

Clayside Property Investments Limited
Directors' Report and Financial Statements
for the year ended 31 March 2002



Company Number : 529958 (England and Wales)

Clayside Property Investments Limited

Company Information

Directors	M D Jacobson Mrs A B Jacobson Mrs I R Jacobson N Scott
Secretary	W E Fawell
Company Number	529958 (England and Wales)
Registered Office	14 Grainger Suite Dobson House Regent Centre Gosforth Newcastle Upon Tyne NE3 3PF
Auditors	BKR Haines Watts Registered Auditors and Chartered Accountants 3 Osborne Terrace Jesmond Newcastle Upon Tyne NE2 1NE

Clayside Property Investments Limited

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Clayside Property Investments Limited

Directors' report for the year ended 31 March 2002

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

Principal activities

The company's principal activity continues to be that of ownership of investment properties for lease or rent.

Directors

The directors who served during the year and their interests in the company's issued ordinary share capital were:

	<u>Number of shares</u>	
	<u>31 March 2002</u>	<u>31 March 2001</u>
Malcolm D Jacobson		
Beneficial	1,472	1,472
Non-beneficial	663	663
Mrs A B Jacobson		
Beneficial	221	221
Non-beneficial	-	200
Mrs I R Jacobson		
Beneficial	615	615
Non-beneficial	857	1,057
Norman Scott	-	-
	3,828	4,228
Less: Duplicated (see note below)	-	200
	3,828	4,028

Where more than one director is a trustee, the shareholding of that trust is included in the total interest of each director who is a trustee.

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.

Clayside Property Investments Limited

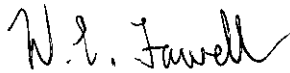
**Directors' report
for the year ended 31 March 2002**

Auditors

The auditors, BKR Haines Watts, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 25 January 1995.

This report was approved by the board on *28 August 2002*, taking advantage of special exemptions available to small companies, conferred by Part VII of the Companies Act 1985.

Signed on behalf of the board of directors,



W E Fawell
Company Secretary

Clayside Property Investments Limited

**Independent Auditors' report
to the Shareholders of Clayside Property Investments Limited**

We have audited the financial statements of Clayside Property Investments Limited on pages 5 to 11 for the year ended 31 March 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1, the company's directors are responsible for the preparation of the 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 directors' report 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 the directors' remuneration and transactions with the company is not disclosed.

We read the directors' report 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.

Qualified opinion arising from disagreement about accounting treatment

As more fully explained in note 5, the company's investment properties are stated at cost instead of being revalued to market value as required by Statement of Standard Accounting Practice No. 19.

Clayside Property Investments Limited

**Independent Auditors' report
to the Shareholders of Clayside Property Investments Limited
(Continued)**

Except for the failure to account for investment properties in accordance with SSAP 19 and the subsequent adjustments thereon, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

BKR Haines Watts
Registered Auditors and
Chartered Accountants
3 Osborne Terrace
Jesmond
Newcastle Upon Tyne
NE2 1NE

BKR Haines Watts

Date : *20 September* 2002

Clayside Property Investments Limited

**Profit and loss account
for the year ended 31 March 2002**

	<u>Note</u>	<u>2002</u> £	<u>2001</u> £
Turnover		641,703	672,857
Administrative expenses		(197,480)	(133,091)
Profit on disposal of investment property		939,686	-
Investment income		89,351	79,237
Operating profit	2	1,473,260	619,003
Profit on ordinary activities before taxation		1,473,260	619,003
Taxation	3	(262,005)	(169,239)
Profit on ordinary activities after taxation		1,211,255	449,764
Dividends	4	(216,972)	(208,116)
Retained profit transferred to reserves	12	994,283	241,648

There are no recognised gains and losses other than those included in the profit and loss account.

There were no acquisitions or discontinued operations during the current or preceding year.

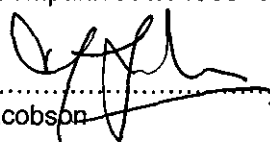
The notes on pages 7 to 11 form part of these financial statements.

Clayside Property Investments Limited

Balance sheet as at 31 March 2002

	<u>Note</u>	£	<u>2002</u> £	£	<u>2001</u> £
Fixed assets					
Tangible assets	5		2,107,368		2,217,682
Investments	6		100		100
			2,107,468		2,217,782
Current assets					
Debtors	7	52,293		85,648	
Investments	8	2,620,219		1,360,005	
Cash at bank and in hand		632		903	
			2,673,144	1,446,556	
Creditors: amounts falling due within one year	9	(463,197)		(341,206)	
Net current assets			2,209,947		1,105,350
Total assets less current liabilities			4,317,415		3,323,132
Capital and reserves					
Called up share capital	11		4,428		4,428
Share premium account	14		116,552		116,552
Capital reserve	14		1,277,280		443,003
Profit and loss account	14		2,919,155		2,759,149
			4,317,415		3,323,132

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.


.....
M D Jacobson

Date :- 28/4UG. /2002.....

The notes on pages 7 to 11 form part of these financial statements.

Clayside Property Investments Limited

Notes to the financial statements for the year ended 31 March 2002

1. Accounting Policies

1.1 Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors' report and which is continuing.

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents gross rents receivable during the year.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment 33 $\frac{1}{3}$ % straight line basis

In accordance with the provisions of Statement of Standard Accounting Practice 19, no provision is made for depreciation in respect of the investment properties.

1.4 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes.

