

Company Registration No. 2587041 (England and Wales)

CHARLES DARTMOUTH PLC

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2003



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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 2003

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

Principal activities and review of the business

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

The company traded satisfactorily during the year.

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 2002:

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 2003	1 September 2002
C J Dartmouth	40,000	40,000
M Dartmouth	20,000	20,000

Charitable donations	2003	2002
	£	£

During the year the company made the following payments:

Charitable donations	202	1,140
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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.

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.

CHARLES DARTMOUTH PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

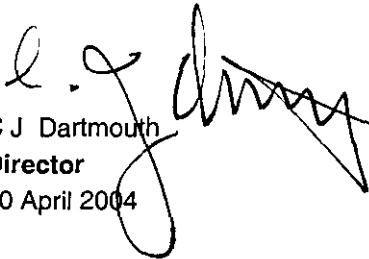
Directors' responsibilities

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
30 April 2004

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 17 for the year ended 31 August 2003. 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.

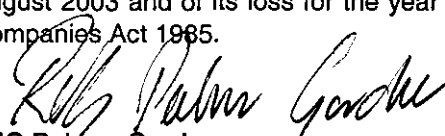
Basis of opinion

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


R.J.G. Palmer Gardner
Registered Auditor
Chartered Accountants



Norgar House
10 East Street
Fareham
Hampshire
PO16 0BN

CHARLES DARTMOUTH PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2003

	Notes	2003 £	2002 £
Turnover	2	227,908	271,001
Administrative expenses		(146,680)	(95,927)
Operating profit	3	81,228	175,074
Other interest receivable and similar income		1,557	1,126
Interest payable and similar charges	4	(183,380)	(188,465)
Loss on ordinary activities before taxation		(100,595)	(12,265)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	12	(100,595)	(12,265)

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 2003

	2003 £	2002 £
Loss for the financial year	(100,595)	(12,265)
Unrealised surplus on revaluation of properties	260,000	62,137
Total recognised gains and losses relating to the year	<u>159,405</u>	<u>49,872</u>

CHARLES DARTMOUTH PLC

BALANCE SHEET AS AT 31 AUGUST 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	6	3,885,282	3,235,021
Current assets			
Stocks	7	10,000	-
Debtors	8	50,345	35,493
Cash at bank and in hand		22,844	5,404
		83,189	40,897
Creditors: amounts falling due within one year	9	(201,829)	(2,433,797)
Net current liabilities		(118,640)	(2,392,900)
Total assets less current liabilities		3,766,642	842,121
Creditors: amounts falling due after more than one year	10	(2,977,460)	(222,344)
		789,182	619,777
Capital and reserves			
Called up share capital	11	110,000	100,000
Revaluation reserve	12	899,996	639,996
Profit and loss account	12	(220,814)	(120,219)
Shareholders' funds - equity interests	13	789,182	619,777

The financial statements were approved by the Board on 30 April 2004

C J Dartmouth
Director

CHARLES DARTMOUTH PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2003

	£	2003 £	£	2002 £
Net cash inflow from operating activities		102,258		157,235
Returns on investments and servicing of finance				
Interest received	1,557		1,126	
Interest paid	(183,380)		(188,465)	
Net cash outflow for returns on investments and servicing of finance		(181,823)		(187,339)
Capital expenditure				
Payments to acquire tangible assets	(398,954)		(125,234)	
Net cash outflow for capital expenditure		(398,954)		(125,234)
Net cash outflow before management of liquid resources and financing		(478,519)		(155,338)
Financing				
Issue of ordinary share capital	10,000		-	
New long term bank loan	655,000		-	
Other new long term loans	-		240,000	
Repayment of other long term loans	(160,756)		(99,092)	
Capital element of hire purchase contracts	(8,285)		(8,614)	
Net cash inflow from financing		495,959		132,294
Increase/(decrease) in cash in the year		17,440		(23,044)

