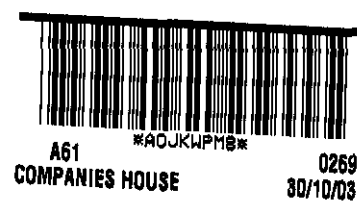


**A&PA Property Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2002**

**Registered Number 3015482**



# **A&PA Property Limited**

## **Annual report and financial statements for the year ended 31 December 2002**

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# **A&PA Property Limited**

## **Directors and advisors**

### **Directors**

K P Thompson

D P Parry

B J Slade

### **Secretary**

K P Thompson

### **Auditors**

PricewaterhouseCoopers LLP

The Quay

30 Channel Way

Ocean Village

Southampton

SO14 3QG

### **Solicitors**

DLA

Fountain Precinct

Balm Green

Sheffield

S1 1RZ

### **Registered Office**

Western Avenue

Western Docks

Southampton

SO15 0HH

### **Registered Number**

3015482

### **Bankers**

Bank of Scotland

London Chief Office

38 Threadneedle Street

London

EC2P 2EH

# A&PA Property Limited

## Directors' report for the year ended 31 December 2002

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2002.

### Principal activity and business review

The company acts as a property holding investment company and will continue to do so for the foreseeable future. The results for the year are set out on page 5.

The directors are satisfied with the result for the year and the state of affairs at the year end.

### Dividends

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

### Directors and their interests

The names of the directors who held office during the year and at the date of this report, except where indicated, were as follows:

K P Thompson  
D P Parry  
B J Slade


None of the directors have any interests in the company. The interests of the directors in the shares of the ultimate holding company, A&P Ports and Properties Limited, are disclosed in the financial statements of that company except as disclosed below.

	2002 ordinary shares of 1p each Number	2001 ordinary shares of 1p each Number
D P Parry	387,977	387,977

### Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 15 April 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

### By order of the board



K P Thompson  
Director

22 October 2003

# **A&PA Property Limited**

## **Directors' responsibilities statement**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**By order of the board**



K P Thompson  
Director

22 October 2003

# **A&PA Property Limited**

## **Independent auditors' report to the members of A&PA Property Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **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.

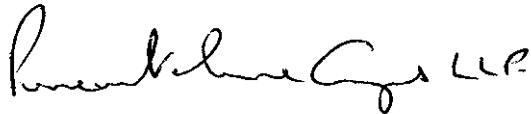
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# **A&PA Property Limited**

## **Independent auditors' report to the members of A&PA Property Limited (Continued)**

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Southampton

22 October 2003

# A&PA Property Limited

## Profit and loss account for the year ended 31 December 2002

	Note	2002 £	2001 £
Gross rental income		1,844,767	2,288,086
Net property expenses		(164,585)	(68,273)
<b>Operating profit</b>		<b>1,680,182</b>	<b>2,219,813</b>
Interest receivable		8,183	-
Interest payable and similar charges	1	-	(1,424,736)
<b>Profit on ordinary activities before taxation</b>	2	<b>1,688,365</b>	<b>795,077</b>
Tax on profit on ordinary activities	3	-	-
<b>Retained profit for the year</b>	8	<b>1,688,365</b>	<b>795,077</b>

All of the activities of the company are continuing.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

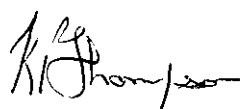


# A&PA Property Limited

## Balance sheet at 31 December 2002

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Tangible assets	4	23,156,654	23,343,005
<b>Current assets</b>			
Debtors	5	145,833	1,256,373
Cash at bank and in hand		2,689,344	62,500
		2,835,177	1,318,873
<b>Creditors: amounts falling due within one year</b>	6	(24,318,662)	(24,677,074)
<b>Net current liabilities</b>		(21,483,485)	(23,358,201)
<b>Net assets/(liabilities)</b>		1,673,169	(15,196)
<b>Capital and reserves</b>			
Called up equity share capital	7	2	2
Profit and loss account	8	1,673,167	(15,198)
<b>Equity shareholders' funds/(deficit)</b>	9	1,673,169	(15,196)

The financial statements on pages 6 to 14 were approved by the board of directors on 22 October 2003 and were signed on its behalf by:



K P Thompson  
Director

# **A&PA Property Limited**

## **Accounting policies**

The financial statements are prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

### **Basis of accounting**

The financial statements are prepared under the historical cost convention.

The going concern assumption has been adopted in the preparation of these financial statements as the ultimate parent undertaking has indicated its willingness to provide financial support for the foreseeable future.

