

Company Registration No. 2587041 (England and Wales)

CHARLES DARTMOUTH PLC

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2002



CHARLES DARTMOUTH PLC

COMPANY INFORMATION

Directors

C J Dartmouth
M Dartmouth

Secretary

M C Dartmouth

Company number

2587041

Registered office

Norgar House
10 East Street
Fareham
Hampshire
PO16 0BN

Auditors

RJG Palmer Gardner
Norgar House
10 East Street
Fareham
Hampshire
PO16 0BN

CHARLES DARTMOUTH PLC

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CHARLES DARTMOUTH PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2002

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

Principal activities and review of the business

The principal activity of the company is the holding of investment property.

The company has invested in a major project which meant decanting "Kids" from their current premises in Old Waterworks across the road into temporary accommodation in New Waterworks, and was achieved by them occupying premises vacated by Evans Grant until building works are completed in May 2003. This caused an inevitable loss of rental income, however, rent receipts will increase by £45,000 p.a. when they return to their new building.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Market value of land and buildings

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

Directors

The following directors have held office since 1 September 2001:

C J Dartmouth

M Dartmouth

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 August 2002	1 September 2001
C J Dartmouth	40,000	40,000
M Dartmouth	20,000	20,000

Charitable donations	2002	2001
	£	£

During the year the company made the following payments:

Charitable donations	1,140	1,373
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Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 96 (2001: 125) days' purchases.

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

CHARLES DARTMOUTH PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that RJG Palmer Gardner be reappointed as auditors of the company will be put to the Annual General Meeting.

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.

On behalf of the board



C J Dartmouth

Director

31 March 2003

CHARLES DARTMOUTH PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CHARLES DARTMOUTH PLC

We have audited the financial statements of CHARLES DARTMOUTH PLC on pages 4 to 15 for the year ended 31 August 2002. 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 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 the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 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 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 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 31 August 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RJG Palmer Gardner
Registered Auditor
Chartered Accountants

31 March 2003

Norgar House
10 East Street
Fareham
Hampshire
PO16 0BN

CHARLES DARTMOUTH PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2002

	Notes	2002 £	2001 £
Turnover	2	271,001	290,832
Administrative expenses		(95,927)	(61,179)
Operating profit	3	175,074	229,653
Other interest receivable and similar income		1,126	279
Interest payable and similar charges	4	(188,465)	(212,530)
(Loss)/profit on ordinary activities before taxation		(12,265)	17,402
Tax on (loss)/profit on ordinary activities	5	-	(28)
(Loss)/profit on ordinary activities after taxation	11	(12,265)	17,374

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CHARLES DARTMOUTH PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 AUGUST 2002

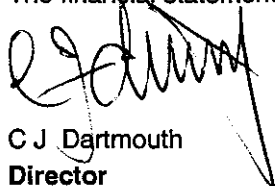
	2002 £	2001 £
(Loss)/profit for the financial year	(12,265)	17,374
Unrealised surplus on revaluation of properties	62,137	127,625
Total recognised gains and losses relating to the year	<u>49,872</u>	<u>144,999</u>

CHARLES DARTMOUTH PLC

BALANCE SHEET AS AT 31 AUGUST 2002

	Notes	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	6		3,235,021		3,057,602
Current assets					
Debtors	7	35,493		22,727	
Cash at bank and in hand		5,404		28,448	
		<u>40,897</u>		<u>51,175</u>	
Creditors: amounts falling due within one year	8	<u>(2,433,797)</u>		<u>(2,449,202)</u>	
Net current liabilities			<u>(2,392,900)</u>		<u>(2,398,027)</u>
Total assets less current liabilities			842,121		659,575
Creditors: amounts falling due after more than one year	9		<u>(222,344)</u>		<u>(89,670)</u>
			<u>619,777</u>		<u>569,905</u>
Capital and reserves					
Called up share capital	10		100,000		100,000
Revaluation reserve	11		639,996		577,859
Profit and loss account	11		<u>(120,219)</u>		<u>(107,954)</u>
Shareholders' funds - equity interests	12		<u>619,777</u>		<u>569,905</u>

