

COUNTRYSIDE MARITIME LIMITED  
DIRECTORS' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1998



REGISTERED NUMBER 2549379

## **COUNTRYSIDE MARITIME LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1998**

The Directors submit their annual report together with the accounts for the year ended 30 September 1998.

#### **DIRECTORS**

The Directors of the Company during 1st October 1997 to 30 September 1998 were:

A H Cherry	
G S Cherry	(appointed 24/03/98)
R S Cherry	(resigned 24/03/98)
D K Shelton	
J R Walker	
A Dunnett	
R D Luck	
R Dunlop	
S Atkins	(resigned 18/09/98)

#### **DIRECTORS' INTERESTS**

No Director had at any time during the year any interest in the shares of the Company.

#### **ACTIVITIES AND RESULTS**

The Company's principal activity is residential property development.

The Company is a joint venture between Countryside Properties PLC and the Urban Regeneration Agency for the development of St Mary's Island, Chatham.

The results for the period are shown in the profit and loss account on page 2.

The Directors do not recommend the payment of a dividend (1997 : Nil).

#### **YEAR 2000**

Countryside Maritime Ltd outsources its offices and accounting systems. During the year, the supplier implemented a new accounting system which is year 2000 compliant, and commenced programmes to identify and mitigate other risks associated with the potential year 2000 problems. These programmes are now substantially completed, and at this stage no significant risks have been identified. The cost of achieving year 2000 compliance can only be broadly estimated as compliance is often achieved as part of other improvement projects. The cost of specific year 2000 compliance procedures is not considered to be material and has not been borne by Countryside Maritime Ltd.

#### **AUDITORS**

Our auditors, Price Waterhouse, merged with Coopers & Lybrand on 1st July 1998, following which the Directors appointed the new firm PricewaterhouseCoopers as auditors. PricewaterhouseCoopers have indicated their willingness to continue in office and in accordance with the Companies Act 1985 they will be proposed for reappointment.

By Order of the Board

M F Pearce  
Secretary



22nd April 1999

# COUNTRYSIDE MARITIME LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
Turnover		11,020,017	5,846,540
Cost of sales		(11,013,060)	(5,837,472)
Gross profit		6,957	9,068
Administrative expenses		(6,957)	(3,613)
Operating (loss)/profit on ordinary activities before taxation	2	-	5,455
Taxation	4	(29)	-
(Loss)/profit on ordinary activities after taxation		(29)	5,455
Dividend		-	-
Retained (loss)/profit for the financial year	9	(29)	5,455

The (loss)/profit for the financial year arises from continuing operations. There is no difference between the reported (loss)/profit and the historical cost (loss)/profit on ordinary activities before taxation.

There were no recognised gains or losses incurred in the financial year other than those shown in the profit and loss account.

The notes on pages 5 to 9 form part of these accounts.

# COUNTRYSIDE MARITIME LIMITED

## BALANCE SHEET AT 30 SEPTEMBER 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
<b>Current assets</b>			
Stocks	5	9,325,571	8,031,391
Debtors	6	305,111	167,555
		<u>9,630,682</u>	<u>8,198,946</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year			
Borrowings		(6,637,349)	(6,482,217)
Creditors		(46,860)	(651,726)
	7	<u>(6,684,209)</u>	<u>(7,133,943)</u>
Total assets less current liabilities		2,946,473	1,065,003
Creditors: amounts falling due after more than one year	7	(2,936,502)	(1,055,003)
		<u>9,971</u>	<u>10,000</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	10,000	10,000
Profit and loss account	9	(29)	-
Total shareholders' funds	11	<u>9,971</u>	<u>10,000</u>
<b>Analysis of shareholders' funds</b>			
Equity		71	100
Non-equity		9,900	9,900
		<u>9,971</u>	<u>10,000</u>

Approved by the Board on

22nd April 1999

A H Cherry

A Dunnett

Directors

The notes on pages 5 to 9 form part of these accounts.