### **Tangible fixed assets**

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition, including the cost of own work capitalised where appropriate.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of fixed assets, on a straight-line basis over their estimated useful lives. The annual rate of depreciation is as follows:

Leasehold and freehold buildings	2%
Plant and machinery	2½ - 33⅓%

Freehold land is not depreciated.

### **Cash flow statement**

The company is a wholly owned subsidiary and is exempt under the terms of Financial Reporting Standard No 1 revised from publishing a cash flow statement.

### **Gross rentals**

Gross rentals, which exclude Value Added Tax, represent rentals receivable in respect of shipyards owned by A&PA Property Limited.

### **Deferred tax**

Full provision is made for deferred taxation on an undiscounted basis, in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events results in an obligation to pay more or a right to pay less, tax in the future. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

FRS 19 'Deferred taxation' has been adopted for the first time in these financial statements. The adoption of this standard represents a change in accounting policy, but this has not resulted in any adjustment to prior year comparatives as the new policy has had no material effect on amounts reported in the previous periods. Also, this change in policy has had no effect in the results for the year ended 31 December 2002.

# A&PA Property Limited

## Notes to the financial statements for the year ended 31 December 2002

### 1. Interest payable and similar charges

	2002 £	2001 £
On loans due to parent company	-	1,424,736

### 2. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2002 £	2001 £
Depreciation of owned tangible fixed assets	172,109	118,273
Profit on sale on tangible fixed assets	(140,020)	(50,000)

Auditors' remuneration is borne by other group undertakings and there were no fees for non-audit services.

The company had no employees except for its directors.

The emoluments of the directors, who are also directors of a number of group companies, are borne in full by the principal employing company. Accordingly no recharge is made as these directors provide services primarily to the principal employer. These directors' emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the principal employer.

### 3. Taxation

There is no tax liability arising in the year due to the availability of tax losses.

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

	2002 £	2001 £
Profit on ordinary activities	1,688,365	795,077
Profit on ordinary activities at the UK standard corporation tax rate 30%	506,509	238,523
Effects of:		
Depreciation in excess of capital allowances	19,604	5,331
Utilisation of losses	(526,113)	(243,854)
	-	-

# A&PA Property Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 3. Taxation (continued)

The company has a number of deferred tax assets which have not been recognised within the financial statements. These include tax losses of £1,716,508 (2001: £1,873,000) and accelerated capital allowances of £28,370 (2001: £nil).

These assets will be recoverable if there are significant future taxable profits against which they can be relieved. These assets have not been recognised due to the uncertainty of future taxable profits.

### 4. Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Plant and machinery	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2002	23,520,237	113,963	1,636,595	25,270,795
Disposals	(14,242)	-	-	(14,242)
<b>At 31 December 2002</b>	<b>23,505,995</b>	<b>113,963</b>	<b>1,636,595</b>	<b>25,256,553</b>
<b>Depreciation</b>				
At 1 January 2002	1,077,411	15,985	834,394	1,927,790
Charge for the year	136,341	2,279	33,489	172,109
<b>At 31 December 2002</b>	<b>1,213,752</b>	<b>18,264</b>	<b>867,883</b>	<b>2,099,899</b>
<b>Net book amount at 31 December 2002</b>	<b>22,292,243</b>	<b>95,699</b>	<b>768,712</b>	<b>23,156,654</b>
Net book amount at 31 December 2001	22,442,826	97,978	802,201	23,343,005

Freehold land and buildings includes freehold land which is not depreciated amounting to £2,203,702 (2001: £2,217,944). Freehold land and buildings also include assets held for resale that in the directors' opinion will realise their net book value of £3.2m.

Freehold Land and Buildings includes assets amounting to £18 million, for which an option to purchase, for a minimum of £10 million, exercisable between 16 August 2005 and 15 August 2010, has been granted to certain related parties.

# A&PA Property Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 5. Debtors

	2002	2001
	£	£
Trade debtors	-	817,857
Accrued income	145,833	-
Amounts due from group companies	-	438,516
	145,833	1,256,373

### 6. Creditors – Amounts falling due within one year

	2002	2001
	£	£
Amounts due to group undertakings	24,261,619	24,623,094
Other taxation and social security	-	30,855
Accruals	57,043	23,125
	24,318,662	24,677,074

### 7. Called up share capital

	2002	2001
	£	£
<b>Authorised</b>		
1,000 Ordinary equity shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
2 Ordinary equity shares of £1 each	2	2

# A&PA Property Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 8. Reserves

	Profit and loss account £
At 1 January 2002	(15,198)
Retained profit for the year	1,688,365
At 31 December 2002	1,673,167

### 9. Reconciliation of movements in equity shareholders' funds/(deficit)

	2002 £	2001 £
Profit for the year	1,688,365	795,077
Net addition to shareholders' funds	1,688,365	795,077
Opening shareholders' funds	(15,196)	(810,273)
Closing shareholders' funds/(deficit)	1,673,169	(15,196)

### 10. Contingent liabilities

The company has entered into cross guarantees in favour of the Bank of Scotland plc regarding amounts borrowed by A&P Ports and Properties Limited group of companies, which at 31 December 2002 amounted to £38,428,071 (2001: £35,790,483).

