

**VICTORIA WHARF LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 SEPTEMBER 1998**

REGISTERED NUMBER: 3104926



**MARK HOLT & CO LIMITED
CHARTERED ACCOUNTANTS
MARINE BUILDING
VICTORIA WHARF
PLYMOUTH
PL4 0RF**

VICTORIA WHARF LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998

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The following page does not form part of the statutory accounts

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VICTORIA WHARF LIMITED
COMPANY INFORMATION FOR THE YEAR ENDED
30 SEPTEMBER 1998

NUMBER	3104926
DIRECTORS	M A V Gatehouse D Martin
SECRETARY	D Martin
REGISTERED OFFICE	Victoria Wharf Cattedown PLYMOUTH PL4 0RF
AUDITORS	Mark Holt & Co Limited Chartered Accountants Marine Building Victoria Wharf PLYMOUTH PL4 0RF

VICTORIA WHARF LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
30 SEPTEMBER 1998

The directors present their report and the audited financial statements for the year ended 30 September 1998.

PRINCIPAL ACTIVITY & REVIEW OF THE BUSINESS

The principal activity of the company is the operation of a commercial dock.

RESULTS

The retained profit of the company for the year was £270,296.

The directors consider the state of affairs to be good.

DIRECTORS

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	30 September 1998		1 October 1998	
	Ordinary 'A' Shares	Ordinary 'B' Shares	Ordinary 'A' Shares	Ordinary 'B' Shares
M A V Gatehouse	200	10	200	10
D Martin	-	-	-	-

AUDITORS

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary, Mark Holt & Company Limited will continue in office.

SMALL COMPANY EXEMPTIONS

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the financial Reporting Standard for Smaller Entities.

OTHER EXEMPTIONS

The group is claiming the exemption as a medium sized group from the requirement to prepare consolidated accounts under section 248 of the companies Act.

As a result, the financial statements on pages 5 to 7 present information about the company as an individual undertaking and not about its group.

The directors have taken advantage of the exemptions available to small companies under part I and II of Schedule 8 to the Companies Act 1985.

On behalf of the board

M A V Gatehouse
Director

18 May 1999

VICTORIA WHARF LIMITED
STATEMENT OF 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 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

M A V Gatehouse
Director

VICTORIA WHARF LIMITED**AUDITORS' REPORT****AUDITORS' REPORT TO THE MEMBERS OF VICTORIA WHARF LIMITED**

We have audited the financial statements on pages 5 to 7 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF 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 error or other irregularity. 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 30th September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



21 May 1999

Mark Holt & Co Limited
Registered Auditors
Chartered Accountants
Marine Building
Victoria Wharf
PLYMOUTH
PL4 0RF

VICTORIA WHARF LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1998

	Note	1998 £	1997 £
TURNOVER	2	1,245,908	1,094,498
Cost of sales		(347,140)	(379,197)
GROSS PROFIT		898,768	715,301
NET OPERATING EXPENSES			
Administrative expenses		(488,184)	(451,257)
Other operating income		288	-
OPERATING PROFIT	3	410,872	264,044
Interest payable		(38,084)	(36,301)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		372,788	227,743
Taxation	5	67,508	(35,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		440,296	192,743
Dividends	6	(170,000)	(18,000)
RETAINED PROFIT FOR THE YEAR	16	270,296	174,743

Movements in reserves are shown in the notes to the financial statements.

None of the companies activities were acquired or discontinued during the above two financial years.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1998	1997
Profit for the financial year	270,296	174,743
Unrealised surplus on revaluation of freehold property	-	1,098,289
Total gains recognised since last annual report	270,296	1,273,032

VICTORIA WHARF LIMITED
BALANCE SHEET FOR THE YEAR ENDED
AT 30 SEPTEMBER 1998

	Note	1998		1997	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7	4,518,789		4,252,488	
Investments	8		100		100
		<u>4,518,889</u>		<u>4,252,588</u>	
CURRENT ASSETS					
Stocks	9	28,911		2,748	
Debtors	10	341,331		287,250	
Cash at bank and in hand		5,714		160,994	
		<u>375,956</u>		<u>450,992</u>	
CREDITORS					
Amounts falling due within one year	11	(264,222)		(225,625)	
NET CURRENT ASSETS		<u>111,734</u>		<u>225,367</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,630,623</u>		<u>4,477,955</u>	
CREDITORS					
Amounts falling due after more than one year	12	(289,405)		(341,033)	
Provision for liabilities and charges	13	-		(66,000)	
		<u>4,341,218</u>		<u>4,070,922</u>	
CAPITAL AND RESERVES					
Called up share capital	15	210		210	
Share premium account	16	2,606,353		2,606,353	
Revaluation reserve	16	1,098,289		1,098,289	
Profit and loss account	16	636,366		366,070	
Total shareholders' funds	19	<u>4,341,218</u>		<u>4,070,922</u>	

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements on pages 5 to 7 were approved by the board of directors on 18 May 1999 and signed on its behalf by:

M A V Gatehouse
 Director

VICTORIA WHARF LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 SEPTEMBER 1998

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules, except for freehold property which is stated at valuation. Profits or losses arising on the disposal of items stated at valuation are determined by reference to the difference between the valuation and the sale proceeds.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Tangible Fixed Assets

No depreciation is provided on freehold buildings. It is company policy to maintain its freehold property to a high standard. As a result, the residual values are high and economic lives are long, such that depreciation is insignificant.