# COUNTRYSIDE MARITIME LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
Cash received from sales		11,000,267	5,867,290
Cash payments in respect of: construction and other development costs		(10,148,394)	(7,919,176)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>12</b>	<u>851,873</u>	<u>(2,051,886)</u>
<b>Returns on investments and servicing of finance</b>			
Interest paid to finance development activities		(429,185)	(360,761)
<b>Taxation</b>			
UK corporation tax refunded/(paid)		(29)	-
<b>Capital expenditure and financial investment</b>		-	-
<b>Equity dividends paid</b>		-	-
<b>Net cash inflow/(outflow) before financing</b>		<u>422,659</u>	<u>(2,412,647)</u>
<b>Financing</b>			
Repayment of shareholders' loan		(577,791)	(188,883)
<b>Decrease in cash</b>	<b>13</b>	<u>(155,132)</u>	<u>(2,601,530)</u>
<b>Reconciliation of net cash flow to movement in net debt:</b>			
Decrease in cash in the year		(155,132)	(2,601,530)
Cash outflow from decrease in shareholders' loan		577,791	188,883
<b>Movement in net debt</b>		<u>422,659</u>	<u>(2,412,647)</u>
<b>Net debt at 1st October 1997</b>	<b>13</b>	(7,060,008)	(4,647,361)
<b>Net debt at 30th September 1998</b>	<b>13</b>	<u>(6,637,349)</u>	<u>(7,060,008)</u>

The notes on pages 5 to 9 form part of these accounts.

## **COUNTRYSIDE MARITIME LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998**

- 1 The principal accounting policies of the Company are as follows:

#### **Basis of Accounting**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### **Turnover**

Turnover comprises sales of properties where building has been completed and the property has been legally conveyed to the purchaser. In the case of long-term contracts, turnover includes amounts invoiced during the year for work certified as completed under the contract. Sales of second-hand properties acquired solely to assist the sale of new properties under the Company's part-exchange scheme are not included in turnover.

#### **Profit**

Profit is taken on legal completion of sale of each property, except in the case of long-term contracts where attributable profit is taken having regard to the proportion of the contract completed at the balance sheet date.

#### **Stocks**

Stocks are stated at the lower of cost and estimated net realisable value. Cost of stocks comprises construction costs, interest and other development expenditure (including second-hand properties acquired under the Company's part-exchange scheme), and an appropriate proportion of overheads relating to construction.

The Directors regularly review all stocks and where, in their opinion, the net realisable value of any individual site is less than cost then provision is made to reduce the cost of stock to net realisable value. When each property is sold any provision which had been made against that unit at the previous year-end is released to trading profit. Where net realisable value exceeds cost, no account is taken of the increase until it is realised.

#### **Deferred Taxation**

Provision is only made for deferred taxation when there is a reasonable probability of payment in the foreseeable future.

# COUNTRYSIDE MARITIME LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (Continued)

### 2 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is arrived at after charging:

	<u>1998</u> £	<u>1997</u> £
Auditors' remuneration	<u>5,000</u>	<u>2,000</u>

### 3 EMPLOYEES AND DIRECTORS' EMOLUMENTS

The Company has no employees and therefore there are no employee costs.

None of the Directors received any emoluments in respect of their services to the Company during the year. (1997 : £NIL)

### 4 TAXATION

The taxation charge comprises:	<u>1998</u>	<u>1997</u>
UK Corporation tax at 31% (1997 - 32%)	£	£
Current year	-	-
Prior year	29	-
	<u>29</u>	<u>-</u>

### 5 STOCKS

	<u>1998</u> £	<u>1997</u> £
Stocks comprise:		
Work in progress	7,741,155	6,306,033
Completed properties	1,584,416	1,725,358
	<u>9,325,571</u>	<u>8,031,391</u>

Stocks may be further analysed:

Work in progress		
Interest	482,982	297,299
Construction and other costs	8,842,589	7,734,092
	<u>9,325,571</u>	<u>8,031,391</u>

### 6 DEBTORS

	<u>1998</u> £	<u>1997</u> £
Trade debtors	233,135	132,200
VAT recoverable	71,976	35,355
	<u>305,111</u>	<u>167,555</u>

# COUNTRYSIDE MARITIME LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 1998 (Continued)

### 7 CREDITORS

	<u>1998</u>	<u>1997</u>
	£	£
Amounts falling due within one year:		
Bank borrowings	(6,637,349)	(6,482,217)
Trade creditors	(38,655)	(67,380)
Accruals and deferred income	(8,205)	(6,555)
Shareholders' loan - The Urban Regeneration Agency	-	(577,791)
	<u>(6,684,209)</u>	<u>(7,133,943)</u>
	<u>1998</u>	<u>1997</u>
	£	£
Amounts falling due after more than one year:		
Trade Creditors:		
The Urban Regeneration Agency	(2,644,421)	(965,992)
Countryside Properties PLC	(292,081)	(89,011)
	<u>(2,936,502)</u>	<u>(1,055,003)</u>

