

South Wharf Investments (Portslade) Ltd

Report of the Directors and

Financial Statements for the Year Ended 30 June 2003

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



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South Wharf Investments (Portslade) Ltd

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for the Year Ended 30 June 2003

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South Wharf Investments (Portslade) Ltd

Company Information  
for the Year Ended 30 June 2003

**DIRECTORS:** H M Withers FCA FTII  
Mrs J G P Penn

**SECRETARY:** H M Withers FCA FTII

**REGISTERED OFFICE:** 35 Cambridge Road  
Hastings  
East Sussex  
TN34 1DW

**REGISTERED NUMBER:** 27970

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

South Wharf Investments (Portslade) Ltd

Report of the Directors  
for the Year Ended 30 June 2003

The directors present their report with the financial statements of the company for the year ended 30 June 2003.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of management of its freehold commercial property at Portslade, East Sussex.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company's balance sheet as detailed on page 8 shows a satisfactory position, with shareholders' funds amounting to £2,347,092.

As a result of the conclusion of the arbitration process regarding the rent review, the annual rent is now £91,500 of which 9% is due to The Elizabeth Baxter Hostel and The Silver Lady Fund equally. This year's turnover does however reflect rent arrears for the period October 2001 to June 2002.

The directors are mindful that no dividend has been paid on the deferred ordinary shares for some years and they anticipate reviewing the situation during the forthcoming year, being mindful of interest rates and capital repayments.

**DIVIDENDS**

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2003	2002
	£	£
Dividends paid on preference and preferred ordinary shares	4,550	4,550

**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 £2,610,569 by the company's insurers on the basis of their previous year's valuation index linked to current year values and taking into account the alterations made to the property by the tenant. The directors have accepted this valuation.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

South Wharf Investments (Portslade) Ltd

Report of the Directors  
for the Year Ended 30 June 2003

**DIRECTORS**

The directors during the year under review were:

H M Withers FCA FTII  
Mrs J G P Penn

The beneficial interests of the directors holding office on 30 June 2003 in the issued share capital of the company were as follows:

	<b>30.6.03</b>	<b>1.7.02</b>
<b>Deferred Ordinary £1 shares</b>		
H M Withers FCA FTII	1,001	1,001
Mrs J G P Penn	749	749
<b>6.5% Preference £25 shares</b>		
H M Withers FCA FTII	-	-
Mrs J G P Penn	61	61
<b>6.5% Preferred Ordinary £25 shares</b>		
H M Withers FCA FTII	-	-
Mrs J G P Penn	40	40

With regard to the 1,001 Deferred Ordinary £1 shares held by Mr H M Withers FCA FTII as at 30 June 2003 and 1 July 2002, 1,000 of these shares were held as a joint settlement trustee.

In accordance with the Articles of Association, H M Withers FCA FTII will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

**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.


South Wharf Investments (Portslade) Ltd

Report of the Directors  
for the Year Ended 30 June 2003

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**

  
.....

H M Withers FCA FTH - Secretary

Date: ..... 17<sup>th</sup> November 2003

Report of the Independent Auditors to the Shareholders of  
South Wharf Investments (Portslade) Ltd

We have audited the financial statements of South Wharf Investments (Portslade) Ltd for the year ended 30 June 2003 on pages six to seventeen. These financial statements have been prepared 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 three 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**

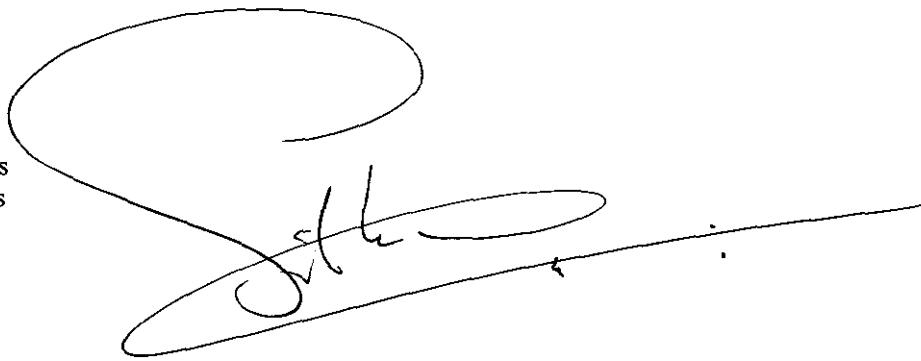
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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



