1998 £	1997 £
Turnover	2	72,800	72,800
Administrative expenses		(20,466)	(19,619)
Operating profit	3	52,334	53,181
Interest payable	4	(27,484)	(27,651)
Profit on ordinary activities before taxation		24,850	25,530
Taxation	6	(5,218)	(6,861)
Profit on ordinary activities after taxation		19,632	18,669
Dividends (on non-equity interests)	7	(3,606)	(3,469)
Retained profit for the year	15	16,026	15,200
Retained loss brought forward		(73,803)	(89,003)
Retained loss carried forward		(57,777)	(73,803)

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 9 to 13 form part of these financial statements.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30TH JUNE 1998

	1998 £	1997 £
Profit for the financial year	19,632	18,669
Unrealised surplus on revaluation of fixed assets investment property	<u>24,154</u>	<u>63,306</u>
Total recognised gains and losses relating to the year	<u><u>43,786</u></u>	<u><u>81,975</u></u>

The notes on pages 9 to 13 form part of these financial statements.

BALANCE SHEET

AS AT 30TH JUNE 1998

	Note	£	1998 £	£	1997 £
Fixed assets					
Tangible assets					
Investment property	8		998,097		973,943
Current assets					
Debtors	9	8,039		11,697	
Cash at bank and in hand		9,812		10,361	
			17,851		22,058
Creditors: amounts falling due within one year	10	(87,972)		(101,705)	
Net current liabilities			(70,121)		(79,647)
Total assets less current liabilities			927,976		894,296
Creditors: amounts falling due after more than one year	11		(293,905)		(300,405)
Net assets			634,071		593,891
Capital and reserves					
Called up share capital	13		75,000		75,000
Revaluation reserve	14		616,848		592,694
Profit and loss account	15		(57,777)		(73,803)
Total shareholders' funds	12		634,071		593,891
Represented by:					
Equity interests			564,071		523,891
Non-equity interests			70,000		70,000
			634,071		593,891

Signed on behalf of the board of directors


H M Withers
Director

Approved by the board: 19th November 1998

The notes on pages 9 to 13 form part of these financial statements.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 1998

	Note	£	1998 £	£	1997 £
Net cash inflow from operating activities	17		41,765		54,067
Returns on investments and servicing of finance					
Interest paid		(27,484)		(27,651)	
Non-equity dividends paid		(3,606)		(3,469)	
			(31,090)		(31,120)
Taxation					
Corporation tax			(1,724)		(1,562)
			8,951		21,385
Financing					
Bank loans repaid			(9,500)		(19,843)
(Decrease)/increase in cash in the year			(549)		1,542

The notes on pages 9 to 13 form part of these financial statements.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1998

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to incorporate the revaluation of certain land and buildings, and include the results of the company's operations which are described in the directors' report and all of which are continuing.

Turnover

Turnover comprises the amounts received and receivable for services supplied by the company, falling within the company's ordinary activities.

Tangible fixed assets

The freehold investment property is valued annually and shown in the accounts at valuation. Net surpluses are credited to the revaluation reserve.

Deferred taxation

No provision has been made for taxation deferred, as a result of there being no material timing differences between the incidence of income and expenditure. In addition, no deferred taxation has been provided for in respect of the investment property revaluation reserve, since no such tax liability is likely to crystallize in the foreseeable future.

2 Turnover

The turnover for the year was derived from the company's principal activity, management of its commercial freehold property.

The whole of the turnover is attributable to the UK market.

3 Operating profit

	1998 £	1997 £
Operating profit is stated after charging:		
Directors' remuneration - salaries	2,116	-
Auditors' remuneration	1,163	1,105
	<u> </u>	<u> </u>

4 Interest payable

	1998 £	1997 £
Bank interest	34	95
Bank loan interest	13,050	13,156
Loan stock interest (12% loan stock 1998 - 2005)	14,400	14,400
	<u> </u>	<u> </u>
	27,484	27,651
	<u> </u>	<u> </u>

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1998

5 Staff costs

The average weekly number of employees, including directors, during the year was as follows:

	1998	1997
Office and administration	<u>3</u>	<u>3</u>

The costs incurred, being wholly directors' remuneration, in respect of these employees were:

	1998 £	1997 £
Salaries	<u>2,116</u>	<u>-</u>

6 Taxation

	1998 £	1997 £
Taxation is based on the profit for the year and comprises:		

U K corporation tax at 21% (1997 - 23.25%)	5,218	5,936
Underprovision for corporation tax in prior years	-	925
	<u>5,218</u>	<u>6,861</u>

