# AIM ADMISSION DOCUMENT

NOMINATED ADVISER:
ERNST & YOUNG

**Sutton Harbour Holdings plc**

WINNER OF THE
SECRETARY OF STATE
FOR THE ENVIRONMENT'S
AWARD FOR PARTNERSHIP
IN REGENERATION 1996


**Sutton Harbour Holdings plc**

*Harbour Office, Sutton Harbour, Plymouth, Devon PL4 0ES*
*Telephone 01752 664186 Fax 01752 223521*

If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities such as your stockbroker, bank manager, solicitor, accountant or other independent financial adviser immediately.

Application will be made for the ordinary shares of 25p each in the capital of Sutton Harbour Holdings plc ("the Company") to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). It is expected that trading in the ordinary shares of 25p each in the capital of the Company ("Ordinary Shares") will commence on AIM on 23 December 1996.

**It is emphasised that no application is being made for admission of these securities to the Official List. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than those of the Official List. The London Stock Exchange has not itself examined this document.**

The directors of the Company, whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the directors of the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

Ernst & Young are nominated adviser and Rowan Dartington & Co Limited are nominated broker to the Company. Ernst & Young and Rowan Dartington & Co Limited are advising the Company on the admission of the Ordinary Shares of the Company to trading on AIM and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of Ernst & Young and Rowan Dartington & Co Limited nor for providing advice in relation to the admission of the Company to trading on AIM. The information contained in this document has been prepared solely in connection with the proposed admission of the Ordinary Shares to AIM and, in particular, it is not intended to inform or be relied on by subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly, no duty of care is accepted in relation to them.

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# Sutton Harbour Holdings plc

*Incorporated in England and Wales*
*(Registered in England No. 2425189)*

## AIM Admission Document

## Nominated Adviser:
## Ernst & Young

## Nominated Broker:
## Rowan Dartington & Co. Limited

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**Share capital**

| | *Authorised* | | *Issued and fully paid* | |
|---|---|---|---|---|
| | *Number* | *Amount* | *Number* | *Amount* |
| Ordinary shares of 25p each | 40,000,000 | £10,000,000 | 9,979,848 | £2,494,962 |

At the close of business on 29 November 1996 the Company and its subsidiaries had outstanding indebtedness of £1,489,084 by way of secured bank overdraft.

Save as aforesaid and apart from intra-group liabilities, at the close of business on that date neither the Company nor any of its subsidiaries had any outstanding loan capital (including term loans) issued, or created but un-issued, or any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, obligations under finance leases, guarantees or other material contingent liabilities.

At the close of business on 29 November 1996, the Company and its subsidiaries had cash balances of nil.

# Contents







# Definitions

The following definitions apply throughout this document unless the context otherwise requires:

| | |
|---|---|
| "the Act" | the Companies Act 1985, as amended |
| "Admission" | admission of the Ordinary Shares to AIM becoming effective in accordance with the rules of AIM |
| "AIM" | the Alternative Investment Market of the London Stock Exchange |
| "the Company" or "Sutton Harbour Holdings" | Sutton Harbour Holdings plc |
| "the Directors" or "the Board" | the Board of Directors of the Company |
| "the Group" | the Company and its subsidiaries |
| "the Harbour" | Sutton Harbour, Plymouth |
| "London Stock Exchange" | London Stock Exchange Limited |
| "Ordinary Shares" | ordinary shares of 25p each of the Company |

Copies of this document are available free of charge from Sutton Harbour Holdings plc, Harbour Office, Sutton Harbour, Plymouth PL4 0ES for 14 days from Admission.

# Key Information

The following information should be read in conjunction with the full text of this document, from which it is derived.

The Group owns Sutton Harbour which is the historic harbour of Plymouth. In addition to acting as harbour authority, it provides a range of facilities and services to users of the Harbour and owns a number of tenanted investment properties in the immediate vicinity. In 1992, a major redevelopment programme was initiated by the Group's management with the aim of revitalising and expanding the Harbour's activities. The initial benefits of this redevelopment are now being seen. With the programme still continuing, the Directors are confident that growth will continue.

The Directors believe that Sutton Harbour Holdings has the following key strengths:

- a strong asset base including approximately £20.7 million of tangible fixed assets as at 30 September 1996, the majority of which is freehold property
- net debt as at 30 September 1996 representing less than 7 per cent. of shareholders' funds
- substantial growth in turnover and profit before tax in the six months ended 30 September 1996
- a long established business which is prominent in the Plymouth area
- strong relationships with grant-providing bodies
- modern harbour infrastructure
- an effective Harbour redevelopment programme

Since 30 September 1996, trading has been in line with budget and the Group has continued to benefit from the Group's re-generation programme.

The Directors believe that the Group will benefit significantly from a number of on-going property development projects and grant aided urban re-generation programmes in the Harbour area. New property developments include the Dartington Crystal Centre, the National Marine Aquarium and a Whitbread Brewers Fayre pub/restaurant. All of these developments are taking place on the Group's property and in the case of the Dartington Crystal Centre, the development itself is being undertaken by the Group.

The fisheries complex has significant additional capacity to cater for further anticipated growth.

The Directors view the Group's prospects with confidence.





## Trading Record

The unaudited results for the 6 months ended 30 September 1996, which are extracted from Part II, and the trading record of the Group, which is extracted from the accountants' report set out in Part III, are summarised below:

| | *6 months ended 30 September Unaudited* | *Year ended 31 March* | | |
|---|---|---|---|---|
| | *1996* | *1996* | *1995* | *1994* |
| | *£'000* | *£'000* | *£'000* | *£'000* |
| Turnover | 1,397 | 2,095 | 1,289 | 1,117 |
| Operating Profit | 341 | 413 | 331 | 418 |
| Exceptional Profit | — | 59 | — | 95 |
| Interest Payable | (121) | (198) | (94) | (38) |
| Profit Before Tax | 220 | 274 | 237 | 475 |
| Tax Credit | — | — | — | 94 |
| Net Assets | 18,646 | 13,547 | 11,022 | 9,869 |