## A&PA Property Limited

### Notes to the financial statements for the year ended 31 December 2002 (continued)

#### 11. Related party transactions

During the year the company carried out transactions with related parties in the normal course of business. The names of the related parties, nature of these transactions and their total value is shown below:

	2002		2001	
	Value of transactions	Receivable/ payable) at 31 December 2002	Value of transactions	Receivable/ payable) at 31 December 2001
	£	£	£	£
<b>Transactions with A&amp;P Falmouth:</b>				
Rentals receivable	797,384	72,917	1,003,324	280,242
Sale of tangible fixed assets	-	-	176,488	176,488
Cash received by A&P Falmouth Ltd on behalf of A&PA Property Ltd	-	-	50,000	50,000
<b>Transactions with A&amp;P Tyne Ltd:</b>				
Rentals receivable	797,384	72,917	1,034,762	280,242

The company has taken advantage of the exemptions available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the A&P Ports and Properties Limited group of companies.

## **A&PA Property Limited**

### **Notes to the financial statements for the year ended 31 December 2002 (continued)**

#### **12. Parent company and ultimate controlling party**

The immediate parent undertaking is A&P Ports and Properties Limited. The directors regard A&P Ports and Properties Limited, which is incorporated in England and Wales, as the ultimate parent company and immediate controlling party. Copies of the parent's consolidated financial statements may be obtained from:

Registrar of Companies  
Crown Way  
Maindy  
Cardiff  
CF4 3UZ

There is no ultimate controlling party of the company.



DEK  
2002 budget

TASKS	D	SM	M	AM	S	A2	Premium Jan time
Standard rate	242	179	131	95	79	58	
Premium rate	266	197	144	105	87	64	
<b>Mobilisation</b>							
File setup						4	
ANC completion		0.5		1			
Independence requirements (SAS 240)				2			
Engagement Letter and prior auditors resignation letters	2	0.5	4	1			
Pre-mobilisation meeting with the client		3	3	3			
Hold a mobilisation meeting		1	1	1	1	1	
Prepare interview guides				1			
Schedule meetings				1			
Prepare budget and project plan		0.5	6	1			
Prepare client assistance schedule				1			
Control environment				3			
Prepare overview of clients systems and supporting technology				2			
Identify management units				2			
Risk assessment				1			
Review and sign-off	0.5	0.5	3	1			
<b>Hours</b>	<b>2.5</b>	<b>6</b>	<b>17</b>	<b>21</b>	<b>1</b>	<b>5</b>	<b>52.5</b>
<b>Budget</b>	<b>605</b>	<b>1074</b>	<b>2227</b>	<b>1995</b>	<b>79</b>	<b>290</b>	<b>6270</b>
<b>Initial meetings with the Board</b>							
- Managing Director			1	1			
Write-ups				2			
Verification of controls						1	
Hold a taking stock meeting			1	1			
Schedule meetings and resource requirements				1			
<b>Hours</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>8</b>
<b>Budget</b>	<b>0</b>	<b>0</b>	<b>262</b>	<b>475</b>	<b>0</b>	<b>58</b>	<b>795</b>
<b>Cumulative - Hours</b>	<b>2.5</b>	<b>6</b>	<b>19</b>	<b>26</b>	<b>1</b>	<b>6</b>	<b>60.5</b>
<b>Cumulative - Budget</b>	<b>605</b>	<b>1074</b>	<b>2489</b>	<b>2470</b>	<b>79</b>	<b>348</b>	<b>7065</b>
<b>Meetings with Senior Management</b>							
- Financial Controller (I Blezzard)				2		2	
- AN Other (HR)				1		1	
- John Maloney				1		1	
Write-ups				1		4	
Verification of controls						4	
Hold a taking stock meeting			1	1			
Prepare audit comfort matrix			1	1		3	
Prepare summary of comfort			1	1		3	
<b>Hours</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>0</b>	<b>12</b>	<b>21</b>
<b>Budget</b>	<b>0</b>	<b>0</b>	<b>131</b>	<b>780</b>	<b>0</b>	<b>696</b>	<b>1587</b>
<b>Cumulative - Hours</b>	<b>2.5</b>	<b>6</b>	<b>20</b>	<b>34</b>	<b>1</b>	<b>18</b>	<b>81.5</b>
<b>Cumulative - Budget</b>	<b>605</b>	<b>1074</b>	<b>2620</b>	<b>3230</b>	<b>79</b>	<b>1044</b>	<b>8652</b>
<b>DEK CM</b>							
<i>a) Fixed Assets</i>							
Fixed asset impairment losses						1	0.5
Depreciation and amortisation						2	2
Depreciation and amortisation						2	1
Depreciation						4	2
Depreciation property lease						2	
Operating leases						1	
Overhead costs				1		1	
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>18</b>	<b>2</b>
<i>b) Cash</i>							
Bank reconciliations						4	5
Bank letters						2	1
Overhead costs				1		1	2
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>9</b>	<b>10</b>
<i>c) Debtors</i>							
Accounts receivable						1	1
Overhead costs and amortisation						0.5	0.5
Travel expenses						4	1
Overhead costs						2	2
Overhead costs						4	4
Overhead costs						1	1
Overhead costs						1	3
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10.5</b>	<b>16.5</b>
<i>d) Creditors</i>							
Accounts payable						2	2
Overhead costs and amortisation						1	0.5

