

**DALTON AIRFIELD PROPERTIES  
LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2002**

**Deloitte & Touche LLP  
Leeds**



**REPORT AND FINANCIAL STATEMENTS 2002**

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**REPORT AND FINANCIAL STATEMENTS 2002**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P M Levine  
P J Davison

**SECRETARY**

P J Davison

**REGISTERED OFFICE**

Dalton Airfield Industrial Estate  
Dalton  
Thirsk  
North Yorkshire  
YO7 3JN

**BANKERS**

Bank of Scotland  
116 Wellington Street  
Leeds  
LS1 4LT

**SOLICITORS**

Irwin Mitchell  
21 Queen Street  
Leeds  
LS1 2TW

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants & Registered Auditors  
Leeds

## **DIRECTORS' REPORT**

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

### **ACTIVITIES**

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

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The directors are satisfied with the performance of the company and expect this to continue in the future.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The results for the year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend. A retained profit of £913,600 (2001: £773,980) has been transferred to reserves.

### **DIRECTORS AND THEIR INTERESTS**

The directors of the company who held office during the year are as noted below:

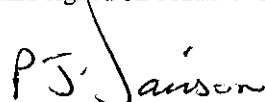
P M Levine	(appointed 19 June 2002)
P J Davison	(appointed 19 June 2002)
J K Elliott	(resigned 19 June 2002)
J R Featherstone	(resigned 19 June 2002)

None of the directors had any interest in the share capital of the company during the year. The interests of P M Levine and P J Davison in the shares of the parent company, Dalton Airfield Estate Limited, are shown in the financial statements of that company.

### **AUDITORS**

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company has given its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003. Accordingly, the accounts have been signed in the name of Deloitte & Touche LLP, and a resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



P J Davison  
Director

24 October 2003

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period 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;
- ♦ state whether applicable accounting standards have been followed; and
- ♦ 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DALTON  
AIRFIELD PROPERTIES LIMITED**

We have audited the financial statements of Dalton Airfield Properties Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 15. These financial statements have been prepared under 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 auditors' 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, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above period and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

Leeds

29 October 2003

**PROFIT AND LOSS ACCOUNT**

Year ended 31 December 2002

	Note	Year to 31 December 2002 £	54 weeks ended 31 December 2001 £
<b>TURNOVER – continuing operations</b>	2	1,306,146	1,134,462
Cost of sales		-	-
<b>GROSS PROFIT</b>		1,306,146	1,134,462
Administrative expenses		(3,515)	(30,667)
<b>OPERATING PROFIT – continuing operations</b>	3	1,302,631	1,103,795
Interest receivable	4	1,969	2,185
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,304,600	1,105,980
Tax on profit on ordinary activities	5	(391,000)	(332,000)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES</b>	11	913,600	773,980

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains and losses other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses is given.

**BALANCE SHEET**  
**31 December 2002**

	Note	2002 £	2001 £
<b>FIXED ASSETS</b>			
Investment properties	6	14,000,000	14,000,000
<b>CURRENT ASSETS</b>			
Debtors	7	2,501,709	1,361,355
Cash at bank and in hand		4,139	2,185
		2,505,848	1,363,540
<b>CREDITORS: amounts falling due within one year</b>	8	(507,267)	(440,559)
<b>NET CURRENT ASSETS</b>		1,998,581	922,981
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		15,998,581	14,922,981
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	9	(311,000)	(149,000)
		15,687,581	14,773,981
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	14,000,001	14,000,001
Profit and loss account	11	1,687,580	773,980
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		15,687,581	14,773,981

These financial statements were approved by the Board of Directors on 24 October 2003.

Signed on behalf of the Board of Directors

*P J Davison*

P J Davison  
Director



**NOTES TO THE ACCOUNTS****Year ended 31 December 2002****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, and under the historical cost convention, except for the revaluation of investment properties as noted below. Compliance with SSAP19 Accounting for investment properties requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given below.

They have all been applied consistently throughout the year and the preceding year with the exception of the policy for Deferred Tax. During the year the company has adopted FRS19, Deferred Tax. There is no material impact on current or prior year results.

**Cashflow statement**

The company has taken advantage of the exemption granted to small companies under Financial Reporting Standard No. 1 not to disclose a cashflow statement.