# Directors, secretary and advisers

| | |
|---|---|
| Directors: | Bryan Hayward Foster (Non-executive Chairman)<br>Duncan Bruce Godefroy (Managing Director)<br>Nigel John Godefroy (Executive Director)<br>Malcolm Lawson Iley (Non-executive Director)<br>Peter Anthony Langmaid (Non-executive Director)<br>Peter Cecil Stedman (Non-executive Deputy Chairman)<br>Jonathan Hugh Trafford (Non-executive Director)<br>Thomas Ralph Winser (Non-executive Director)<br>Raymond Wood (Non-executive Director) |
| Alternate Director: | Margaret Ellen Winser (alternate to Thomas Ralph Winser) |
| Secretary, Registrar and Registered Office: | Duncan Godefroy<br>Harbour Office<br>Sutton Harbour<br>Plymouth PL4 0ES |
| Nominated Adviser: | Ernst & Young<br>Becket House<br>1 Lambeth Palace Road<br>London SE1 7EU |
| Nominated Broker: | Rowan Dartington & Co. Limited<br>Colston Tower<br>Colston Street<br>Bristol BS1 4RD |
| Local Broker: | Greig Middleton & Co. Limited<br>St. Catherine's House<br>Notte Street<br>Plymouth PL1 2TW |
| Reporting Accountants & Taxation Advisers: | Ernst & Young<br>Broadwalk House<br>Southernhay West<br>Exeter EX1 1LF |
| Auditors: | Nevill Hovey & Co<br>Godwins House<br>Hampton Street<br>Plymouth PL4 8DB |
| Solicitors to the Admission<br>— Company: | Bond Pearce<br>Darwin House<br>Southernhay East<br>Exeter EX1 1LA |
| — Nominated Adviser: | Osborne Clarke<br>Hillgate House<br>26 Old Bailey<br>London EC4M 7HS |
| Bankers: | National Westminster Bank plc<br>14 Old Town Street<br>Plymouth PL4 0YY |





# Part I: Information on the Business

## Introduction

The Group owns Sutton Harbour which is the historic harbour of Plymouth. In addition to acting as harbour authority, it provides a range of facilities and services to users of the Harbour and owns a number of tenanted properties in the immediate vicinity. In 1992, a major redevelopment programme was initiated by the Group's management with the aim of revitalising and expanding the Harbour's activities. The initial benefits of this redevelopment are now being seen. With the programme still continuing, the Directors are confident that growth will continue.

In the six months ended 30 September 1996, Sutton Harbour Holdings achieved profit before taxation of £220,000 (1995: £91,000) on turnover of £1.4 million (1995: £1.0 million) and had net assets of £18.6 million (1995: £11.7 million).

## Key Strengths

The Directors believe that Sutton Harbour Holdings has the following key strengths:

- a strong asset base including approximately £20.7 million of tangible fixed assets as at 30 September 1996, the majority of which is freehold property
- net debt as at 30 September 1996 representing less than 7 per cent. of shareholders' funds
- substantial growth in turnover and profit before tax in the six months ended 30 September 1996
- a long established business which is prominent in the Plymouth area
- strong relationships with grant-providing bodies
- modern harbour infrastructure
- an effective Harbour redevelopment programme

## History

The Harbour has been a trading and fishing harbour for many centuries. It passed from the Duchy of Cornwall to private ownership under a Conveyance of 1891 under the authority of the Sutton Harbour (Duchy of Cornwall) Act 1876. In the 1970s and 1980s, the Harbour's trading activities went into sharp decline. Its traditional business of timber, coal and potato importation dwindled as did its fishing industry which was hampered by the inadequacies of the Barbican fish market and the tidal nature of the Harbour.

In the late 1980s, the Group's Managing Director, Duncan Godefroy, recognised the Harbour's potential as a major leisure and fishing centre in the South West. Up to that time, the Harbour's activities had been limited by statutory instruments. In 1989, a Scheme of Arrangement was approved by the High Court which enabled the Company's management to widen the Group's activities. In 1992, a redevelopment programme was put in place with the aim of revitalising and expanding the Harbour's operations.

The first phase of this programme was completed in April 1994, with the installation of a lock at the entrance to the Harbour, the reclamation of parts of the Harbour and the construction of 170 metres of new quays. The total cost of construction was approximately £6.6 million. This enabled 24 hour access to the Harbour for vessels. Between October 1993 and December 1994, the Group's new fisheries complex was constructed at a total cost of approximately £3.2 million. From 1992 to date, the management has overseen a range of property and business developments in the Harbour area including a prestigious new office block and significant quay enhancements. The Harbour has in particular benefited from the extension of a link road to the Harbour. As a result of this a number of new developments are taking place.

The Group's management has been successful in attracting substantial grant funding from a number of parties including the Department of the Environment, (now English Partnerships), The National Rivers Authority (now the Environment Agency) and Plymouth City Council, the Group's local authority. From the beginning of 1992 to date, the Group has received total grant funding of approximately £6.9 million. In August 1996, approximately £5 million was raised through the issue of 5 million new Ordinary Shares at an issue price of £1 per share to the Company's existing shareholders and to new investors.

In 1996, the Group was named the outright winner of the first Secretary of State for the Environment's Award for Partnership in Re-generation for its redevelopment programme.

## Operations

Sutton Harbour comprises 1,305 metres of quayside and a lock which provides access 24 hours a day and maintains a minimum depth of water at the lock of plus 3.2 metres LAT (Lowest Astronomical Tide). It is used primarily by trawlers and yachts of up to approximately 40 metres in length. The Group owns approximately 15 acres of freehold land around the Harbour. The Group's principal activities include the operation of a wholesale fish market, Harbour property investment and development, the provision and operation of a yacht marina and the provision of fishing and leisure facilities. Details of these activities are set out below.

### Plymouth Fisheries

The Group's fisheries complex was completed in December 1994 and became operational in February 1995, replacing the Barbican fish market facility. It comprises a purpose built fish market with approximately 1,562 square metres of market space, 484 square metres of offices and 2,300 square metres of merchants' units. All of the space is either used by the Group or rented out. One unit is used by the Group for a newly established fishing-chandlery service. Since the opening of the new market, the monthly volume of fish landed at the Harbour has increased substantially. Fuel and ice are available to customers. An independent company, Plymouth Trawler Agents Limited, is responsible for the auctioning process. A diverse range of fish is sold through the fisheries complex.

The Group's revenue from the fisheries complex includes rental income from tenants, which include RossFish and the Ministry of Agriculture Fisheries and Food, commission on the value of fish sold and revenue from the sale of ice and fuel.

### Harbour Property Investment and Development

The Group owns a variety of properties and sites around the Harbour. These include North Quay House, a five storey building comprising approximately 17,500 square feet of office accommodation overlooking the Harbour, the China House, a quayside warehouse redeveloped as a pub/restaurant operated by Allied Domecq Inns Limited, and Salt Quay House, a converted building providing office and marine workshop accommodation. The developments at North Quay House and Salt Quay House were carried out by the Group and were completed in 1996 and 1990 respectively.

The Group is currently redeveloping its disused Barbican fish market for use by Dartington Crystal Limited. Dartington Crystal Limited intends to use this site as a glass blowing demonstration and retailing centre. In addition, a pub/restaurant is being developed by Whitbread on another of the Group's sites. A third party has commenced work on the development of the proposed National Marine Aquarium on a site owned by the Group. It is anticipated that a binding agreement will be signed shortly.

Much of the Group's existing property subject to the re-generation scheme has now been or is shortly to be developed and utilised.





In the year ended 31 March 1996, the Group's rental revenues represented 19.56 per cent. of Group turnover.

### Sutton Harbour Marina

Sutton Harbour Marina provides berthing for up to 280 boats of up to 21 metres in length. It has a computerised entry system and closed circuit television for enhanced boat security. The Group provides free car parking for customers and a number of other amenities. Improvements were carried out to the Marina in 1994 and further renovation is currently in progress.