For all other tangible fixed assets depreciation is calculated to write down their cost to their estimated residual values by annual instalments over the period of their useful economic lives, which are considered to be:

Plant and Machinery	Between 5 and 20 years
Fixtures and Fittings	5 years
Motor Vehicles	5 years

Stocks and Work In Progress

Stock and Work In Progress are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Deferred Taxation is provided in full using the liability method in respect of the taxation effect of all timing differences, to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised at the estimated fair value at date of inception of each lease or contract. The assets are depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

Charges for assets held under operating leases are reflected in the profit and loss account on an accruals basis.

Pensions

The company operates a defined contribution pension scheme for the benefit of the staff and director. The assets are held in a separately administered fund. The amounts charged against profits represent the contributions made in the accounting period.

2 TURNOVER

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK (1997 nil).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 SEPTEMBER 1998

3 OPERATING PROFIT

	1998 £	1997 £
Operating profit is stated after crediting:		
Interest receivable	288	-
Profit on sale of assets	39,416	4,213
	-----	-----
and after charging:		
Auditors' remuneration	3,000	2,000
Loss on sale of assets	-	31,060
	-----	-----
Depreciation of tangible fixed assets (note 7):		
Owned assets	60,602	59,247
Assets held under finance lease and hire purchase contracts	33,771	32,881
	-----	-----
	94,373	92,128
	=====	=====

4 DIRECTORS

	1998 £	1997 £
Directors' emoluments including Benefits In Kind	102,712	60,981
Pension Contributions	5,277	4,697
	-----	-----
	107,989	65,678
	=====	=====

5 TAXATION

	1998 £	1997 £
Corporation tax on profit on ordinary activities at 21% (1997 21%)	-	12,000
Deferred taxation	(66,000)	23,000
	-----	-----
	(66,000)	35,000
Over provision in earlier years	(1,508)	-
	-----	-----
	(67,508)	35,000
	=====	=====

6 DIVIDENDS

	1998 £	1997 £
Interim	170,000	18,000
	=====	=====

VICTORIA WHARF LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 SEPTEMBER 1998

7 TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant and Machinery etc £	Total £
Cost or valuation			
1 October 1998	3,844,997	920,571	4,765,568
Additions	328,113	169,456	497,569
Disposals	(119,185)	(27,675)	(146,860)
	-----	-----	-----
30 September 1998	4,053,925	1,062,352	5,116,277
	=====	=====	=====
Depreciation			
1 October 1998	-	513,080	513,080
Charge for the year	-	94,373	94,373
Disposals	-	(9,965)	(9,965)
	-----	-----	-----
30 September 1998	-	597,488	597,488
	=====	=====	=====
Net book amount			
30 September 1998	4,053,925	464,864	4,518,789
	=====	=====	=====
1 October 1998	3,844,997	407,491	4,252,488
	=====	=====	=====

Included in the costs total of Plant and Machinery etc above are assets totalling £235,680 (1997: £206,330) which are held under hire purchase contracts.

8 INVESTMENTS

	1998 £	1997 £
Shares in group undertakings:		
Sharpness Dock Limited	100	100
	=====	=====

The shareholders funds of Sharpness Dock Limited as at 30 September 1998 were:

	1998 £	1997 £
Called up share capital	100	100
Profit and Loss account	124,808	(108,527)
Revaluation reserve	3,986,184	2,017,923
	-----	-----
Shareholders Funds	4,111,092	1,909,496
	=====	=====

The retained profit for the year was £233,334 (1997: (£108,527) loss)

9 STOCKS

	1998 £	1997 £
General Stocks	2,748	2,748
Work in Progress	26,163	-
	-----	-----
	28,911	2,748
	=====	=====

VICTORIA WHARF LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 SEPTEMBER 1998

10 DEBTORS

	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	118,243	174,483
Other debtors	8,974	67,809
Taxation and social security	51,990	15,631
Prepayments and Accrued Income	15,474	15,673
Amounts owed by group undertakings	146,650	13,654
	-----	-----
	341,331	287,250
	=====	=====