Date: 18/11/03

South Wharf Investments (Portslade) Ltd

Profit and Loss Account  
for the Year Ended 30 June 2003

		30.6.03	30.6.02
	Notes	£	£
<b>TURNOVER</b>	2	<b>92,700</b>	72,820
Administrative expenses		<b>33,401</b>	28,899
<b>OPERATING PROFIT</b>	4	<b>59,299</b>	43,921
Interest receivable and similar income		<b>525</b>	2
		<b>59,824</b>	43,923
Interest payable and similar charges	5	<b>16,281</b>	18,095
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>43,543</b>	25,828
Tax on profit on ordinary activities	6	-	4,498
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b>43,543</b>	21,330
Dividends (including non-equity shares)	7	<b>4,550</b>	4,550
<b>RETAINED PROFIT FOR THE YEAR</b>		<b>38,993</b>	16,780

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.



South Wharf Investments (Portslade) Ltd

Statement of Total Recognised Gains and Losses  
for the Year Ended 30 June 2003

	<u>30.6.03</u>	<u>30.6.02</u>
	<u>£</u>	<u>£</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>43,543</b>	21,330
Unrealised profit on revaluation	<u>157,027</u>	<u>631,130</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES</b>		
<b>RELATING TO THE YEAR</b>	<u><u>200,570</u></u>	<u><u>652,460</u></u>

The notes form part of these financial statements

South Wharf Investments (Portslade) Ltd

Balance Sheet

30 June 2003

		30.6.03		30.6.02	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8		2,612,255		2,456,031
<b>CURRENT ASSETS</b>					
Debtors	9	26,790		7,259	
Cash at bank and in hand		61		13,474	
		<u>26,851</u>		<u>20,733</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	10	<u>108,833</u>		<u>124,516</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(81,982)</u>		<u>(103,783)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,530,273</u>		<u>2,352,248</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	11		<u>183,181</u>		<u>201,176</u>
			<u>2,347,092</u>		<u>2,151,072</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		75,000		75,000
Revaluation reserve	15		2,229,320		2,072,293
Profit and loss account	15		<u>42,772</u>		<u>3,779</u>
<b>SHAREHOLDERS' FUNDS (including non-equity interests)</b>	19		<u>2,347,092</u>		<u>2,151,072</u>

ON BEHALF OF THE BOARD:

.....  
H M Withers FCA FTII - Director

Approved by the Board on ..... 17 November 2003 .....

The notes form part of these financial statements

South Wharf Investments (Portslade) Ltd

Cash Flow Statement  
for the Year Ended 30 June 2003

	Notes	30.6.03		30.6.02	
		£	£	£	£
Net cash inflow from operating activities	1		5,082		51,615
Returns on investments and servicing of finance	2		(20,306)		(22,643)
Taxation			(4,498)		(4,908)
Capital expenditure	2		(240)		(691)
			(19,962)		23,373
Financing	2		(27,292)		(25,818)
Decrease in cash in the period			(47,254)		(2,445)
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(47,254)		(2,445)	
Cash outflow from decrease in debt		27,292		25,818	
Change in net debt resulting from cash flows			(19,962)		23,373
Movement in net debt in the period			(19,962)		23,373
Net debt at 1 July			(212,863)		(236,236)
Net debt at 30 June			(232,825)		(212,863)

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 30 June 2003

1. **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	30.6.03 £	30.6.02 £
Operating profit	59,299	43,921
Depreciation charges	1,043	1,008
(Increase)/Decrease in debtors	(19,531)	447
(Decrease)/Increase in creditors	(35,729)	6,239
<b>Net cash inflow from operating activities</b>	<b>5,082</b>	<b>51,615</b>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	30.6.03 £	30.6.02 £
<b>Returns on investments and servicing of finance</b>		
Interest received	525	2
Interest paid	(16,281)	(18,095)
Dividends paid on non-equity shares	(4,550)	(4,550)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(20,306)</b>	<b>(22,643)</b>
 <b>Capital expenditure</b>		
Purchase of tangible fixed assets	(240)	(691)
<b>Net cash outflow for capital expenditure</b>	<b>(240)</b>	<b>(691)</b>
 <b>Financing</b>		
Loan repayments in year	(27,292)	(25,818)
<b>Net cash outflow from financing</b>	<b>(27,292)</b>	<b>(25,818)</b>

