

Campmoss Property Company Limited

**Directors' report and financial
statements**

Registered number 2090479

30 September 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2002.

Principal activities

The company's principal activity is that of property investment and development.

Business review

The profit for the year retained in the company is £268,034 (2001 as restated: £286,741).

Proposed dividend

The directors do not recommend the payment of a dividend (2001: *Nil*).

Directors and directors' interests

The directors who held office during the year were as follows:

E R Goodwin
J R Wollenberg

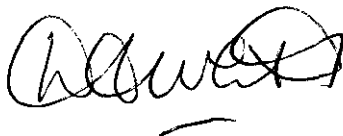
The directors had the following interests in the ordinary shares of the company:

	Ordinary shares of £1 each	
	30 September 2002	30 September 2001
E R Goodwin	25,500	25,500
J R Wollenberg	25,000	25,000

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



D A Whitaker
Secretary

Registered Office:
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE

25 November 2002

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 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;
- state whether applicable accounting standards 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE
United Kingdom

Report of the independent auditors to the members of Campmoss Property Company Limited

We have audited the financial statements on pages 4 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report, and as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 directors' remuneration and transactions with the company is not disclosed.

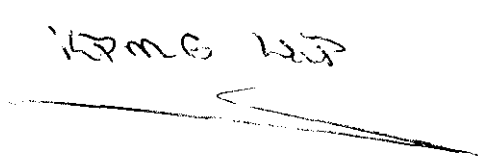
Basis of audit opinion

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 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 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


*Chartered Accountants
Registered Auditor*

29 November 2002

Profit and loss account
for the year ended 30 September 2002

	Note	2002 £	2001 (Restated – Note 1) £
Turnover	1	1,779,024	1,722,618
Cost of sales		(453,478)	(383,824)
Gross profit		1,325,546	1,338,794
Administrative expenses		(30,669)	(47,205)
Other operating income		500	530
Operating profit		1,255,377	1,292,119
Interest receivable and similar income	2	11,222	29,911
Interest payable and similar charges	3	(916,646)	(911,802)
Profit on ordinary activities before taxation	4	389,953	410,228
Tax on profit on ordinary activities	5	(121,919)	(123,487)
Profit on ordinary activities after taxation being retained profit for the financial year		268,034	286,741
The above results relate entirely to continuing activities.			
Retained profit brought forward as previously stated		2,686,044	2,275,816
Prior year adjustment (see Note 1)		(442,074)	(318,587)
Retained profit brought forward as restated		2,243,970	1,957,229
Profit for the financial year		268,034	286,741
Retained profit carried forward		2,512,004	2,243,970

Statement of total recognised gains and losses
for the year ended 30 September 2002

	2002 £	2001 (Restated-Note 1) £
Profit for the financial year being total recognised gains and losses relating to the year	268,034	286,741
Prior year adjustment relating to accounting policy for deferred tax (Note 1)	(442,074)	-
Total recognised gains and losses since last annual report	(174,040)	286,741

There is no difference between the company's result as reported and the historical cost result in either year.

Balance sheet
at 30 September 2002

	Note	2002	2001
		£	(Restated – Note 1) £
Fixed assets			
Tangible assets:			
Investment properties	6	24,193,526	21,563,961
Other assets	7	2,248	1,795
Investment	8	2	2
		<u>24,195,776</u>	<u>21,565,758</u>
Current assets			
Debtors	9	832,045	942,895
Cash at bank and in hand		372,862	1,574,567
		<u>1,204,907</u>	<u>2,517,462</u>
Creditors: amounts falling due within one year	10	(5,484,652)	(1,981,619)
Net current (liabilities)/assets		<u>(4,279,745)</u>	<u>535,843</u>
Total assets less current liabilities		<u>19,916,031</u>	<u>22,101,601</u>
Creditors: amounts falling due after more than one year	11	(9,470,600)	(12,114,565)
Provisions for liabilities and charges	12	(981,538)	(791,177)
Net assets		<u>9,463,893</u>	<u>9,195,859</u>
Capital and reserves			
Called up share capital	14	1,050,000	1,050,000
Investment property revaluation reserve	15	5,901,889	5,901,889
Profit and loss account		2,512,004	2,243,970
Shareholders' funds - equity	16	<u>9,463,893</u>	<u>9,195,859</u>

These financial statements were approved by the board of directors on 25 November 2002 and were signed on its behalf by:



E R Goodwin
Director



J R Wollmer
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below under taxation. The financial statements have been prepared under the historical cost convention, modified by the revaluation of investment properties, and in accordance with applicable accounting standards and with the Companies Act 1985 except as noted below under investment properties.

The basis is consistent with the financial statements for the year ended 30 September 2001, except that FRS19 - *Deferred Tax* has been adopted. The standard requires that full provision is made for deferred tax and the comparative figures have been restated to reflect its adoption.

