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**VSM PROPERTIES LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 MAY 2003**



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**VSM PROPERTIES LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

S J Pole  
V J Pole  
M J Thyer

**SECRETARY**

V J Pole

**COMPANY NUMBER**

3195057

**REGISTERED OFFICE**

The Stables  
Station Road  
Congresbury  
Bristol  
BS49 4DX.

**ACCOUNTANTS**

S.B.M.C. Business Management Ltd  
Accountants  
432 Gloucester Road,  
Horfield,  
Bristol,  
BS7 8TX.

**BANKERS**

Bank of Scotland  
P.O.Box 208  
21 Prince Street  
Bristol  
BS99 7JG.

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**VSM PROPERTIES LIMITED**

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VSM PROPERTIES LIMITED

**DIRECTOR'S REPORT**  
For the year ended 31 May 2003

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

**PRINCIPAL ACTIVITIES**

The company's principal activity during the year was property rental and property development.

**DIRECTORS**

The directors who served during the year and their beneficial interests in the company's issued share capital were:

S J Pole  
V J Pole  
M J Thyer

Ordinary shares of £1 each	
<u>31/5/03</u>	<u>1/6/02</u>
99	99
100	100
99	99

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on

*12th March 2004* and signed on its behalf.



Director

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**VSM PROPERTIES LIMITED**

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**ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE  
UNAUDITED FINANCIAL STATEMENTS OF VSM PROPERTIES LIMITED**

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As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31 May 2003 set out on pages 3 to 10 and you consider that the company is exempt from an audit under section 249A(1) of the Companies Act 1985.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records of the company and from information and explanations supplied to us.

Accountants

432 Gloucester Road,  
Horfield,  
Bristol,  
BS7.8TX.

# VSM PROPERTIES LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 May 2003

	Note	2003 £	2002 £
<b>TURNOVER</b>	1	<b>524,153</b>	<b>869,693</b>
Cost of sales		<u>(364,613)</u>	<u>(622,304)</u>
<b>GROSS PROFIT</b>		<b>159,540</b>	<b>247,389</b>
Administrative expenses		<u>(24,290)</u>	<u>(194,740)</u>
<b>OPERATING PROFIT</b>	2	<b>135,250</b>	<b>52,649</b>
Interest receivable		31	681
Interest payable		<u>(28,984)</u>	<u>(38,732)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>106,297</b>	<b>14,598</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	4	<b>(27,934)</b>	<b>(1,936)</b>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>78,363</b>	<b>12,662</b>
<b>DIVIDENDS</b>		<u><b>(45,000)</b></u>	<u>-</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	10	<u><b>£ 33,363</b></u>	<u><b>£ 12,662</b></u>

The notes on pages 7 to 10 form part of these financial statements.

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**VSM PROPERTIES LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 31 May 2003**

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	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>78,363</b>	<b>12,662</b>
Realised surplus on revaluation	-	15,398
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>£ 78,363</b>	<b>£ 28,060</b>

# VSM PROPERTIES LIMITED

## BALANCE SHEET As at 31 May 2003

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	5	700,000	700,000
<b>CURRENT ASSETS</b>			
Stocks		592,000	482,500
Debtors	6	12,060	5,120
Cash at bank		739	14,720
		<u>604,799</u>	<u>502,340</u>
<b>CREDITORS:</b> amounts falling due within one year	7	<u>(625,078)</u>	<u>(555,621)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(20,279)</u>	<u>(53,281)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>679,721</u>	<u>646,719</u>
<b>CREDITORS:</b> amounts falling due after more than one year	8	<u>(229,108)</u>	<u>(229,469)</u>
<b>NET ASSETS</b>		<u><u>£ 450,613</u></u>	<u><u>£ 417,250</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	298	298
Revaluation reserve	10	375,230	375,230
Profit and loss account	10	75,085	41,722
<b>SHAREHOLDERS' FUNDS</b>		<u><u>£ 450,613</u></u>	<u><u>£ 417,250</u></u>



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**VSM PROPERTIES LIMITED**


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**BALANCE SHEET**  
**As at 31 May 2003**

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The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985 and members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2) of the Act. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 May 2003 and of its profit for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to the financial statements so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements were approved by the board on  and signed on its behalf.



Director

The notes on pages 7 to 10 form part of these financial statements.

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## VSM PROPERTIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2003

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

##### 1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective March 2000).

##### 1.3 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Investment Properties	-	Not depreciated
Fixtures and fittings	-	25% straight line

##### 1.5 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

#### 2. OPERATING PROFIT

The operating profit is stated after charging:

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	-	37
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#### 3. DIRECTORS' REMUNERATION

	2003 £	2002 £
Aggregate emoluments	£ -	£ 119,260
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# VSM PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2003

### 4. TAXATION

	2003 £	2002 £
UK Corporation tax	£ 27,934	£ 1,936

### 5. TANGIBLE FIXED ASSETS

	Land and buildings £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 June 2002 and 31 May 2003	700,000	150	700,150
<b>Depreciation</b>			
At 1 June 2002 and 31 May 2003	-	150	150
<b>Net book value</b>			
At 31 May 2003	£ 700,000	£ -	£ 700,000
At 31 May 2002	£ 700,000	£ -	£ 700,000

Included in land and buildings is freehold land and buildings at valuation of £700000 (cost £324770) which is not depreciated.