South Wharf Investments (Portslade) Ltd

Notes to the Cash Flow Statement  
for the Year Ended 30 June 2003

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.7.02 £	Cash flow £	At 30.6.03 £
Net cash:			
Cash at bank and in hand	13,474	(13,413)	61
Bank overdraft	-	(33,841)	(33,841)
	<u>13,474</u>	<u>(47,254)</u>	<u>(33,780)</u>
Debt:			
Debts falling due within one year	(25,161)	9,297	(15,864)
Debts falling due after one year	(201,176)	17,995	(183,181)
	<u>(226,337)</u>	<u>27,292</u>	<u>(199,045)</u>
Total	<u>(212,863)</u>	<u>(19,962)</u>	<u>(232,825)</u>

Notes to the Financial Statements  
for the Year Ended 30 June 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.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year.

**Tangible fixed assets**

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

Freehold investment property	- Under SSAP 19, no depreciation required
Improvements to leasehold premises	- 20% on cost
Office equipment	- 15% on cost

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

**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

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	30.6.03	30.6.02
	£	£
United Kingdom	92,700	72,820
	<u>92,700</u>	<u>72,820</u>

3. STAFF COSTS

	30.6.03	30.6.02
	£	£
Wages and salaries	3,147	3,149
	<u>3,147</u>	<u>3,149</u>

The average monthly number of employees during the year was as follows:

	30.6.03	30.6.02
Number of management staff	3	3
	<u>3</u>	<u>3</u>

Notes to the Financial Statements  
for the Year Ended 30 June 2003

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	30.6.03	30.6.02
	£	£
Depreciation - owned assets	1,043	1,008
Auditors' remuneration	2,274	1,821
	<u>          </u>	<u>          </u>
Directors' emoluments	3,147	3,149
	<u>          </u>	<u>          </u>

5. **INTEREST PAYABLE AND SIMILAR CHARGES**

	30.6.03	30.6.02
	£	£
Bank loan interest	1,881	3,695
Loan stock interest	14,400	14,400
	<u>          </u>	<u>          </u>
	16,281	18,095
	<u>          </u>	<u>          </u>

6. **TAXATION**

**Analysis of the tax charge**

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

	30.6.03	30.6.02
	£	£
Current tax:		
UK corporation tax	-	4,498
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities	-	4,498
	<u>          </u>	<u>          </u>

7. **DIVIDENDS**

	30.6.03	30.6.02
	£	£
Final	4,550	4,550
	<u>          </u>	<u>          </u>

Dividends paid on preference and preferred ordinary shares.

Notes to the Financial Statements  
for the Year Ended 30 June 2003

8. TANGIBLE FIXED ASSETS

	Freehold investment property £	Improvements to leasehold premises £	Office equipment £	Totals £
<b>COST OR VALUATION:</b>				
At 1 July 2002	2,456,350	4,324	956	2,461,630
Additions	-	-	240	240
Freehold property revaluation	157,027	-	-	157,027
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2003	2,613,377	4,324	1,196	2,618,897
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION:</b>				
At 1 July 2002	2,808	2,594	197	5,599
Charge for year	-	864	179	1,043
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2003	2,808	3,458	376	6,642
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE:</b>				
At 30 June 2003	2,610,569	866	820	2,612,255
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2002	2,453,542	1,730	759	2,456,031
	<hr/>	<hr/>	<hr/>	<hr/>

In relation to the freehold investment property, the 2003 valuation was made by the company's insurers, Royal & Sun Alliance, on the basis of their previous year's valuation index linked to current day values and taking into account the alterations made to the property by the tenant.