The financial statements were approved by the Board on 31 March 2003


C J Dartmouth
Director

CHARLES DARTMOUTH PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2002

	2002		2001	
	£	£	£	£
Net cash inflow from operating activities		157,235		259,164
Returns on investments and servicing of finance				
Interest received	1,126		279	
Interest paid	(188,465)		(212,530)	
Net cash outflow for returns on investments and servicing of finance		(187,339)		(212,251)
Capital expenditure				
Payments to acquire tangible assets	(125,234)		(134,077)	
Receipts from sales of tangible assets	-		60,000	
Net cash outflow for capital expenditure		(125,234)		(74,077)
Net cash outflow before management of liquid resources and financing		(155,338)		(27,164)
Financing				
Other new long term loans	240,000		-	
Other new short term loans	-		345,000	
Repayment of long term bank loan	-		(31,910)	
Repayment of other long term loans	(99,092)		(288,731)	
Capital element of hire purchase contracts	(8,614)		8,848	
Net cash inflow from financing		132,294		33,207
(Decrease)/increase in cash in the year		(23,044)		6,043

CHARLES DARTMOUTH PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2002

1	Reconciliation of operating profit to net cash inflow from operating activities	2002	2001
		£	£
	Operating profit	175,074	229,653
	Depreciation of tangible assets	9,952	12,411
	Decrease in stocks	-	3,005
	(Increase)/decrease in debtors	(12,766)	4,259
	(Decrease)/Increase in creditors within one year	(15,025)	9,836
	Net cash inflow from operating activities	157,235	259,164

2	Analysis of net debt	1 September 2001	Cash flow	Other non-cash changes	31 August 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	28,448	(23,044)	-	5,404
	Debt:				
	Finance leases	(21,003)	8,614	-	(12,389)
	Debts falling due within one year	(2,305,000)	-	-	(2,305,000)
	Debts falling due after one year	(77,308)	(140,908)	-	(218,216)
		(2,403,311)	(132,294)	-	(2,535,605)
	Net debt	(2,374,863)	(155,338)	-	(2,530,201)

3	Reconciliation of net cash flow to movement in net debt	2002	2001
		£	£
	(Decrease)/increase in cash in the year	(23,044)	6,043
	Cash inflow from increase in debt and lease financing	(132,294)	(33,207)
	Movement in net debt in the year	(155,338)	(27,164)
	Opening net debt	(2,374,863)	(2,347,699)
	Closing net debt	(2,530,201)	(2,374,863)

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents rents receivable net of VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties valued on an existing use open market value basis. Other tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	nil
Fixtures, fittings & equipment	20% Reducing balance
Motor vehicles	25% Reducing balance

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

3	Operating profit	2002	2001
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	9,952	12,411
	Operating lease rentals	10,000	7,500
	Auditors' remuneration	5,000	5,000
	Remuneration of auditors for non-audit work	12,893	4,823
		<u> </u>	<u> </u>
4	Interest payable	2002	2001
		£	£
	On bank loans and overdrafts	103	345
	On other loans wholly repayable within 5 years	185,971	208,030
	On loans repayable after 5 years	-	2,951
	Hire purchase interest	2,391	1,204
		<u> </u>	<u> </u>
		188,465	212,530
		<u> </u>	<u> </u>
5	Taxation	2002	2001
		£	£
	Domestic current year tax		
	U.K. corporation tax	-	28
		<u> </u>	<u> </u>
	Current tax charge	-	28
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(12,265)	17,402
		<u> </u>	<u> </u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2001: 10.00%)	-	1,740
		<u> </u>	<u> </u>
	Effects of:		
	Non deductible expenses	-	264
	Depreciation add back	-	1,241
	Capital allowances	-	(1,272)
	Tax losses utilised	-	(1,945)
		<u> </u>	<u> </u>
		-	(1,712)
		<u> </u>	<u> </u>
	Current tax charge	-	28
		<u> </u>	<u> </u>

The company has estimated losses of £ 113,475 (2001: £ 104,862) available for carry forward against future trading profits.

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

6 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 September 2001	3,017,000	29,864	47,477	3,094,341
Additions	122,863	2,371	-	125,234
Revaluation	62,137	-	-	62,137
	<u>3,202,000</u>	<u>32,235</u>	<u>47,477</u>	<u>3,281,712</u>
At 31 August 2002				
Depreciation				
At 1 September 2001	-	16,406	20,333	36,739
Charge for the year	-	3,166	6,786	9,952
	<u>-</u>	<u>19,572</u>	<u>27,119</u>	<u>46,691</u>
At 31 August 2002				
Net book value				
At 31 August 2002	<u>3,202,000</u>	<u>12,663</u>	<u>20,358</u>	<u>3,235,021</u>
At 31 August 2001	<u>3,017,000</u>	<u>13,458</u>	<u>27,144</u>	<u>3,057,602</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 August 2002	<u>16,938</u>
At 31 August 2001	<u>22,584</u>
Depreciation charge for the year	
31 August 2002	<u>5,646</u>
31 August 2001	<u>7,528</u>

The company's properties were valued by the directors at 31 August 2002, on the basis of open market value for current use. The freehold investment properties have not been depreciated in accordance with SSAP 19 in order to show a true and fair view. However, this is a departure from the requirements of the Companies Act 1985.