### Other Activities

As the harbour authority, the Group charges levies on boats and goods using the Harbour.

In addition to the above principal activities, the Group has a small stainless steel fabrication business, a fishing-chandlery business and a marine yard providing a number of services including boat building, repairing and engineering.

As the owner and operator of a working harbour, the Company may, in the ordinary course of its business, be exposed to potential liability under environmental legislation for pollution or contamination in the Harbour area. Relevant insurance is maintained in this respect.

## Competition and Customers

The South West area has two other major fishing ports, Brixham and Newlyn, both of which have significant fisheries operations. There are also a number of yacht marinas in the area. Customers of the Group's fisheries complex comprise trawlers operating in regional fishing grounds. To date the vast majority of these have been UK based.

The UK fishing industry has suffered as a result of a number of political and economic factors in the last decade. However, the new fisheries complex has succeeded in attracting substantially increased volumes of fish landed to the Harbour since it opened.

The Group's marina attracts yacht owners from around the UK and particularly the Midlands; there are many visiting yachts during the summer season.

The Group's properties have a wide range of tenants including English Partnerships, Allied Domecq Inns Limited, Ministry of Agriculture, Fisheries and Food, Whitbread plc, RossFish Limited, Plymouth City Council and Devon County Council.

## Directors and Employees

### Bryan Foster, aged 67, Non-executive Chairman

A Director since 1986. He became Chairman in 1991. He is a stockbroker having been the Senior Partner of Westlake & Co and a main board director of Allied Provincial Securities which Westlake & Co joined in 1986. He was also the Chairman of the Provincial Unit of the Stock Exchange from 1984 to 1987.

**Duncan Godefroy, aged 57, Managing Director**

Joined the Group in 1962, a Director since 1966. He became Managing Director of Sutton Harbour Company in 1973 and of the Company in 1989. He is a Justice of the Peace, a member of the Chartered Institute of Transport and a Fellow of the Royal Society for the Encouragement of Arts, Manufacturing and Commerce.

**Nigel Godefroy, aged 32, Executive Director**

Qualified as a Chartered Accountant with Hazlewoods in 1992 and has a degree in Business Studies specialising in finance. He has been with the Group since 1992 and has been the Group's financial controller since 1993. He joined the Board in October 1996.

**Malcolm Iley, aged 46, Non-executive Director**

A Director since 1991. He is a solicitor and the managing partner of Bevan Ashford, Plymouth. He is a member of Bevan Ashford's main board where he is responsible for its national public sector practice. He is a Governor of Plymouth College and a Governor and Trustee of Plymouth College of Art and Design.

**Peter Langmaid, aged 61, Non-executive Director**

A Director since 1993. He is a Chartered Accountant and the senior partner of Bromhead & Co., Plymouth. He is also a director of Marine Projects (Plymouth) Limited and a number of other companies.

**Peter Stedman, aged 76, Non-executive Deputy Chairman**

A Director since 1966 and the Chairman of the Group's Property Committee. He is a chartered surveyor.

**Jonathan Trafford, aged 63, Non-executive Director**

A Director since 1979. He is a solicitor and, until recently, was senior partner of Bond Pearce. He is also a director of a number of other companies including GWR Group PLC and a Deputy Lieutenant for the County of Devon. He is Chairman of the Governors of Mount House School Trust Limited.

**Thomas Winser, aged 67, Non-executive Director**

A Director since January 1996. He is an Oxford graduate and was the Alternate to the Chairman of James Capel & Co, Stockbrokers. His last responsibility at James Capel before he retired was Group Compliance Officer. He is also a notable long distance yachtsman.

**Raymond Wood, aged 60, Non-executive Director**

A Director since 1993. He is a local businessman with strong property connections.

**Ellen Winser, aged 54, Alternate to Thomas Winser**

She is a Cambridge graduate, was a partner in James Capel & Co and was London's first woman stockbroker partner. She is non-executive chairman of River and Mercantile Asset Management Limited, an investment management company, and a Fellow of the Royal Geographical Society.





**Senior Management**

Senior management includes:

| *Name* | *Role* | *Age* |
|---|---|---|
| Peter Bromley | Fisheries Complex Manager | 41 |
| Martin Emden ACIOB | Contracts Manager | 53 |
| Natasha Gadsdon ACA | Accountant | 26 |
| Patrick Marshall | Harbour Master | 49 |
| Christopher Price | Commercial Manager | 34 |
| Michael Willows | Manager of the marine yard | 51 |

**Employees**

As at the date of this document, the Group had 40 full time employees (including the Executive Directors) of whom 9 were involved in administration, 7 in harbour operations, 8 in fisheries, 3 in marina operations and 13 in other operations.

## Corporate Governance

The Company intends to comply with the recommendations of best practice in the corporate governance of public companies as set out in the Cadbury Committee Code of Best Practice in so far as is practicable for a relatively small public company and proposes to follow the recommendations on corporate governance of the City Group for Smaller Companies.

The Company holds at least 11 Board meetings regularly throughout the year with other meetings as needed. The Board is responsible for formulating, reviewing and approving Company policy, strategy, budgets, major items of capital expenditure and acquisitions.

The Remuneration Committee comprises Peter Langmaid and Raymond Wood and is chaired by Jonathan Trafford. It reviews the performance of Executive Directors and sets the scale and structure of their remuneration as well as the basis of their service agreements with due regard to the interests of shareholders. It is a rule of the Remuneration Committee that no director shall participate in discussions or decisions concerning his own remuneration.

The Audit Committee comprises the main Board. It meets as required, and is responsible for ensuring that the financial performance of the Company is properly controlled, monitored and reported on and for meeting the auditors and reviewing reports from the auditors relating to accounts and internal control systems.

The Property Committee comprises Bryan Foster, Raymond Wood and Duncan Godefroy and is chaired by Peter Stedman and is responsible for recommending acquisitions and lettings.

The Trading Committee, which deals with non-core businesses, is chaired by Bryan Foster and Duncan Godefroy, Nigel Godefroy and Peter Langmaid are the other members.

## Voting Rights

The voting rights attaching to the ordinary shares in the Company, which are contained within the Articles of Association of the Company summarised in Part IV, are as follows:

(a) for the first £250 of shares in nominal value held, one vote for each complete £1 of nominal value;

(b) for the next £2,250, one vote for each complete £5 of nominal value; and

(c) for the balance, one vote for each complete £10 of nominal value.