At 30 June 2003, the valuation of £2,610,569 for the freehold investment property, represents the company's 91% interest in the freehold property situated at Portslade, East Sussex. The other 9% of the property is owned equally by The Elizabeth Baxter Hostel and The Silver Lady Fund.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.03 £	30.6.02 £
Other debtors	24,375	3,823
Prepayments and accrued income	2,415	3,436
	<hr/>	<hr/>
	26,790	7,259
	<hr/>	<hr/>



Notes to the Financial Statements  
for the Year Ended 30 June 2003

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

	30.6.03	30.6.02
	£	£
Bank loans and overdrafts (see note 12)	49,705	25,161
Corporation tax	-	4,498
Other taxation and social security	29	10
Other creditors	18,361	57,342
Amount owed to related company :The Silver Lady Fund	11,488	10,453
Amount owed to related company :The Elizabeth Baxter Hostel	1,035	900
Accruals and deferred income	28,215	26,152
	<u>108,833</u>	<u>124,516</u>

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

	30.6.03	30.6.02
	£	£
Bank loans (see note 12)	-	17,995
Amount owed to related company - due after 1 year: The Silver Lady Fund	63,181	63,181
Amount owed to related company - The Silver Lady Fund: 12% loan stock 1998 - 2005	120,000	120,000
	<u>183,181</u>	<u>201,176</u>

12. **LOANS**

An analysis of the maturity of loans is given below:

	30.6.03	30.6.02
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	33,841	-
Bank loan - due 1 year	15,864	25,161
	<u>49,705</u>	<u>25,161</u>
Amounts falling due between one and two years:		
Bank loans and overdrafts	-	17,995
	<u>-</u>	<u>17,995</u>

13. **SECURED DEBTS**

The bank loans of £15,864 (2002 £25,161) repayable within one year and the bank loans of £Nil (2002 £17,995) repayable after more than one year, are secured by way of a mortgage and a debenture over the company's assets.

Notes to the Financial Statements  
for the Year Ended 30 June 2003

14. **CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.03 £	30.6.02 £
5,000	Deferred Ordinary	£1	5,000	5,000
1,000	6.5% Preference	£25	25,000	25,000
1,800	6.5% Preferred Ordinary	£25	45,000	45,000
			<u>75,000</u>	<u>75,000</u>

15. **RESERVES**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 July 2002	3,779	2,072,293	2,076,072
Retained profit for the year	38,993	-	38,993
Rvaluation of fixed assets	-	157,027	157,027
	<u>42,772</u>	<u>2,229,320</u>	<u>2,272,092</u>
At 30 June 2003			

Included within the revaluation reserve at both 30 June 2003 and 2002, is an amount of £181,234, which represents pre 1980 reserves.

16. **CONTINGENT LIABILITIES**

At 30 June 2003, a contingent liability existed in relation to rental arbitration costs, which is felt to be not quantifiable at the balance sheet date.

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.

Mrs J G P Penn:	61 Preference shares
	40 Preferred Ordinary shares
	749 Deferred Ordinary shares

The Silver Lady Fund (England & Wales):

388 Preference shares
692 Preferred Ordinary shares
10 Deferred Ordinary shares

**The Trustees of The Elizabeth Baxter Hostel (England & Wales):**  
**498 Preference shares**  
**843 Preferred Ordinary shares**  
**2666 Deferred Ordinary shares**

Included within other debtors in the balance sheet at 30 June 2003, are amounts owed to the company by the related companies. The Elizabeth Baxter Hostel and The Silver Lady Fund of £517 and £273 respectively.

Included within other creditors in the balance sheet at 30 June 2003, are amounts owed by the company to the director, H M Withers FCA FTII in the sum of £4,619 (2002 £7,019), being a current account balance with the company and to the director, Mrs J G P Penn in the sum of £1,000 (2002 £1,000), being unpaid director's remuneration.

Since the balance sheet date, the company's bankers have agreed to a seven year loan, to repay the 12% loan stock and existing bank borrowings. The beneficial effect of the reduction in interest charges, will commence to be shown in next year's accounts.

The banking reorganisation took place on 1 July 2003 and the £120,000 loan stock was repaid to The Silver Lady Fund on the agreed date of 1 October 2003.

	30.6.03 £	30.6.02 £
Profit for the financial year	43,543	21,330
Dividends	(4,550)	(4,550)
	<hr/>	<hr/>
	38,993	16,780
Other recognised gains and losses relating to the year (net)	157,027	631,130
	<hr/>	<hr/>
<b>Net addition to shareholders' funds</b>	<b>196,020</b>	<b>647,910</b>
Opening shareholders' funds	2,151,072	1,503,162
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>2,347,092</b>	<b>2,151,072</b>
	<hr/>	<hr/>
Equity interests	2,277,092	2,081,072
Non-equity interests	70,000	70,000
	<hr/>	<hr/>
	<b>2,347,092</b>	<b>2,151,072</b>
	<hr/>	<hr/>