

Clayside Property Investments Limited
Directors' Report and Financial Statements
for the year ended 31 March 2003



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	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 2003

The directors present their report and the financial statements for the year ended 31 March 2003.

Principal activities and review of business

The company's principal activity continues to be that of ownership of investment properties for lease or rent. The directors are satisfied with the performance of the company during the year.

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 2003</u>	<u>31 March 2002</u>
Malcolm D Jacobson		
Beneficial	1,472	1,472
Non-beneficial	663	663
Mrs A B Jacobson		
Beneficial	221	221
Non-beneficial	-	-
Mrs I R Jacobson		
Beneficial	615	615
Non-beneficial	857	857
Norman Scott	-	-
	3,828	3,828

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;
- state whether applicable accounting policies 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 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

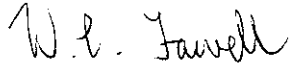
**Directors' report
for the year ended 31 March 2003**

Auditors

The auditors, 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 10.9.2003, 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,

A handwritten signature in cursive script, appearing to read 'W. E. Fawell'.

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 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

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 has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 opinions we have formed.

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.

Clayside Property Investments Limited

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

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.

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 2003 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.

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

Haines Watts

Dated : *18th September* 2003

Clayside Property Investments Limited

**Profit and loss account
for the year ended 31 March 2003**

	<u>Note</u>	<u>2003</u> £	<u>2002</u> £
Turnover		638,560	641,703
Administrative expenses		(178,692)	(197,480)
Profit on disposal of investment property		227,699	939,686
Investment income		103,329	89,351
Operating profit	2	790,896	1,473,260
Profit on ordinary activities before taxation		790,896	1,473,260
Taxation	3	(191,976)	(262,005)
Profit on ordinary activities after taxation		598,920	1,211,255
Dividends	4	(225,828)	(216,972)
Retained profit transferred to reserves	12	373,092	994,283

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 2003

	<u>Note</u>	£	<u>2003</u> £	£	<u>2002</u> £
Fixed assets					
Tangible assets	5		2,273,060		2,107,368
Investments	6		100		100
			2,273,160		2,107,468
Current assets					
Debtors	7	203,699		52,293	
Investments	8	2,782,663		2,620,219	
Cash at bank and in hand		876		632	
		2,987,238		2,673,144	
Creditors: amounts falling due within one year	9	(569,891)		(463,197)	
Net current assets			2,417,347		2,209,947
Total assets less current liabilities			4,690,507		4,317,415
Capital and reserves					
Called up share capital	11		4,428		4,428
Share premium account	14		116,552		116,552
Capital reserve	14		1,458,323		1,277,280
Profit and loss account	14		3,111,204		2,919,155
			4,690,507		4,317,415

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 :- 10/5/2003

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 2003

1. Accounting Policies

1.1 Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards 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>2003</u>	<u>2002</u>
	£	£
Profit on disposal of freehold investment property	(227,699)	(939,686)
Operating lease rentals	4,460	4,020
Pension costs	3,615	3,615
Auditors' remuneration	4,000	3,400
Directors' remuneration (including pension costs)	39,365	36,365
Interest receivable on bank and short term Investments	(103,329)	(89,351)
	<u> </u>	<u> </u>

Clayside Property Investments Limited

**Notes to the financial statements
for the year ended 31 March 2003**

3. Taxation

	<u>2003</u> £	<u>2002</u> £
UK current year taxation		
UK corporation taxation	195,000	265,000
Prior years		
UK corporation tax	(3,024)	(2,995)
	191,976	262,005

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 30% (2002 : 30%). The current tax charge for the year is less than 30% (2002 was less than 30%) for the reasons set out in the following reconciliation :-

	<u>2003</u> £	<u>2002</u> £
Profit on ordinary activities before tax	790,896	1,473,260
Tax thereon at standard rate of 30%	237,269	441,978
Factors affecting charge :-		
Disallowable expenses	1,100	1,851
Utilisation of brought forward capital losses	-	(36,123)
Indexation relief on capital gain	(21,654)	(131,156)
Capital allowances for year in excess of depreciation	-	(135)
Other	(187)	3,050
Marginal relief	(21,528)	(14,465)
Current tax charge for the year	195,000	265,000

4. Dividends

	<u>2003</u> £	<u>2002</u> £
Interim paid	73,062	73,062
Final proposed	152,766	143,910
	225,828	216,972

Clayside Property Investments Limited

**Notes to the financial statements
for the year ended 31 March 2003**

5. Tangible fixed assets

	<u>Office equipment</u> £	<u>Freehold investment property</u> £	<u>Total</u> £
Cost			
At 1 April 2002	-	2,107,368	2,107,368
Additions	160	172,050	172,210
Disposals	-	(6,465)	(6,465)
At 31 March 2003	160	2,272,953	2,273,113
Depreciation			
At 1 April 2002	-	-	-
Charge for the year	53	-	53
Disposals	-	-	-
At 31 March 2003	53	-	53
Net book value			
At 31 March 2003	107	2,272,953	2,273,060
At 31 March 2002	-	2,107,368	2,107,368

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>2003</u> £	<u>2002</u> £
Interest in subsidiary	100	100

The subsidiary company, Montagu Properties Limited, registered in England, had not commenced trading as at 31 March 2003. 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>2003</u> £	<u>2002</u> £
Due within one year		
Sundry debtors	164,829	13,761
Prepayments and accrued income	38,870	38,532
	203,699	52,293

Clayside Property Investments Limited

**Notes to the financial statements
for the year ended 31 March 2003**

8. Current asset investments

	<u>2003</u> £	<u>2002</u> £
Short-term bank deposit accounts	2,782,663	2,620,219

9. Creditors: amounts falling due within one year

	<u>2003</u> £	<u>2002</u> £
Corporation tax	195,000	265,000
Other taxation and social security	6,782	6,206
Dividends	152,766	143,910
Accruals and deferred income	215,182	47,920
Sundry creditors	161	161
	569,891	463,197

10. Capital commitments

There were capital commitments of some £180,000 authorised and contracted for as at 31 March 2003 (31 March 2002 : £nil).

11. Called up share capital

	<u>2003</u> £	<u>2002</u> £
Authorised		
Ordinary shares of £1 each	4,500	4,500
Allotted		
Ordinary shares of £1 each, fully paid	4,428	4,428

12. Profit and loss account

	<u>2003</u> £	<u>2002</u> £
Balance at 1 April 2002	2,919,155	2,759,149
Retained profit for the year	373,092	994,283
Transfer to capital reserve	(181,043)	(834,277)
Balance at 31 March 2003	3,111,204	2,919,155

Clayside Property Investments Limited

Notes to the financial statements for the year ended 31 March 2003

13. Reconciliation of movement in shareholders' funds

	<u>2003</u> £	<u>2002</u> £
Profit for the year	598,920	1,211,255
Dividends	(225,828)	(216,972)
Shareholders' funds at 1 April 2002	373,092 4,317,415	994,283 3,323,132
Shareholders' funds at 31 March 2003	4,690,507	4,317,415

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 2002	116,552	1,277,280	2,919,155	4,312,987
Transfer to capital reserve of profit on disposal of investment property (net of tax).	-	181,043	(181,043)	-
Retained profit for the year	-	-	373,092	373,092
At 31 March 2003	116,552	1,458,323	3,111,204	4,686,079

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.