Supplier statement reconciliations						15		5
Tax		0.5	2			1		3
Accruals						12		12
Other creditors						2		2
Contingent liabilities						1		1
Unrecorded liabilities						2		2
Review by interview						1		3
<b>Subtotal</b>	0	0	2.5	2	0	36	41.5	
<b>(g) Intercompany</b>								
Confirmations						6		4
Review by interview			1			1		2
<b>Subtotal</b>	0	0	1	0	0	7	8	
<b>(h) Capital and reserves</b>								
Share capital						1		
Review by interview				0.5		0.5		
<b>Subtotal</b>	0	0	0	0.5	0	1.5	2	
<b>(i) P&amp;L</b>								
Analytical review						22.5		10
Payroll analytical review						1		2
Revenue recognition						4		2
Foreign currency translation testing						1		
Review by interview			4		1	1		4
<b>Subtotal</b>	0	0	4	0	1.5	1	36.5	
<b>Hours</b>	0	0	12.5	4.5	31.5	84	133	
<b>Budget</b>	0	0	1637.5	427.5	2488.5	4872	9426	
<b>Cumulative - Hours</b>	2.5	6	32.5	38.5	32.5	102	214	
<b>Cumulative - Budget</b>	605	1074	4257.5	3657.5	2567.5	5916	18077.5	
<b>DEK NE</b>								
<b>(a) Fixed Assets</b>								
Fixed asset reconciliation						1		0.5
Additions and Disposals						1		
Repairs and Maintenance						1		
Depreciation						2		1
Review by interview				1		1		2
<b>Subtotal</b>	0	0	0	1	0	6	7	
<b>(c) Cash</b>								
Bank reconciliations						2		1.5
Bank letters						0.5		
Review by interview				0.5		0.5		1
<b>Subtotal</b>	0	0	0	0.5	0	3	3.5	
<b>(d) Debtors</b>								
Testing						1		0.5
Cut-off						1		1
Review by interview				1		0.5		0.5
<b>Subtotal</b>	0	0	0	1	0	2.5	3.5	
<b>(f) Creditors</b>								
Analytical review						0.5		0.5
Control account reconciliation						0.5		0.5
Accruals						1		1
Tax				1				1
Other creditors						0.5		0.5
Contingent liabilities						1		1
Unrecorded liabilities						1		1
Review by interview			1	1		0.5		1
<b>Subtotal</b>	0	0	1	2	0	4.5	7.5	
<b>(g) Intercompany</b>								
Confirmations						3		2
Review by interview				0.5		0.5		0.5
<b>Subtotal</b>	0	0	0	0.5	0	3.5	4	
<b>(h) Capital and reserves</b>								
Share capital						0.5		
Review by interview				0.5				
<b>Subtotal</b>	0	0	0	0.5	0	0.5	1	
<b>(i) P&amp;L</b>								
Analytical review						10		4
Payroll analytical review						2		1
Revenue recognition						2		1
Foreign currency translation testing						1		
Review by interview			1	2	1	1		2
<b>Subtotal</b>	0	0	1	2	15	1	19	
<b>Hours</b>	0	0	2	7.5	15	21	48	
<b>Budget</b>	0	0	262	712.5	1185	1218	3378	
<b>Cumulative - Hours</b>	2.5	6	34.5	46	47.5	123	259.5	