1.5 Pensions

The company operates a defined contribution pension scheme for one director and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Operating profit

The operating profit is stated after charging/(crediting):

	<u>2002</u>	<u>2001</u>
	£	£
Profit on disposal of freehold investment property	(939,686)	-
Operating lease rentals	4,020	4,020
Pension costs	3,615	3,615
Auditors' remuneration	3,400	2,879
Directors' remuneration (including pension costs)	36,365	36,365
Interest receivable on bank and short term Investments	(89,351)	(79,237)
	<u> </u>	<u> </u>

Clayside Property Investments Limited

Notes to the financial statements for the year ended 31 March 2002

3. Taxation

	<u>2002</u> £	<u>2001</u> £
UK current year taxation		
UK corporation taxation	265,000	170,000
Prior years		
UK corporation tax	(2,995)	(761)
	262,005	169,239

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 30% (2001 : 30%). The current tax charge for the year is less than 30% (2001 was less than 30%) for the reasons set out in the following reconciliation :-

	<u>2002</u> £	<u>2001</u> £
Profit on ordinary activities before tax	1,473,260	619,003
Tax thereon at standard rate of 30%	441,978	185,701
Factors affecting charge :-		
Disallowable expenses	1,851	3,047
Utilisation of brought forward capital losses	(36,123)	-
Indexation relief on capital gain	(131,156)	-
Capital allowances for year in excess of depreciation	(135)	(45)
Other	3,050	3,066
Marginal relief	(14,465)	(21,769)
Current tax charge for the year	265,000	170,000

4. Dividends

	<u>2002</u> £	<u>2001</u> £
Interim paid	73,062	68,634
Final proposed	143,910	139,482
	216,972	208,116

Clayside Property Investments Limited

Notes to the financial statements for the year ended 31 March 2002

5. Tangible fixed assets

	<u>Office equipment</u> £	<u>Freehold investment property</u> £	<u>Total</u> £
Cost			
At 1 April 2001	3,689	2,217,682	2,221,371
Additions	-	-	-
Disposals	(3,689)	(110,314)	(114,003)
At 31 March 2002	-	2,107,368	2,107,368
Depreciation			
At 1 April 2001	3,689	-	3,689
Charge for the year	-	-	-
Disposals	(3,689)	-	(3,689)
At 31 March 2002	-	-	-
Net book value			
At 31 March 2002	-	2,107,368	2,107,368
At 31 March 2001	-	2,217,682	2,217,682

No independent valuation of the freehold property has been obtained since the cost of doing so would be excessive. The directors are not qualified to undertake such a valuation.

6. Fixed asset investments

	<u>2002</u> £	<u>2001</u> £
Interest in subsidiary	100	100

The subsidiary company, Montagu Properties Limited, registered in England, had not commenced trading as at 31 March 2002. Group accounts have not been prepared as, in the opinion of the directors, they would be of no real value to members in view of the insignificant amount involved.

7. Debtors: due within one year

	<u>2002</u> £	<u>2001</u> £
Due within one year		
Sundry debtors	13,761	10,902
Prepayments and accrued income	38,532	74,746
	52,293	85,648

Clayside Property Investments Limited

Notes to the financial statements for the year ended 31 March 2002

8. Current asset investments

	<u>2002</u> £	<u>2001</u> £
Short-term bank deposit accounts	2,620,219	1,360,005
	<u> </u>	<u> </u>

9. Creditors: amounts falling due within one year

	<u>2002</u> £	<u>2001</u> £
Corporation tax	265,000	170,000
Other taxation and social security	6,206	5,650
Dividends	143,910	139,482
Accruals and deferred income	47,920	14,157
Sundry creditors	161	11,917
	<u> </u>	<u> </u>
	463,197	341,206
	<u> </u>	<u> </u>

10. Capital commitments

There were no capital commitments authorised and contracted for as at 31 March 2002 (31 March 2001 : £nil).

11. Called up share capital

	<u>2002</u> £	<u>2001</u> £
Authorised		
Ordinary shares of £1 each	4,500	4,500
	<u> </u>	<u> </u>
Allotted		
Ordinary shares of £1 each, fully paid	4,428	4,428
	<u> </u>	<u> </u>

12. Profit and loss account

	<u>2002</u> £	<u>2001</u> £
Balance at 1 April 2001	2,759,149	2,517,501
Retained profit for the year	994,283	241,648
Transfer to capital reserve	(834,277)	-
	<u> </u>	<u> </u>
Balance at 31 March 2002	2,919,155	2,759,149
	<u> </u>	<u> </u>

Clayside Property Investments Limited

Notes to the financial statements for the year ended 31 March 2002

13. Reconciliation of movement in shareholders' funds

	<u>2002</u> £	<u>2001</u> £
Profit for the year	1,211,255	449,764
Dividends	(216,972)	(208,116)
Shareholders' funds at 1 April 2001	994,283 3,323,132	241,648 3,081,484
Shareholders' funds at 31 March 2002	4,317,415	3,323,132

14. Reserves

	<u>Share Premium</u> <u>account</u> £	<u>Capital</u> <u>reserve</u> £	<u>Profit and Loss</u> <u>account</u> £	<u>Total</u> £
At 1 April 2001	116,552	443,003	2,759,149	3,318,704
Transfer to capital reserve of profit on disposal of investment property (net of tax).	-	834,277	(834,277)	-
Retained profit for the year	-	-	994,283	994,283
At 31 March 2002	116,552	1,277,280	2,919,155	4,312,987

In accordance with the company's Memorandum and Articles of Association, the profit on sale of the investment property (net of tax) has been transferred to the capital reserve.

15. Control

The company is under the control of M D Jacobson, Mrs A B Jacobson and Mrs I R Jacobson.