### 8 CALLED UP SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
Authorised, allotted, called up and fully paid		
4950 "A" Ordinary shares of £1	4,950	4,950
4950 "B" Ordinary shares of £1	4,950	4,950
1000 Income shares of 10p each	100	100
	<u>10,000</u>	<u>10,000</u>

The "A" and "B" Ordinary shares are identical and rank pari passu. The "A" Ordinary shares and the "B" Ordinary shares carry voting rights but are not entitled to share in the income. In a winding up or other return of capital the holders of "A" and "B" Ordinary shares are entitled to receive an amount equal to the amount paid up thereon.

Income shares participate in the profits or assets of the Company upon a distribution of profits, return of capital, winding up of the Company or otherwise. They carry no right to vote, either in person or by proxy, at general meetings of the Company.



## COUNTRYSIDE MARITIME LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (Continued)

#### 9 RESERVES

Profit and Loss account	<u>1998</u> £	<u>1997</u> £
At 1st October 1997	-	(5,455)
(Loss)/profit for the year	(29)	5,455
At 30th September 1998	<u>(29)</u>	<u>-</u>

#### 10 CAPITAL COMMITMENTS

The Company had no capital commitments at 30th September 1998. (1997 : £NIL)

#### 11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1998</u> £	<u>1997</u> £
Shareholders' funds at 1st October 1997	10,000	4,545
(Loss)/profit for the financial year	(29)	5,455
Shareholders' funds at 30th September 1998	<u>9,971</u>	<u>10,000</u>

#### 12 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<u>1998</u> £	<u>1997</u> £
Operating profit/(loss) on ordinary activities before taxation	-	5,455
Add back interest in cost of sales	243,502	154,933
Increase in stock	(1,108,497)	(3,216,435)
Increase in debtors	(137,556)	(120,027)
Increase in creditors	1,854,424	1,124,188
Net cash inflow/(outflow) from operating activities	<u>851,873</u>	<u>(2,051,886)</u>

## COUNTRYSIDE MARITIME LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (Continued)

#### 13 ANALYSIS OF CHANGES IN NET DEBT

	<u>01/10/97</u>	<u>Cash Flow</u>	<u>30/09/98</u>
	£	£	£
Bank Borrowings	(6,482,217)	(155,132)	(6,637,349)
Development loan	(577,791)	577,791	-
Net debt	<u>(7,060,008)</u>	<u>422,659</u>	<u>(6,637,349)</u>

#### 14 RELATED PARTY TRANSACTIONS

The Company is owned by Countryside Properties PLC (50%) and the Urban Regeneration Agency (50%). During the year the shareholders conducted the following transactions for the Company:

##### Countryside Properties PLC

Supply of construction works and project management services amounting to £8,517,296 (1997 : £6,168,506). At 30 September 1998, a balance of £292,081 was payable (1997 : £89,010).

##### The Urban Regeneration Agency

Licence fee in respect of provision of land and project management services amounting to £1,678,429 (1997 : £965,992). At 30th September 1998, a balance of £2,644,421 was payable (1997 : £965,992).

The shareholder loan of £577,791 was repaid during the year.

## **COUNTRYSIDE MARITIME LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are required by UK company law to prepare accounts for each period which give a true and fair view of the state of affairs of the Company as at the end of the period and of the profit and loss for that period. The Directors consider that in preparing the accounts appropriate accounting policies have been used and applied consistently, supported by reasonable and prudent judgements, and that all accounting standards which they consider to be applicable have been followed. The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### **AUDITORS' REPORT TO THE MEMBERS OF COUNTRYSIDE MARITIME LIMITED**

We have audited the accounts on pages 2 to 9 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 5.

#### **Respective responsibilities of Directors and Auditors**

As described above, the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

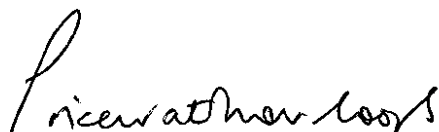
#### **Basis of our opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30 September 1998 and of its result and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants  
and Registered Auditors  
1 Embankment Place  
London  
WC2N 6NN

22 April 1999