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

7 Debtors	2002	2001
	£	£
Trade debtors	35,353	22,587
Other debtors	140	140
	<u>35,493</u>	<u>22,727</u>
8 Creditors: amounts falling due within one year	2002	2001
	£	£
Bank loans and overdrafts	2,305,000	2,305,000
Net obligations under hire purchase contracts	8,261	8,641
Trade creditors	23,237	15,867
Corporation tax	28	28
Other taxes and social security costs	19,918	20,058
Directors' current accounts	5,564	5,564
Other creditors	46,839	59,680
Accruals and deferred income	24,950	34,364
	<u>2,433,797</u>	<u>2,449,202</u>

The bank loan is secured by way of a debenture which incorporates a first legal charge over the company's freehold properties and property at Boxgrove Lane, Guildford. The property at Boxgrove Lane, Guildford is owned by Sheriol 101 Ltd a company in which Mrs B Dartmouth is a director and majority shareholder. Mrs B Dartmouth is also a shareholder in Charles Dartmouth plc and wife of the director Mr C Dartmouth.

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

9	Creditors: amounts falling due after more than one year	2002	2001
		£	£
	Other loans	218,216	77,308
	Net obligations under hire purchase contracts	4,128	12,362
		<u>222,344</u>	<u>89,670</u>
	Analysis of loans		
	Wholly repayable within five years	2,523,216	2,382,308
		<u>2,523,216</u>	<u>2,382,308</u>
	Included in current liabilities	(2,305,000)	(2,305,000)
		<u>218,216</u>	<u>77,308</u>
	Loan maturity analysis		
	In more than one year but not more than two years	218,216	77,308
		<u>218,216</u>	<u>77,308</u>
	Net obligations under hire purchase contracts		
	Repayable within one year	10,194	10,194
	Repayable between one and five years	3,038	13,232
		<u>13,232</u>	<u>23,426</u>
	Finance charges and interest allocated to future accounting periods	(843)	(2,423)
		<u>12,389</u>	<u>21,003</u>
	Included in liabilities falling due within one year	(8,261)	(8,641)
		<u>4,128</u>	<u>12,362</u>
10	Share capital	2002	2001
		£	£
	Authorised		
	100,000 Ordinary shares of £ 1 each	<u>100,000</u>	<u>100,000</u>
	Allotted, called up and fully paid		
	100,000 Ordinary shares of £ 1 each	<u>100,000</u>	<u>100,000</u>

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

11 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 September 2001	577,859	(107,954)
Retained loss for the year	-	(12,265)
Revaluation during the year	62,137	-
	<u>639,996</u>	<u>(120,219)</u>
Balance at 31 August 2002	<u>639,996</u>	<u>(120,219)</u>

12 Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
(Loss)/Profit for the financial year	(12,265)	17,374
Other recognised gains and losses	62,137	127,625
	<u>49,872</u>	<u>144,999</u>
Net addition to shareholders' funds	49,872	144,999
Opening shareholders' funds	569,905	424,906
	<u>619,777</u>	<u>569,905</u>
Closing shareholders' funds	<u>619,777</u>	<u>569,905</u>

13 Financial commitments

At 31 August 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2002	2001
	£	£
Expiry date:		
Within one year	<u>10,000</u>	<u>10,000</u>

14 Transactions with directors

One of the company's properties is let to 1st Delta Limited at a commercial rent. M Dartmouth, a director, is a director and shareholder in 1st Delta Limited. The rent receivable from 1st Delta Limited during the year was £10,000 (2001: £10,000) and included in trade debtors is an amount of £1,997 (2001: £955) due from that company.

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

15 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2002 Number	2001 Number
Administration	<u>1</u>	<u>1</u>
Employment costs		
	£	£
Wages and salaries	2,400	2,593
Social security costs	<u>107</u>	<u>-</u>
	<u>2,507</u>	<u>2,593</u>

16 Control

The ultimate controlling party is C Dartmouth, a director of the company, by virtue of the shareholdings held by members of his immediate family.