## Financial Information

### Trading Record

The results for the 6 months ended 30 September 1996, which are extracted from Part II, and the trading record of the Group, which is extracted from the Accountants' Report set out in Part III, are summarised below:

| | *6 months ended 30 September Unaudited 1996 £'000* | *Year ended 31 March 1996 £'000* | *1995 £'000* | *1994 £'000* |
|---|---|---|---|---|
| Turnover | 1,397 | 2,095 | 1,289 | 1,117 |
| Operating Profit | 341 | 413 | 331 | 418 |
| Exceptional Profit | — | 59 | — | 95 |
| Interest Payable | (121) | (198) | (94) | (38) |
| Profit Before Tax | 220 | 274 | 237 | 475 |
| Tax Credit | — | — | — | 94 |
| Net Assets | 18,646 | 13,547 | 11,022 | 9,869 |

Turnover consistently increased from 1994 due in the main to the opening of the new fish market with a corresponding increase in fish volumes, the sale of fuel as a principal rather than its sale on a commission basis, increased rental streams following the completion of developments and increased trade as a result of the development of businesses including the marine yard and the fishing chandlery. The change in the way fuel was sold and the development of the trading activities have reduced gross margins considerably.

Administration costs remained fairly constant over the period and only increased as a result of the growth in trading activities. Exceptional items were in respect of the sale of a surplus property in 1996 and compensation for an old yard demolished to enable Plymouth City Council to build a multi-storey car park in 1994.

Interest payable reflected both the size of the Group's debt and the amount of interest capitalised, which itself depended on the stage of development of each asset.

The Group has available substantial trading losses which result in part from the sale and repurchasing of the lock in 1993. As a result no tax was payable in the two years ended 31 March 1996.

Net assets increased by 38 per cent. between 31 March 1996 and 30 September 1996 principally as a result of the share issue in August 1996 which raised £4.9 million net of expenses. Net debt as at 30 September 1996 represented 6.6 per cent. of shareholders' funds compared with 44.2 per cent. at 31 March 1996.

## Taxation

Information on UK Taxation is set out in paragraph 7 of Part IV. If you are in any doubt as to your tax position in relation to the shares in the company you should consult your tax or other professional adviser.





As noted in the 1996 Report and Accounts, for Shareholders to be able to retain Reinvestment Relief the Company must continue to qualify for three years after the investment is made. The Company will only continue to qualify for Reinvestment Relief if its rental income does not exceed 20 per cent. of total turnover. Currently rental income is slightly less than this. The new developments taking place on the Company's land will significantly increase such income. The Group's existing budgets indicate that rental income may be greater than 20 per cent. of Group turnover in each of the years ending 31 March 1997 and 31 March 1998. However, whenever possible, the Directors will be taking reasonable steps to increase the Company's trading income thereby seeking to retain this relief. No guarantee can be given by Directors that the Company will continue to be a qualifying Company for Reinvestment Relief.

## Current Trading

Since 30 September 1996, trading has been in line with budget and the Group has continued to benefit from the Group's re-generation programme. The Directors believe that the demand for leisure properties and well situated office space in Plymouth is now increasing and that the market for industrial and warehouse premises in Plymouth is recovering.

## Funding

### Equity

In August 1996, approximately £5 million was raised through the issue of 5 million 25p ordinary shares at £1 per share to the Company's existing shareholders and to new investors. Additionally, the Board issued 232,000 25p ordinary shares at £1.10 per share to Thomas and Ellen Winser in January 1996.

### Debt

The Group has the benefit of an overdraft facility provided by National Westminster Bank plc.

### Grants

The following grants and contributions have been received by the Group up to 30 September 1996:

| | | *£'000* | *£'000* |
|---|---|---|---|
| Lock | Environment Agency (formerly National Rivers Authority) | 2,604 | |
| | Plymouth City Council | 100 | 2,704 |
| Harbour re-generation | English Partnerships (formerly Department of the Environment) | | 3,999 |
| Capital reserve at 30 September 1996 | | | 6,703 |
| Harbour re-generation (for integral plant and fixtures) | English Partnerships (formerly Department of the Environment) | | 225 |
| | Amortised to profit and loss account | | (59) |
| Included in deferred income at 30 September 1996 | | | 166 |

All conditions of the grants have been met and it is the intention of the Directors that they will continue to be met. The contributions from the National Rivers Authority and Plymouth City Council vest in the Group. It is anticipated that the remainder will vest in the Group by 1998.

## Reasons for Admission

The Company's shares were traded under the London Stock Exchange's Rule 4.2 facility, and its predecessor, Rule 535.2, until 1995 and then on OFEX (an "off exchange" dealing mechanism) from that time. When dealings on AIM become effective it is expected that the OFEX facility will be relinquished.

The Directors have decided to make an application to AIM in respect of the Ordinary Shares in order to provide shareholders with a wider market in their shares, to attract a broader group of potential investors to the Ordinary Shares and to enhance the Company's ability to raise further funds in the future.

## Dividend Policy

An interim dividend is paid in January of each year, and a final dividend in October of each year. To date this has generally been in the proportions of approximately one-third and two-thirds respectively. It is the Board's policy, generally, that dividends be at least twice covered by annual earnings.

## Prospects

The Directors believe that the Group will benefit significantly from a number of on-going property development projects and grant aided urban re-generation programmes in the Harbour area. New property developments include the Dartington Crystal Centre, the National Marine Aquarium and a Whitbread Brewers Fayre pub/restaurant. All of these developments are taking place on the Group's property and in the case of the Dartington Crystal Centre, the development itself is being undertaken by the Group.

The fisheries complex has significant additional capacity to cater for further anticipated growth.

The Directors view the Group's prospects with confidence.





# Part II: Unaudited interim statement for 6 months ended 30 September 1996

Set out below is the text of the Group's unaudited interim statement for the 6 months ended 30 September 1996.

### "SUTTON HARBOUR HOLDINGS PLC
### CHAIRMAN'S INTERIM STATEMENT

The Company has made good progress in the first six months of the current year in terms of turnover and profits. It has also been successful in raising new equity finance. Compared with the first six months of 1995/96 turnover, operating profit and pre-tax profits have all increased substantially.

In August the Company raised approximately £5 million through the issue of new Ordinary Shares to existing shareholders and new investors at 100p per share. The money raised has been used to repay some borrowings and to finance a new development. As at 30 September 1996 gearing was 6.6 per cent. compared with 50.5 per cent. as at 30 September 1995.

The Directors have declared an interim dividend of 1.2p per share on the enlarged capital which is at the same rate per share as the interim dividend in 1995/96. The dividend will be payable on 31 January 1997. It is the Board's policy, generally, that dividends be at least twice covered by annual earnings. It should be noted that earnings per share for the six months to 30 September 1996 are stated on the basis of the weighted average number of shares in issue during that period and not the number of shares currently in issue and ranking for the interim dividend.

Fisheries related activities continue to make excellent progress with landings well ahead of the corresponding period last year. Plymouth Fisheries Chandlery Services, to which I referred at the Annual General Meeting, is now fully operational and based in one of the merchants' units in the harbour. All remaining merchants' units are now let.

The marina is fully let and improvements are being carried out during the winter months.

The demand for leisure properties and well situated office space in Plymouth is now increasing and the market for industrial and warehouse premises in Plymouth is recovering. As reported at the AGM, the ground floor of North Quay House has been let to a first-class covenant. The third and fourth floors are also let but the first and second floors remain vacant. The Whitbread Brewers Fayre pub/restaurant at Coxside is due to be completed at the end of 1996. We are in discussion about a possible further development on the adjoining site at Coxside.