The effect of the restatement is as follows:

	Group	
	2002 £	2001 £
Tax charge		
As previous policy	-	-
Deferred tax charge	121,919	123,487
As restated	121,919	123,487
Net assets		
As previous policy	10,027,886	9,637,933
Deferred tax provision (net liability)	(563,993)	(442,074)
As restated	9,463,893	9,195,859

Under Section 248 of the Companies Act 1985 the directors have not prepared group financial statements on the grounds that the group headed by the company qualifies as a small group. Consequently these financial statements present information about the company as an individual company, not as a group.

Investment properties

Design, construction and management expenses together with interest incurred in respect of investment properties in the course of development are capitalised until the building is effectively completed and available for letting along with the costs directly attributable to the initial letting of newly developed properties. Thereafter they are charged to the profit and loss account. Whilst under development such properties are classified as assets in the course of construction and any accumulated revaluation surpluses or deficits are transferred from the investment property revaluation reserve to a separate revaluation reserve. These properties are also revalued at the year end and surpluses or deficits transferred to that revaluation reserve. As assets in the course of construction are not in use they are not depreciated.

When completed, these properties are transferred back to investment properties and accumulated revaluation surpluses or deficits transferred back to the investment property revaluation reserve.

In accordance with Statement of Standard Accounting Practice No 19:

- investment properties are revalued annually and surpluses or deficits are transferred to a revaluation reserve unless a deficit on an individual property is considered permanent. In this case the deficit is charged to the profit and loss account and any subsequent reversal is credited to the profit and loss account in the period in which it arises.

Notes (continued)

1 Accounting policies (continued)

- no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years unexpired.

This treatment as regards certain of the company's investment properties may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Depreciation

Provision is made for depreciation on other tangible fixed assets so as to write off their cost less the estimated residual value on a straight-line basis over their expected useful lives as follows:

Fixtures and fittings - 5 years

Taxation

Provision is made for corporation tax payable at current rates on profits as adjusted for tax purposes.

The company has implemented FRS 19 - *Deferred Tax* during the year. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents rents receivable from tenants (excluding value added tax).

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement as the group it heads qualifies as a small group.

2 Interest receivable and similar income

This comprises wholly bank interest receivable.

3 Interest payable

	2002 £	2001 £
Paid to The Cardiff Property plc	45,878	51,857
On institutional loans	870,768	859,945
	916,646	911,802

Notes (continued)

4 Profit on ordinary activities before taxation

	2002 £	2001 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration - audit	4,250	3,750
- non audit	2,500	4,400
Depreciation of tangible fixed assets	2,546	1,397
Management fees	245,000	267,445

Each director received fees of £10,000 totalling £20,000 (2001: £12,000). The company had no employees in either year.

5 Tax on profit on ordinary activities

	2002 £	2001 £
Current tax	-	-
Deferred tax		
Change relating to timing differences	121,919	123,487
Tax on profit on ordinary activities	121,919	123,487

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2001: lower) than the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are explained below.

	2002 £	2001 £
Current tax reconciliation		
Profit on ordinary activities before tax	389,953	410,228
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	116,986	123,068
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,802	2,281]
Capital allowances for period in excess of depreciation	(40,361)	(54,114)
Provisions not tax deductible until paid	45,000	-
Utilisation of tax losses brought forward	(124,427)	(71,265)
Current tax charge for the year	-	-

Notes (continued)

5 Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges

The group expects to continue to be able to claim capital allowances in excess of depreciation in future years.

The company's current tax charge continues to benefit from brought forward tax losses available.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold. The total amount unprovided for at 30% is £1,499,000. At present it is not envisaged that any tax will become payable in respect of revalued investment properties in the foreseeable future.

6 Investment properties

	Freehold properties £
At 1 October 2001	21,563,961
Additions	2,629,565
At 30 September 2002	24,193,526

The cumulative amount of interest capitalised within investment properties at 30 September 2002 was £936,520 (2001: £936,520).

At 30 September 2002 properties were included at directors' valuation on the basis of open market.

The historical cost of investment property at 30 September 2002 was £18,291,637 (2001: £15,662,072).

7 Other fixed assets

	Fixtures and fittings £
Cost	
At beginning of year	7,876
Additions	2,999
At end of year	10,875
Depreciation	
At beginning of year	6,081
Charge for year	2,546
At end of year	8,627
Net book value	
At 30 September 2002	2,248
At 30 September 2001	1,795

Notes (continued)

8 Investments

This represents an investment in the entire share capital of Campmoss Property Development Limited (a company registered in England and Wales), a wholly owned subsidiary undertaking of the company, which has not traded in the two years to 30 September 2002.

Campmoss Property Development Limited's aggregate capital and reserves as at 30 September 2002 amounted to £4,489 (2001: £4,489). During the year it made neither a profit nor a loss (2001: £nil).