CHARLES DARTMOUTH PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003	2002
		£	£
	Operating profit	81,228	175,074
	Depreciation of tangible assets	8,693	9,952
	(Increase)/decrease in stocks	(10,000)	-
	Increase in debtors	(14,852)	(12,766)
	Increase/(decrease) in creditors within one year	37,189	(15,025)
	Net cash inflow from operating activities	102,258	157,235

2	Analysis of net debt	1 September 2002	Cash flow	Other non-cash changes	31 August 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	5,404	17,440	-	22,844
	Debt:				
	Finance leases	(12,389)	8,285	-	(4,104)
	Debts falling due within one year	(2,305,000)	2,265,000	-	(40,000)
	Debts falling due after one year	(218,216)	(2,759,244)	-	(2,977,460)
		(2,535,605)	(485,959)	-	(3,021,564)
	Net debt	(2,530,201)	(468,519)	-	(2,998,720)

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	Increase/(decrease) in cash in the year	17,440	(23,044)
	Cash inflow from increase in debt and lease financing	(485,959)	(132,294)
	Movement in net debt in the year	(468,519)	(155,338)
	Opening net debt	(2,530,201)	(2,374,863)
	Closing net debt	(2,998,720)	(2,530,201)

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2003

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 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

1 Accounting policies

(continued)

1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no liability would have been recognised as the conditions for recognition would not have been satisfied.

2 Turnover

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

3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	8,693	9,952
Operating lease rentals	1,193	10,000
Auditors' remuneration	5,000	5,000
Remuneration of auditors for non-audit work	3,765	12,893

4 Interest payable

	2003	2002
	£	£
On bank loans and overdrafts	9	103
On other loans wholly repayable within 5 years	182,449	185,971
Hire purchase interest	922	2,391
	183,380	188,465

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

5 Taxation

Current tax charge

-	-
<u> </u>	<u> </u>

Factors affecting the tax charge for the year

Loss on ordinary activities before taxation

(100,595)	(12,265)
<u> </u>	<u> </u>

Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2002: 0.00%)

- -

Effects of:

Current tax charge

-	-
<u> </u>	<u> </u>

The company has estimated losses of £ 215,838 (2002: £ 113,475) available for carry forward against future trading profits.

On the basis of these financial statements no provision has been made for corporation tax.

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

6 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 September 2002	3,202,000	32,235	47,477	3,281,712
Additions	394,019	3,265	1,670	398,954
Revaluation	260,000	-	-	260,000
	<u>3,856,019</u>	<u>35,500</u>	<u>49,147</u>	<u>3,940,666</u>
At 31 August 2003	3,856,019	35,500	49,147	3,940,666
Depreciation				
At 1 September 2002	-	19,572	27,119	46,691
Charge for the year	-	3,186	5,507	8,693
	<u>-</u>	<u>22,758</u>	<u>32,626</u>	<u>55,384</u>
At 31 August 2003	-	22,758	32,626	55,384
Net book value				
At 31 August 2003	<u>3,856,019</u>	<u>12,742</u>	<u>16,521</u>	<u>3,885,282</u>
At 31 August 2002	<u>3,202,000</u>	<u>12,663</u>	<u>20,358</u>	<u>3,235,021</u>

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 September 2002	2,562,004
Additions	386,547
	<u>2,948,551</u>
At 31 August 2003	2,948,551
Depreciation based on cost	
At 1 September 2002	-
Charge for the year	-
	<u>-</u>
At 31 August 2003	-
Net book value	
At 31 August 2003	<u>2,948,551</u>
At 31 August 2002	<u>2,562,004</u>

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

6 Tangible fixed assets

(continued)

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

	Motor vehicles £
Net book values	
At 31 August 2003	4,282
At 31 August 2002	16,938
Depreciation charge for the year	
31 August 2003	1,426
31 August 2002	5,646

The company's properties were valued by King Sturge as at 25 March 2004, on an open market basis. The company's properties at Salterns Lane, Fareham known as the Old Waterworks and the New Waterworks were in the process of being extended at the year end. The properties are carried at their revalued amount brought forward plus cost of works in the year. In the accounts the Old Waterworks is carried at £748,119 and the New Waterworks at £705,900. The works were subsequently completed after the year end and valued by King Sturge at 25 March 2004 at £910,000 for the Old Waterworks and £875,000 for the New Waterworks. 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.