Work is well underway on the Dartington Crystal Visitors' Centre on the site of the old Barbican Fish Market and many of you may have seen on television on 5 November the opening ceremony to mark the start of the construction of the National Marine Aquarium on our Company's land. These new projects will considerably enhance the harbour area and will be of major importance to Plymouth.

The Directors are delighted to announce that they have appointed Nigel Godefroy to the Main Board as Executive Director. Nigel is a Chartered Accountant, has a degree in Business Studies and has been our Financial Controller for the last three years.

The Board has appointed Messrs. Ernst & Young as the Nominated Adviser with a view to joining the Alternative Investment Market (AIM) of the London Stock Exchange by the end of 1996. Rowan Dartington & Co. Limited has been appointed as the Nominated Broker but Greig Middleton & Co. Limited, Plymouth, has been retained as the local broker. AIM is a regulated market which should provide greater liquidity in the shares and thus facilitate dealing. It will also allow certain institutional investors to hold shares.

The Company is issuing an Admission Document for AIM and copies are available from the Company Secretary.

Bryan Foster,
*Chairman*

18 December 1996

# SUTTON HARBOUR HOLDINGS PLC

## GROUP PROFIT AND LOSS ACCOUNT

| | *6 months to 30 September 1996 (unaudited) £'000* | *6 months to 30 September 1995 (unaudited) £'000* |
|---|---|---|
| **Turnover** | 1,397 | 1,007 |
| **Operating Profit** | 341 | 200 |
| **Exceptional Profit on Disposal of Fixed Assets** | — | 59 |
| **Interest** | (121) | (168) |
| **Profit on Ordinary Activities Before Taxation** | 220 | 91 |
| **Tax on Profit on Ordinary Activities** | — | — |
| **Profit on Ordinary Activities After Taxation and Attributable to Shareholders** | 220 | 91 |
| **Dividends** | 120 | 57 |
| **Retained Profit** | 100 | 34 |
| Earnings Per Ordinary Share | 3.623p | 1.810p |
| Dividend Per Ordinary Share | 1.2p | 1.2p |





## Group Balance Sheet

| | *As at 30 September 1996 (unaudited) £'000* | *As at 30 September 1995 (unaudited) £'000* |
|---|---|---|
| **Fixed Assets** | 20,672 | 18,227 |
| **Current Assets** | | |
| Stock | 211 | 99 |
| Debtors: | | |
| due within one year | 700 | 879 |
| due after one year | 53 | 39 |
| Cash at bank and in Hand | — | 108 |
| | 964 | 1,125 |
| **Creditors** (due within one year) | | |
| Bank Overdraft and Loans | (1,231) | (4,167) |
| Other | (1,317) | (1,413) |
| | (2,548) | (5,580) |
| **Net Current Liabilities** | (1,584) | (4,455) |
| **Total Assets less Current Liabilities** | 19,088 | 13,772 |
| **Creditors** (due after more than one year) | (—) | (1,860) |
| **Deferred Income** | (442) | (191) |
| | (442) | (2,051) |
| **Net Assets** | 18,646 | 11,721 |
| **Shareholders' Funds** | 18,646 | 11,721 |

## SUTTON HARBOUR HOLDINGS PLC

## GROUP CASHFLOW STATEMENT

| | 6 months to 30 September 1996 (unaudited) £'000 | 6 months to 30 September 1995 (unaudited) £'000 |
|---|---|---|
| **Net Cash Inflow from Operating Activities** | 451 | 328 |
| **Returns on Investments and Servicing of Finance** | | |
| Interest and Dividends Paid | (264) | (231) |
| Interest and Dividends Received | 3 | — |
| **Taxation Paid and Received** | 9 | (42) |
| **Investing Activities** | | |
| Purchase of Fixed assets | (418) | (1,507) |
| Receipts from Disposal of Fixed Assets and Investments | — | 209 |
| **Financing** | | |
| Issue of Share Capital | 5,000 | — |
| Costs of Share Issue | (88) | — |
| Capital Reserve (Grants) | 45 | 540 |
| Grants on Plant and Machinery | 30 | 34 |
| Repayment of Amounts Borrowed | (1,731) | (87) |
| **Increase/(Decrease) in Cash and Cash Equivalents** | 3,037 | (756) |





## SUTTON HARBOUR HOLDINGS PLC

## SEGMENTAL INFORMATION

| | 6 months to 30 September 1996 (unaudited) £'000 | 6 months to 30 September 1995 (unaudited) £'000 |
|---|---|---|
| **Turnover** | | |
| Fisheries Related | 686 | 443 |
| Marine Leisure | 502 | 389 |
| Property | 209 | 175 |
| | 1,397 | 1,007 |

NOTES

1. The foregoing do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.
2. Earnings per share have been calculated by reference to the weighted average number of shares in issue in the period, amounting to 6,072,549 shares (1995: 4,747,848 shares) and on earnings for the period attributable to shareholders of £220,000 (1995: £91,000). The earnings per share in respect of the 6 months ended 30 September 1996 and the comparative earnings per share in respect of the 6 months ended 30 September 1995 have been adjusted to account for the bonus element attaching to the placing of 5,000,000 25p Ordinary Shares on 22 August 1996.
3. No taxation has been provided due to the availability of losses brought forward from previous years.
4. The interim ordinary dividend of 1.2p (net) per share (1995: 1.2p) totalling £119,758 (1995: £56,974) will be paid on 31 January 1997.
5. The interim financial statements have been prepared on the basis of the accounting policies set out in the Annual Report and Accounts.
6. Fixed assets include North Quay House which at 30 September 1996 was deemed to be an investment property.
7. The interim financial statements are not audited but have been reviewed by the auditor and their report is set out on page 20.
8. Copies of this announcement are available to members of the general public from the Company's registered office: Sutton Harbour Holdings plc, Harbour Office, Sutton Harbour, Plymouth, PL4 0ES.

# SUTTON HARBOUR HOLDINGS PLC

# AUDITOR'S REVIEW REPORT

We have reviewed the interim financial information for the six months ended 30 September 1996 set out on pages 15 to 19 which is the responsibility of, and has been approved by, the Directors. Our responsibility is to report on the results of our review.

Our review was carried out having regard to the Bulletin "Review of Interim Financial Information" issued by the Auditing Practices Board. This review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied, and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and verification of assets and liabilities, and was therefore substantially less in scope than an audit performed in accordance with Auditing Standards. Accordingly we do not express an audit opinion on the interim financial information.

On the basis of our review:

in our opinion the interim financial information has been prepared using accounting policies consistent with those adopted by Sutton Harbour Holdings plc in its financial statements for the year ended 31 March 1996; and

we are not aware of any material modifications that should be made to the interim financial information as presented.