11 CREDITORS

	1998 £	1997 £
Amounts falling due within one year		
Bank loans and overdrafts	34,523	27,600
Trade creditors	20,191	25,175
Obligations under finance leases and hire purchase contracts - note 12	42,701	44,743
Taxation and social security	39,125	19,079
Accruals and deferred income	119,326	90,710
Other creditors	8,356	18,318
	-----	-----
	264,222	225,625
	=====	=====

The bank loan and overdraft security is shown in note 12

12 CREDITORS

	1998 £	1997 £
Amounts falling due after more than one year		
Bank loans	264,276	291,461
Obligations under finance leases and hire purchase contracts	25,129	49,572
	-----	-----
	289,405	341,033
	=====	=====

VICTORIA WHARF LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 SEPTEMBER 1998

Maturity of Debt other than finance leases and hire purchase contracts.

Bank Loans (all repayable by instalments)

Amounts falling due:

	1998 £	1997 £
Within one year and on demand	27,600	27,600
Between one and two years	27,600	27,600
Between two and five years	55,200	55,200
Over five years	181,476	208,661
	-----	-----
	291,876	319,061
	=====	=====
Analysed as follows:		
Current obligations	27,600	27,600
Non-current obligations	264,276	291,461
	-----	-----
	291,876	319,061
	=====	=====

The bank loan is secured by an unlimited debenture in the Banks Standard form dated 5 December 1995. This gives fixed and floating charges over the company's undertaking, property and assets, incorporating a charge over the freehold premises at Victoria Wharf.

Obligations under Finance Leases & Hire Purchase contracts

	1998 £	1997 £
Amounts falling due:		
Within one year	42,701	44,743
Between two and five years	25,129	49,572
	-----	-----
	67,830	94,315
	=====	=====

13 PROVISIONS FOR LIABILITIES AND CHARGES

	1997 £	1996 £
Deferred Taxation	-	66,000
	=====	=====
At Start of year	66,000	43,000
Charge for the year	(66,000)	23,000
	-----	-----
At end of year	-	66,000
	=====	=====

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes. The Deferred Taxation account arises from capital allowances being claimed in excess of depreciation charged. The full liability is provided for timing differences reversing in the foreseeable future except on land & buildings which are unlikely to be sold (note 18)

VICTORIA WHARF LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 SEPTEMBER 1998

14 TRANSACTIONS WITH RELATED PARTIES

During the year transactions took place with Sharpness Dock Limited, a wholly owned subsidiary of Victoria Wharf Limited.

As at 30th September 1998 group undertaking and related party debtors included the following net balances:

	1998 £	1997 £
Debtors:		
Sharpness Dock Limited	146,650 =====	13,654 =====

The transactions which have taken place comprise of sales from Victoria Wharf Limited to Sharpness Dock Limited.

	1998 £	1997 £
Sales/Recharges	275,711	60,000

15 SHARE CAPITAL

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary £1 shares	900	900	900	900
£1 'B' shares	100	100	100	100
	-----	-----	-----	-----
	1,000	1,000	1,000	1,000
	=====	=====	=====	=====
Allotted, called up and fully paid				
Ordinary £1 shares	200	200	200	200
£1 'B' shares	10	10	10	10
	-----	-----	-----	-----
	210	210	210	210
	=====	=====	=====	=====

The 'B' shares have no voting rights and priority to be repaid at par in the event of winding up.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 SEPTEMBER 1998

16 RESERVES

	Profit and Loss Account £	Share Premium Account £	Revaluation Reserve £
1 October 1998	366,070	2,606,353	1,098,289
Retained profit for the year	270,296		
	<u>636,366</u>	<u>2,606,353</u>	<u>1,098,289</u>
30 September 1998	<u>636,366</u>	<u>2,606,353</u>	<u>1,098,289</u>

17 YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

In the directors opinion all reasonable steps have been taken on this issue.

18 CONTINGENT LIABILITIES

The tax cost of freehold property is significantly lower than the carrying value in these accounts. Whilst there is no intention to dispose of this property in the foreseeable future, the potential gain arising upon disposal could generate a taxation liability in the region of £830,000 (1997: £700,000).

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
PROFIT FOR THE FINANCIAL YEAR	440,296	192,743
Other recognised gains relating to the year (net)	-	1,098,289
Dividends	(170,000)	(18,000)
NET ADDITION TO SHAREHOLDERS' FUNDS	<u>270,296</u>	<u>1,273,032</u>
Opening Share holders funds	4,070,922	2,797,890
TOTAL SHAREHOLDERS' FUNDS	<u>4,341,218</u>	<u>4,070,922</u>

20 CAPITAL COMMITMENT

Victoria Wharf Limited has committed itself to purchasing equipment for the sum of £152,000.