7 Work in progress

2003
£

2002
£

Work in progress	10,000	-
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8 Debtors

2003
£

2002
£

Trade debtors	38,938	35,353
Other debtors	11,407	140
	50,345	35,493

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

9	Creditors: amounts falling due within one year	2003 £	2002 £
	Bank loans and overdrafts	40,000	2,305,000
	Net obligations under hire purchase contracts	4,104	8,261
	Trade creditors	97,014	23,237
	Corporation tax	28	28
	Other taxes and social security costs	-	19,918
	Directors' current accounts	5,564	5,564
	Other creditors	26,985	46,839
	Accruals and deferred income	28,134	24,950
		<hr/> 201,829	<hr/> 2,433,797

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

10 Creditors: amounts falling due after more than one year	2003 £	2002 £
Bank loans	2,920,000	-
Directors loans	57,460	218,216
Net obligations under hire purchase contracts	-	4,128
	<u>2,977,460</u>	<u>222,344</u>
Analysis of loans		
Wholly repayable within five years	3,017,460	2,523,216
	<u>3,017,460</u>	<u>2,523,216</u>
Included in current liabilities	(40,000)	(2,305,000)
	<u>2,977,460</u>	<u>218,216</u>
Loan maturity analysis		
In more than one year but not more than two years	100,061	218,216
In more than two years but not more than five years	2,880,000	-
	<u>2,980,061</u>	<u>218,216</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.

Net obligations under hire purchase contracts

Repayable within one year	4,297	10,194
Repayable between one and five years	-	3,038
	<u>4,297</u>	<u>13,232</u>
Finance charges and interest allocated to future accounting periods	(193)	(843)
	<u>4,104</u>	<u>12,389</u>
Included in liabilities falling due within one year	(4,104)	(8,261)
	<u>-</u>	<u>4,128</u>

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

11 Share capital	2003 £	2002 £
Authorised		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
110,000 Ordinary shares of £1 each	<u>110,000</u>	<u>100,000</u>

During the year 10,000 ordinary shares of £1 each were allotted and fully paid at par for cash consideration to provide additional working capital.

12 Statement of movements on reserves	Revaluation reserve £	Profit and loss account £
Balance at 1 September 2002	639,996	(120,219)
Retained loss for the year	-	(100,595)
Revaluation during the year	<u>260,000</u>	<u>-</u>
Balance at 31 August 2003	<u>899,996</u>	<u>(220,814)</u>

13 Reconciliation of movements in shareholders' funds	2003 £	2002 £
Loss for the financial year	(100,595)	(12,265)
Other recognised gains and losses	260,000	62,137
Proceeds from issue of shares	<u>10,000</u>	<u>-</u>
Net addition to shareholders' funds	169,405	49,872
Opening shareholders' funds	<u>619,777</u>	<u>569,905</u>
Closing shareholders' funds	<u>789,182</u>	<u>619,777</u>

CHARLES DARTMOUTH PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

14 Financial commitments

At 31 August 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2003	2002
	£	£
Expiry date:		
Within one year	-	10,000

15 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 (2002: £10,000) and included in trade debtors is an amount of £1,290 (2002: £1,997) due from that company.

16 Employees

Number of employees

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

	2003 Number	2002 Number
Administration	-	1

Employment costs

	£	£
Wages and salaries	(1,318)	2,400
Social security costs	-	107
	(1,318)	2,507

17 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.