**Investment properties**

In accordance with Statement of Standard Accounting Practice No. 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in Statement of Standard Accounting Practice No. 19. The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view and that it is necessary to adopt Statement of Standard Accounting Practice No. 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services, which fall within the company's ordinary activities, exclusive of Value Added Tax. The turnover and pre-tax profit, all of which arise in the United Kingdom, are attributable to the principal activities of the company.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002****3. OPERATING PROFIT**

	Year ended 31 December 2002 £	54 weeks ended 31 December 2001 £
<b>Operating profit is stated after charging :</b>		
Auditors' remuneration		
- audit services	1,000	1,000
- other services	2,500	500
	<u>3,500</u>	<u>1,500</u>

The directors received no remuneration during the year and the company has no employees other than the directors.

**4. INTEREST RECEIVABLE**

	Year ended 31 December 2002 £	54 weeks ended 31 December 2001 £
Bank interest receivable	<u>1,969</u>	<u>2,185</u>

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	Year ended 31 December 2002 £	54 weeks ended 31 December 2001 £
Group relief payable	229,000	183,000
Deferred taxation	162,000	149,000
	<u>391,000</u>	<u>332,000</u>

**Factors affecting tax charge for the current period:**

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 30%.

The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	<u>1,304,600</u>	<u>1,105,980</u>
Tax at 30% thereon	391,380	331,974
Effects of:		
Capital allowances in excess of depreciation	(162,000)	(149,000)
Other adjustments	(380)	26
Current corporation tax charge for the period	<u>229,000</u>	<u>183,000</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002****6. INVESTMENT PROPERTIES**

	2002 £	2001 £
Investment properties	14,000,000	14,000,000

The property is carried at the company directors' valuation at 31 December 2002, based on a review of market conditions at that date.

**7. DEBTORS**

	2002 £	2001 £
Amounts owed by ultimate parent company	2,501,708	1,361,354
Other debtors	1	1
	<u>2,501,709</u>	<u>1,361,355</u>

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2002 £	2001 £
Other creditors	31,167	30,667
Accruals and deferred income	247,100	226,892
Group relief payable	229,000	183,000
	<u>507,267</u>	<u>440,559</u>

**9. PROVISIONS FOR LIABILITIES AND CHARGES****Deferred taxation**

	£
<b>Deferred taxation movement for the year</b>	
Balance at 1 January 2002	149,000
Current year charge	162,000
	<u>311,000</u>
Balance at 31 December 2002	

Deferred tax is made up as follows:

	2002 £	2001 £
Capital allowances in excess of depreciation	311,000	149,000

**10. CALLED UP SHARE CAPITAL**

	2002 £	2001 £
<b>Authorised</b>		
14,001,000 ordinary shares of £1 each	14,001,000	14,001,000
<b>Called up, allotted and fully paid</b>		
14,000,001 ordinary shares of £1 each	14,000,001	14,000,001

## NOTES TO THE ACCOUNTS

Year ended 31 December 2002

## 11. RESERVES

	Profit and loss account reserve £
At 1 January 2002	773,980
Retained profit for the financial period	913,600
	<hr/>
At 31 December 2002	1,687,580
	<hr/>

## 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial period	913,600	773,980
	<hr/>	<hr/>
Net addition to shareholders' funds	913,600	14,773,981
Opening shareholders' funds	14,773,981	-
	<hr/>	<hr/>
Closing shareholders' funds	15,687,581	14,773,981
	<hr/>	<hr/>

## 13. RELATED PARTY TRANSACTIONS

During the period the company entered into transactions with the following parties which are related parties as defined by Financial Reporting Standard No. 8:

- (i) Rent of £1,306,146 (2001: £1,134,462) has been charged in the period to Severfield-Reeve Structures Limited. P J Davison is a director of Severfield-Reeve Structures Limited. As at 31 December 2002 a balance of £29,167 (2001: £29,167) was due to Severfield-Reeve Structures Limited.

*All of these transactions were carried out on an arms' length basis.*

The company has taken advantage of the exemptions granted in paragraph 3(c) of Financial Reporting Standard No. 8 not to disclose certain related party transactions with other group companies.

## 14. CONTINGENT LIABILITIES

The Bank of Scotland hold a cross guarantee and charge over the assets of the company as part of the loan agreement of £11,308,771 (2001: £11,725,500) with the company's ultimate parent company Dalton Airfield Estate Limited.

## 15. ULTIMATE PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company and ultimate controlling company is Dalton Airfield Estate Limited, a company incorporated in Great Britain. The parent company is exempt from the obligation to prepare and deliver group accounts under section 248 of the Companies Act 1985.