7 Dividends

	1998 £	1997 £
6.5% preference shares - paid	1,288	1,239
6.5% preferred ordinary shares - paid	<u>2,318</u>	<u>2,230</u>
Total dividends	<u>3,606</u>	<u>3,469</u>

The above is made up as follows:

Non-equity shares	<u>3,606</u>	<u>3,469</u>
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8 Tangible fixed assets
Freehold investment property

	£
Cost or valuation	
At 1st July 1997	973,943
Surplus on revaluation	<u>24,154</u>
At 30th June 1998	<u>998,097</u>

The 1998 valuation was made by the company's insurers, Sun Alliance, on the basis of their previous year's valuation index linked to current day values.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1998

9 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Advance corporation tax recoverable	4,329	8,397
Other debtors	3,530	3,300
Prepayments	180	-
	<u>8,039</u>	<u>11,697</u>

10 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loan (secured)	17,000	20,000
Corporation tax	248	830
Advance corporation tax payable	228	220
Amounts owed to related companies	3,253	12,113
Accruals and deferred income	21,617	21,762
Other creditors	44,820	46,202
Other taxes and social security costs	116	-
Unclaimed dividends	690	578
	<u>87,972</u>	<u>101,705</u>

The bank loan is secured by way of a mortgage and a debenture over the company's assets.

The bank loan outstanding at the year end amounted to £127,724 (1997 - £137,224) and this is payable in annual instalments, including interest. The capital repayments are as follows:

	1998 £	1997 £
Within one year	17,000	20,000
Between one and two years	19,000	20,000
Between two and five years	91,724	97,224
	<u></u>	<u></u>

11 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Bank loan (secured)	110,724	117,224
Related companies	63,181	63,181
12% loan stock 1998 - 2005	120,000	120,000
	<u>293,905</u>	<u>300,405</u>

The bank loan is secured by way of a mortgage and a debenture over the company's assets.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1998

12 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	19,632	18,669
Less: Dividends	3,606	3,469
	<u>16,026</u>	<u>15,200</u>
Surplus on investment property revaluation	24,154	63,306
Opening shareholders' funds	593,891	515,385
Closing shareholders' funds	<u>634,071</u>	<u>593,891</u>

13 Called up share capital

	1998 £	1997 £
Authorised and issued		
1,000 6.5% preference shares of £25 each	25,000	25,000
1,800 6.5% preferred ordinary shares of £25 each	45,000	45,000
5,000 deferred ordinary shares of £1 each	5,000	5,000
	<u>75,000</u>	<u>75,000</u>

14 Revaluation reserve

	1998 £	1997 £
At 1st July 1997	592,694	529,388
Surplus on investment property revaluation	24,154	63,306
At 30th June 1998 (Pre 1980 reserve £181,234)	<u>616,848</u>	<u>592,694</u>

15 Profit and loss account

	1998 £	1997 £
At 1st July 1997	(73,803)	(89,003)
Retained profit for the year	16,026	15,200
At 30th June 1998	<u>(57,777)</u>	<u>(73,803)</u>

16 Transactions involving directors

The rent, rates and office services paid by the company, are provided in a building in which the director H M Withers FCA FTII has an interest.

SOUTH WHARF INVESTMENTS (PORTSLADE) LTD

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1998

17 Notes to the cash flow statement

Reconciliation of operating profit to
net cash flow from operating activities

	1998 £	1997 £
Operating profit	52,334	53,181
(Increase)/decrease in debtors	(410)	200
(Decrease)/increase in creditors	(10,159)	686
Net cash inflow from operating activities	<u>41,765</u>	<u>54,067</u>

18 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 1st July 1997 £	Cash flows £	Other Changes £	At 30th June 1998 £
Cash at bank and in hand	10,361	(549)	-	9,812
		<u>(549)</u>		
Debt due within 1 year	(20,000)	9,500	(6,500)	(17,000)
Debt due after 1 year	(312,224)	-	6,500	(305,724)
		<u>9,500</u>		
Total	<u>(321,863)</u>	<u>8,951</u>	<u>-</u>	<u>(312,912)</u>

19 Notes to cash flow statement (continued)

Reconciliation of net cash flow to movement in net debt

	1998 £	1997 £
(Decrease)/increase in cash in the year	(549)	1,542
Cash outflow from decrease in debt	<u>9,500</u>	<u>19,843</u>
Change in net debt resulting from cash flows	8,951	21,385
Net debt at 1st July 1997	<u>(321,863)</u>	<u>(343,248)</u>
Net debt at 30th June 1998	<u>(312,912)</u>	<u>(321,863)</u>