Nevill Hovey & Co
Chartered Accountants,
*Registered Auditor.*

Godwins House,
Hampton Street,
Plymouth,
PL4 8DB

18 December 1996"





# Part III: Accountants' Report

The following is the text of a report addressed to the Directors of the Company and Ernst & Young, London.

" ERNST & YOUNG

Chartered Accountants
Broadwalk House
Southernhay West
Exeter EX1 1LF

18 December 1996

The Directors
Sutton Harbour Holdings plc
Harbour Office
Sutton Harbour
Plymouth PL4 0ES

and

Ernst & Young
Becket House
1 Lambeth Palace Road
London
SE1 7EU

Gentlemen

## Introduction

We report in connection with the application for the ordinary shares of 25p each in the capital of Sutton Harbour Holdings plc to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM").

Sutton Harbour Holdings plc ("the Company") was incorporated on 21 September 1989 as Sutton Harbour Holdings Limited and was re-registered as a Public Limited Company on 12 August 1994. The Company has four 100 per cent. owned subsidiaries, namely Sutton Harbour Company, Sutton Harbour Fisheries Limited, Sutton Harbour Services Limited and Sutton Harbour Development Limited. The Company and its subsidiaries are referred to collectively as the "Group".

We have examined the audited financial statements of the Company and its subsidiaries for the three years ended 31 March 1996 ("the Relevant Periods"). These financial statements were audited by Nevill Hovey & Co., chartered accountants and registered auditors, of Godwins House, Hampton Street, Plymouth, PL4 8DB who have acted as auditors to the Group throughout the period covered by this report. Our work has been carried out in accordance with the Auditing Guideline : "Prospectuses and the reporting accountant".

The financial information set out below reflects the results and state of affairs shown by the audited financial statements of the Group, after making such adjustments as we consider necessary.

In our opinion, the financial information set out below gives a true and fair view of the profits, cash flows, recognised gains and losses of the Group for each of the three years ended 31 March 1994, 1995 and 1996, and of the state of affairs of the Group at the end of each of those years.

We hereby consent to the inclusion of this report in the AIM Admission Document and accept responsibility for the information contained therein.

## 1. Group Accounting Policies

The following accounting policies have been consistently applied for all years (where appropriate wording has been revised to provide greater clarity):

### (a) Accounting Basis

The Accounts are prepared under the historical cost convention modified to include the revaluation of certain freehold properties and investments.

The Accounts are prepared in accordance with applicable accounting standards except where, in the opinion of the Directors, departure is necessary in order to show a true and fair view. Explanations of these departures are given in paragraphs (f) and (g) below.

### (b) Consolidated Accounts

The Accounts incorporate the results of Sutton Harbour Holdings plc and its subsidiary undertakings.

The Accounts have been consolidated in accordance with Financial Reporting Standard 6, Acquisitions and mergers, and advantage has been taken of the merger relief offered by Section 131 of the Companies Act 1985. Financial Reporting Standard 6 superseded Statement of Standard Accounting Practice 23, Accounting for acquisitions and mergers with effect from 1 April 1995.

### (c) Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax. Transactions between Group companies are excluded.

### (d) Freehold Properties

The Group's freehold properties can be divided into two categories:

— properties that are an integral part of the Group's harbour operations which generate income directly or indirectly through the marina and fish market business and also freehold properties in the course of development which form part of the harbourside re-generation project. Once the re-generation is complete an exercise will be carried out to allocate the overall cost and valuation of the project to individual assets and where appropriate transfer those assets to the investment property category; and

— investment properties, both within and outside the harbour area.

Freehold properties were professionally valued in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors by Stratton Creber, Independent Surveyors, part of the Lloyds TSB Group, at 31 March 1996 on the following bases:

(i) marina (valued as a fully equipped operational entity with regard to its trading potential) and other properties mainly occupied for the business — existing use value;

(ii) new fish market, harbour lock and quays — depreciated replacement cost (subject to the adequate potential profitability of the business compared with the value of the total assets employed); and

(iii) investment properties and properties in the course of development, including those which will be classified as investment properties once the re-generation project is complete — open market value.



The valuations are incorporated in the Accounts for the year ended 31 March 1996 and the revaluation surplus has been credited to the revaluation reserve. In previous years these assets were carried at prior revaluations plus the costs of any intervening additions.

The Directors have reviewed the combined valuation assigned to the marina, fish market, harbour, lock and quays comprising the harbour valuation and are satisfied that the net book value of these assets in aggregate is supported by their value in use. As the re-generation of the harbour is nearing completion the Directors have resolved to undertake a freehold property valuation every three years and will incorporate the result of such revaluations in the accounts. Once the Harbour assets have reached the expected level of activity this exercise will include the revaluation of the whole harbourside operation (namely the marina, new fish market, harbour lock and quays) on the basis of existing use value.

Clare Place, a warehouse away from the immediate Harbour environs, is held for investment. This investment property is valued annually by the Directors in accordance with Statement of Standard Accounting Practice 19, Accounting for investment properties, and is included in the consolidated Balance Sheet at 31 March 1996, as valued by Stratton Creber, any temporary aggregate surplus or deficit arising being transferred to the revaluation reserve.

### (e) Freehold Properties in the Course of Development

Freehold properties in the course of development which include properties which may be held for investment once completed and occupied are included in the consolidated Balance Sheet at 31 March 1996, as valued by Stratton Creber, as a partly completed project. All subsequent costs of a capital nature incurred post the valuation will be capitalised. In prior years these were included at prior valuation plus additional costs.

When the time taken to bring a freehold property into use exceeds twelve months, the finance costs incurred in funding land and construction have been capitalised. For this purpose the borrowing rate applied is that specifically to fund the development. In the case of bank borrowings this is the weighted average cost of debt capital.

Where the property will generate income, finance costs are capitalised during developments until the earliest of two years after practical completion, or

(i) in the case of assets which will be held as investment properties, the date when a property becomes substantially let and income producing; or

(ii) in the case of Harbour properties the date when income exceeds outgoings, including development interest.

In the case of developments which generate no direct income, interest is capitalised until each stage of the development is substantially complete.

### (f) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives at the following rates per annum:

| | |
|---|---|
| Floating Plant and Machinery | 15 per cent. reducing balance |
| Dry Plant and Machinery | 20 per cent. reducing balance |
| Fixtures and Fittings | 10 per cent. straight line |
| Motor Vehicles | 25 per cent. reducing balance |

Freehold properties comprise the harbour, lock, quays and ancillary land and buildings, a substantial proportion of which property is subject to re-generation. Freehold property is not depreciated where assets are likely to be classified as investment properties once the re-generation is complete nor where these assets are maintained in a continual state of high repair nor in the case of the lock where maintenance is the acknowledged responsibility of the Environment Agency (formerly National Rivers Authority). There is at present no formalised agreeement with the Environment Agency although the Directors believe such an agreement will be concluded within 12 months. Any plant which forms an integral part of the buildings such as the structural element of the ice plant is also not depreciated. The machinery is however depreciated in accordance with the normal dry plant and machinery policy at 20 per cent. reducing balance.