In order to comply with best accounting practise, no depreciation has been charged in the accounts on investment properties, this is contrary to the requirements of the Companies Act.

Cost or valuation at 31 May 2003 is as follows:

**At cost** 0

**At valuation:** 700000

The company's freehold properties are revalued by the directors on an annual basis. The company's property was professionally revalued by E. Surv Chartered Surveyors at open market value in January 2003.

### 6. DEBTORS

	2003 £	2002 £
<b>Due within one year</b>		
Other debtors	£ 12,060	£ 5,120

# VSM PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2003

### 7. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	418,584	144,215
Trade creditors	-	234,566
Corporation tax	27,934	1,882
Other creditors	178,560	174,958
	<u>£ 625,078</u>	<u>£ 555,621</u>

The overdraft and loan are secured by a fixed charge over the company's properties, both the rental properties held as fixed assets and the development properties in work in progress.

### 8. CREDITORS: Amounts falling due after more than one year

	2003 £	2002 £
Bank loans	<u>£ 229,108</u>	<u>£ 229,469</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2003 £	2002 £
Repayable by instalments	<u>£ 191,708</u>	<u>£ 142,677</u>

The company has consolidated its loans. It has now has one loan which it is repaying monthly. Interest is charged at 2.5% over bank base rate. The loan needs to be repaid by March 2011.

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**VSM PROPERTIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 May 2003**

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**8. CREDITORS:**

Amounts falling due after more than one year (continued)

The loan as secured with a first legal charge over the company's properties .

**9. SHARE CAPITAL**

	2003 £	2002 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	£ 1,000	£ 1,000
<b>Allotted, called up and fully paid</b>		
298 Ordinary shares of £1 each	£ 298	£ 298

**10. RESERVES**

<b>Revaluation reserve</b>	£
At 1 June 2002	375,230
At 31 May 2003	£ 375,230
<b>Profit and loss account</b>	£
At 1 June 2002	41,722
Profit retained for the year	33,363
At 31 May 2003	£ 75,085

**11. RELATED PARTY TRANSACTIONS**

The directors had a material interest in transactions with Bideem Group, a group of companies of which they are directors and shareholders. A summary of the transactions is as follows.

	2003 £	2002 £
Purchases from Bideem Construction Ltd	729,403	729,403
Purchases from Bideem Maintenance Ltd	21,821	21,821
Owed at year end to Bideem Construction Ltd	(284,566)	(284,566)

**12. CONTROLLING PARTY**

The company is controlled by the directors.

# VSM PROPERTIES LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT For the year ended 31 May 2003

	Page	2003 £	2002 £
<b>TURNOVER</b>		<b>524,153</b>	<b>869,693</b>
Cost of sales		<b>(364,613)</b>	<b>(622,304)</b>
<b>GROSS PROFIT</b>		<b>159,540</b>	<b>247,389</b>
<b>Less: OVERHEADS</b>			
Administration expenses		<b>(24,290)</b>	<b>(194,740)</b>
<b>OPERATING PROFIT</b>		<b>135,250</b>	<b>52,649</b>
Interest receivable		<b>31</b>	<b>681</b>
Interest payable		<b>(28,984)</b>	<b>(38,732)</b>
		<b>106,297</b>	<b>14,598</b>
		-	-
<b>PROFIT FOR THE YEAR</b>		<b>£ 106,297</b>	<b>£ 14,598</b>

# VSM PROPERTIES LIMITED

## SCHEDULE TO THE DETAILED ACCOUNTS For the year ended 31 May 2003

	2003		2002
	£	£	£
<b>RENTAL BUSINESS</b>			
<b>Turnover</b>			
Rent receivable		34,553	31,482
<b>Less: Expenses</b>			
Letting agents fees	3,583		2,987
Services to properties	1,335		465
Insurances	1,720		1,872
Repairs & renewals	2,904		3,816
Accountancy	650		577
General office expenses	30		100
Depreciation	-		37
Vat unrecoverable	-		491
Bank overdraft interest payable	866		134
Bank loan interest payable	7,795		11,955
		<u>18,883</u>	<u>22,434</u>
<b>Profit on trading activity</b>	<u>£ 15,670</u>		<u>£ 9,048</u>
	2003		2002
	£	£	£
<b>DEVELOPMENT BUSINESS AND OTHER INCOME</b>			
<b>Turnover</b>			
Sales of developed properties		489,600	838,211
<b>Less: Expenses</b>			
Opening stocks - work in progress	482,500		281,500
Property purchase	-		83,500
Stamp duty and legal costs	8,573		4,341
Building costs	458,248		714,390
Architects, Town planners etc.	5,453		20,663
Options not taken up	(515)		-
Management charge	-		50,000
Sundry Development Costs	2,355		411
Insurances	1,050		-
Accountancy fees	1,200		1,153
Directors salaries	-		119,260
Directors National Insurance	-		11,991
Vat unrecoverable	-		1,501
Bank interest receivable	(31)		(681)
Bank overdraft interest payable	20,323		26,643
Bank charges	11,818		491
Closing stocks - work in progress	(592,000)		(482,500)
		<u>398,974</u>	<u>832,663</u>
<b>Profit on trading activity</b>	<u>£ 90,626</u>		<u>£ 5,548</u>