9 Debtors

	2002 £	2001 £
Trade debtors	196,467	160,241
Fidelity deposits held	498,650	493,021
Amounts owed by Deepwood Properties (see note 17)	4,882	-
Other debtors	3,315	87,533
Prepayments and accrued income	16,186	7,997
Deferred tax asset (see Note 13)	112,545	194,103
	<u>832,045</u>	<u>942,895</u>

The above deferred tax asset is anticipated to be recovered after more than one year.

10 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdraft	-	3,531
Other loans (see note 11)	2,643,965	368,132
Trade creditors	12,987	33,391
Amounts owed to The Cardiff Property plc (see note 17)	1,551,041	2,409
Amounts owed to Deepwood Properties (see note 17)	113,975	394,795
Amounts owed to subsidiary (see note 17)	2,489	2,489
Other taxes and social security	25,736	-
Accruals and deferred income	192,214	197,710
Rents received in advance	439,518	417,398
Fidelity deposits due	502,591	494,045
Other creditors	136	67,719
	<u>5,484,652</u>	<u>1,981,619</u>

Notes (continued)

11 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Other loans		
Repayable within		
1 - 2 years	421,611	2,643,965
2 - 5 years	6,260,804	6,579,349
After more than 5 years	2,788,185	2,891,251
	9,470,600	12,114,565

The other loans, from Norwich Union Mortgage Finance Limited, are secured by a first legal charge on certain freehold investment property.

Interest is payable on the amounts outstanding, including amounts falling due within one year, at the following rates:

	£
At 6.72%	2,027,373
At 6.87%	4,598,707
At 7.85%	3,238,485
At 8.31%	2,250,000
	12,114,565

12 Provisions for liabilities and charges

	Cost of resolving claims £	Deferred tax liability (restated – note 13) £	Total (restated – note 1) £
At beginning of year	155,000	636,177	791,177
Charged to profit and loss account in year	150,000	40,361	190,361
At end of year	305,000	676,538	981,538

Provisions in respect of resolving claims represent the directors' best estimate of the cost of resolving claims made against the company in respect of property developments. The directors are defending such claims in the company's interests and the ultimate costs will depend upon the outcome of ongoing discussions and actions.

Notes (continued)

13 Deferred taxation

Financial Reporting Standard 19 has been adopted in the current year and full provision has been made for deferred taxation as follows. Prior year figures have been restated (see note 1).

The elements of deferred taxation are as follows:

	2002 £	2001 £
Difference between accumulated depreciation and amortisation and capital allowances	676,538	636,177
Other timing differences	(55,500)	(10,500)
Tax losses	(57,045)	(183,603)
Net deferred tax liability	563,993	442,074
Deferred tax asset (note 9)	(112,545)	(194,103)
Deferred tax liability (note 12)	676,538	636,177
Net deferred tax liability	563,993	442,074

The above deferred tax asset included within current assets in the group accounts relates to short term timing differences and tax losses and is anticipated to be recoverable within a reasonable period.

14 Share capital

	2002 £	2001 £
<i>Authorised</i>		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
<i>Allotted, called up and fully paid</i>		
1,050,000 ordinary shares of £1 each	1,050,000	1,050,000

15 Investment property revaluation reserve

	£
At beginning of year	5,901,889
At end of year	5,901,889

Notes (continued)

16 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
At beginning of year	9,637,933	9,227,705
Prior year adjustment (see Note 1)	(442,074)	(318,587)
At beginning of year as restated	9,195,859	8,909,118
Profit for the financial year	268,034	286,741
Revaluation of investment property	-	-
At end of year	9,463,893	9,195,859

17 Related party transactions

During the year the company entered into the following material transactions with related parties:

Party	Nature of transactions	Value		Balance due (to)/from related party at 30 September	
		2002 £	2001 £	2002 £	2001 £
Deepwood Properties	Development work on assets under construction	2,519,393	829,583	(109,093)	(394,795)
	Management fees charged by the company	120,000	120,000	-	-
Campmoss Property Developments Limited	Purchases or payment of costs by the company	-	-	(2,489)	(2,489)
The Cardiff Property plc	Loan received	1,520,000	-	(1,520,000)	-
	Loan repaid	-	1,488,854	-	-
	Loan interest charged to the company	45,878	51,857	-	-
	Management fees charged by the company	134,947	146,501	(31,041)	(2,409)

Construction, management and maintenance of the company's property portfolio is carried out by Deepwood Properties, a business of which Mr E R Goodwin, a director of the company and joint venture shareholder, is the sole proprietor.

Payments made are in accordance with costs incurred by prior agreement between the shareholders and are priced on an arm's length basis.

The Cardiff Property plc is a joint venture investor in the company and provides administration services. Of the amounts due to that company at 30 September 2002 £1,520,000 (2001: £Nil) represents outstanding loans, with the remainder relating to trading.

Notes *(continued)*

18 Capital commitments

There were no capital commitments under contracts at 30 September 2002 (2001: £Nil).