The non-provision of depreciation of freehold property is not in accordance with the requirement of Statement of Standard Accounting Practice 12, Accounting for depreciation, but is considered necessary for the accounts to show a true and fair view. The Directors consider that the lives of such freehold property and their residual values (based on prices prevailing at the time of acquisition or subsequent valuation) are such that their depreciation is insignificant.

The non-depreciation of investment property is permitted by Statement of Standard Accounting Practice 19. This treatment is a departure from the requirements of the Companies Act 1985 concerning the depreciation of Fixed Assets. However, Clare Place is not held for consumption but for investment. The Directors consider that in the circumstances systematic annual depreciation would be inappropriate and that the accounting policy adopted (see note 1 (d)) is necessary for the accounts to give a true and fair view. Depreciation or amortisation 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.

### (g) Government Grants

The Group has received grants and contributions towards the re-generation of the harbour, specifically North Quay House, new fish market, Barbican Fish Market, the lock and quay walls. The normal treatment of such grants under SSAP4 is to credit them to deferred income and release them to the Profit and Loss Account over the life of the asset. In view of the unlimited life of much of the harbour and the policy of maintaining the assets in a state of high repair, thus eliminating the need for depreciation, it is not practicable to identify an economic life over which the deferred income could be released. The Directors believe that it would not present a true and fair view to leave the grants and contributions in deferred income indefinitely.

The Directors also believe that netting the grants received against the cost of the related assets, an alternative approach considered acceptable under SSAP 4, would not reflect the nature of the Harbour re-generation grants and therefore would not give a true and fair view of the group's financial position. As a result the Directors have used the true and fair override and the grants have been credited to a separate non-distributable capital reserve. This treatment is a departure from Statement of Standard Accounting Practice 4, Accounting for Government Grants and Financial Reporting Standard 3, Reporting Financial Performance. The effect of the departure is to increase shareholder funds by the amounts shown in the balance sheet as Capital Reserves (Grants) in each period presented, which amount would otherwise have been netted off against fixed assets. The grants received in the year to 31 March 1996 were £771,575 (1995: £1,068,222 and 1994: £1,366,868).

£2,604,237 of the grants received to date does, subject to certain conditions, vest absolutely with the Group. The remaining £4,010,315 will vest absolutely with the Group by 1998, provided the project is completed and no element sold and certain other conditions are satisfied. All conditions of the grants are in the opinion of the Directors likely to be met. Where the grants and contributions have been received towards Plant and Machinery, they are treated as a deferred credit in deferred income within or after one year in the consolidated Balance Sheet and written off over the estimated useful life of the assets.





### (h) Stock and Work in Progress

Stock and work in progress which comprise goods for re-sale and tools of trade are valued at the lower of cost and net realisable value. Cost is represented by direct materials purchased on a First In First Out basis plus labour together with attributable amounts of fixed and variable overheads incurred in bringing each product and service to its present location and condition. Net realisable value is defined as estimated selling price less costs of disposal or an estimated benefit derived from further use.

### (i) Deferred Taxation

Provision for deferred taxation is only made for timing differences between the treatment of certain items for taxation and accounting purposes where it can reasonably be foreseen that such deferred taxation will become payable in the future. In the case of freehold properties deferred taxation is only provided on the excess of capital allowances over depreciation when it is anticipated that the asset will be sold. As there are no such plans, no provision has been made. In October 1993 the company sold and repurchased the lock realising a capital gain which was held over into the said repurchase. Although the capital gain will crystallise in October 2003, or earlier if the lock is sold or ceases to be used, the Directors intend to roll over the gain by reinvesting £2,750,000 in a non-depreciating asset or assets to achieve full rollover of the gain.

### (j) Loan Finance

During the year ended 31 March 1994 the Group sold the lock for £2,750,000 to repurchase it over 10 years with a fixed term loan from Lombard North Central Plc with the balance of the liability financed by overdraft. No profit on disposal was recognised and the asset is recorded in the consolidated Balance Sheet as freehold property at its revalued amount. The liability for repayment is included in creditors due within and after one year. The interest element on the loan has been calculated using the actuarial method.

### (k) Goodwill

Goodwill arising on acquisitions is charged directly to profit and loss account reserve in the period of acquisition.

### (l) Pensions

The Group operates a defined contribution pension scheme for its employees whereby contributions are charged to the Profit and Loss Account as they become payable in accordance with the rules of the scheme.

## 2. Group Profit and Loss Accounts for the years ended 31 March

| | Notes | 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|---|
| **Turnover** | 6(a) | 2,095 | 1,289 | 1,117 |
| Cost of Sales | 6(a) | (1,223) | (567) | (374) |
| **Gross Profit** | 6(a) | 872 | 722 | 743 |
| Net Operating Expenses | | 459 | 391 | 325 |
| **Operating Profit** | | 413 | 331 | 418 |
| Exceptional Profit on disposal of Fixed Assets | 6(b) | 59 | — | 95 |
| **Profit on Ordinary Activities Before Interest** | | 472 | 331 | 513 |
| **Interest Payable** | 6(e) | (198) | (94) | (38) |
| **Profit on Ordinary Activities Before Taxation** | 6(b) | 274 | 237 | 475 |
| **Tax on Profit on Ordinary Activities** | 6(d) | — | — | (94) |
| **Profit on Ordinary Activities After Taxation and Attributable to Shareholders** | | 274 | 237 | 569 |
| **Dividends** | 6(f) | (166) | (152) | (149) |
| **Retained Profit for the Year** | | 108 | 85 | 420 |
| **Earnings per Share** | 6(g) | 5.71p | 4.99p | 12.05p |
| **Adjusted Earnings per Share** | 6(g) | 5.39p | 4.71p | 11.38p |

The profit for all years represents historical cost profit and relates directly to continuing activities.





## 3. Group Balance Sheets as at year ended 31 March

| | Notes | 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|---|
| **Fixed Assets** | | | | |
| Tangible Assets | 6(h) | 20,223 | 16,829 | 13,971 |
| Investments | 6(i) | 18 | 9 | 9 |
| | | 20,241 | 16,838 | 13,980 |
| **Current Assets** | | | | |
| Stock | 6(j) | 151 | 100 | 65 |
| Debtors: due within one year | 6(k) | 737 | 717 | 443 |
| due after one year | 6(k) | 53 | 38 | 38 |
| Cash at Bank and in Hand | | 13 | 13 | 14 |
| | | 954 | 868 | 560 |
| **Creditors** (due within one year) | 6(l) | (5,628) | (4,541) | (2,356) |
| **Net Current (Liabilities)/Assets** | | (4,674) | (3,673) | (1,796) |
| **Total Assets less Current Liabilities** | | 15,567 | 13,165 | 12,184 |
| **Creditors** (due after more than one year) | 6(m) | (1,758) | (1,955) | (2,133) |
| **Deferred Income** | 6(o) | (262) | (188) | (182) |
| | | (2,020) | (2,143) | (2,315) |
| | | 13,547 | 11,022 | 9,869 |
| **Capital and Reserves** | | | | |
| Called Up Share Capital | 6(p) | 1,245 | 1,187 | 396 |
| Share Premium Account | 6(r) | 340 | 143 | 180 |
| Revaluation Reserve | 6(r) | 4,318 | 2,839 | 2,839 |
| Merger Reserve | | 108 | 108 | 108 |
| Investment Property Revaluation Reserve | 6(r) | (78) | — | — |
| Capital Reserve (Grants) | 6(r) | 6,614 | 5,843 | 4,775 |
| Profit and Loss Account | 6(r) | 1,000 | 902 | 1,571 |
| **Equity Shareholders' Funds** | 6(r) | 13,547 | 11,022 | 9,869 |

## 4. Group Statements of Recognised Gains and Losses for the years ended 31 March

| | 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|
| Grants and contributions for the lock, North Quay House, new fish market and Barbican Fish Market developments | 771 | 1,068 | 1,367 |
| Revaluation Surplus | 1,479 | — | — |
| Temporary Deficit on Investment Property | (78) | — | — |
| Reported Profits in Group Companies available for Distribution | 274 | 237 | 569 |
| **Total Recognised Gains for the Year** | 2,446 | 1,305 | 1,936 |

## 5. Group Cash Flow Statements for the years ended 31 March

| | Notes | 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|---|
| **Net Cash Inflow from Operating Activities** | 6(u) | 483 | 367 | 732 |
| **Returns on Investments and Servicing of Finance** | | | | |
| Interest received | | 6 | 1 | 6 |
| Interest paid | | (488) | (401) | (228) |
| Dividends paid | | (152) | (152) | (133) |
| **Net Cash Outflow from Returns on Investments and Servicing of Finance** | | (634) | (552) | (355) |
| **Taxation** | | | | |
| UK Corporation Tax received/(paid) (including Advance Corporation Tax) | | 4 | 66 | (61) |
| **Investing Activities** | | | | |
| Purchase of Goodwill | | (10) | — | — |
| Purchase of Fixed Assets | | (1,945) | (2,622) | (2,675) |
| Receipts from disposal of Fixed Assets | | 210 | 11 | 200 |
| Purchase of Investments | | (8) | — | — |
| Receipts from sale of Investments | | 1 | — | — |
| Net Cash Outflow from Investing Activities | | (1,752) | (2,611) | (2,475) |
| **Net Cash Outflow Before Financing** | | (1,899) | (2,730) | (2,159) |
| **Financing** | | | | |
| Issue of Share Capital | | 255 | — | 43 |
| Capital Reserve (Grants) | | 772 | 1,068 | 1,367 |
| Grants on Plant and Machinery | | 132 | 31 | — |
| Repayment of Amounts Borrowed | | (179) | (179) | (365) |
| Loan Advances | | — | — | 2,200 |
| Net Cash Inflow from Financing | | 980 | 920 | 3,245 |
| **(Decrease)/Increase in Cash and Cash Equivalents** | 6(v) | (919) | (1,810) | 1,086 |





## 6. Notes to the Accounts

### (a) Turnover, Cost of Sales and Net Operating Expenses

Turnover for all years relates entirely to sales made to UK customers.

| | Year ended 31 March 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|
| **Turnover** | | | |
| Dues — Ships | 34 | 19 | 11 |
| — Goods | 99 | 57 | 49 |
| Services and Facilities | 1,245 | 539 | 486 |
| Rents | 410 | 427 | 501 |
| Other Revenues | 29 | 2 | 1 |
| Engineering Repairs and Yard Facilities | 278 | 245 | 69 |
| | 2,095 | 1,289 | 1,117 |
| **Cost of Sales** | 1,223 | 567 | 374 |
| **Net Operating Expenses** | | | |
| Engineering Repairs and Yard Facilities | 48 | 34 | 24 |
| Administrative Expenses | 411 | 357 | 301 |
| | 459 | 391 | 325 |

Since the construction of the new fish market, the Group has been able to purchase fuel from any source. This applied for the year ended 31 March 1996. All fuel sales prior to this were sold on a commission basis only. Fuel is included in Services and Facilities above. The Group operates within a single business segment. Other than at turnover level, it is not practicable to provide further analysis of operating profit and assets until the harbour re-generation project is complete, when this matter will be reviewed by the Directors.

### (b) Profit on Ordinary Activities Before Taxation

| | Year ended 31 March 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|
| Profit on Ordinary Activities Before Taxation is stated after charging (crediting): | | | |
| Auditors Remuneration: Audit | 9 | 9 | 8 |
| Other | 8 | 5 | 6 |
| Depreciation of Owned Assets | 89 | 59 | 47 |
| Amortisation of Grants on Owned Assets | (34) | (6) | — |
| Exceptional Item | (59)[1] | — | (95)[2] |

1. The Exceptional Item for the year ended 31 March 1996 represents a profit on the sale of the Cooperage public house which was deemed peripheral to the Group's long term objectives.

2. The Exceptional Item for the year ended 31 March 1994 represents a profit on the sale of buildings at Lockyer's Quay. The land remains in the ownership of the Group and is leased to Plymouth City Council who have developed a 350 space multi-storey car park.

### (c) Employment Costs

| | 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|
| | *Year ended 31 March* | | |
| **Employment Costs (excluding Non-executive Directors)** | | | |
| Wages and Salaries | 480 | 423 | 343 |
| Social Security Costs | 50 | 44 | 35 |
| Pension Costs | 44 | 37 | 35 |
| | 574 | 504 | 413 |
| The average number of staff employed by the Group (including Executive Directors only) was: | 35 | 28 | 26 |

**Directors' Emoluments**

The total remuneration of the Directors of the Group was as follows:

| | 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|
| | *Year ended 31 March* | | |
| Fees | 27 | 26 | 26 |
| Other Emoluments | 98 | 94 | 90 |
| Pension Contributions | 9 | 9 | 8 |
| | 134 | 129 | 124 |

The remuneration excluding pension contributions of the individual Directors was as follows:

| | *Directors' Salary £'000* | *Taxable Benefits £'000* | *Fees £'000* | *1996 Total £'000* | *1995 Total £'000* | *1994 Total £'000* |
|---|---|---|---|---|---|---|
| Bryan H. Foster | 13 | — | 4 | 17 | 17 | 17 |
| Peter C. Stedman | 12 | — | 4 | 16 | 16 | 16 |
| Duncan B. Godefroy | 47 | 11 | — | 58 | 55 | 50 |
| Malcolm L. Iley | — | — | 4 | 4 | 4 | 4 |
| Peter A. Langmaid | — | — | 4 | 4 | 4 | 4 |
| Jonathan H. Trafford | — | — | 4 | 4 | 4 | 4 |
| Thomas R. Winser | — | — | 1 | 1 | — | — |
| Raymond Wood | — | — | 6 | 6 | 6 | 6 |
| | 72 | 11 | 27 | 110 | 106 | 101 |





The Managing Director also received the following emoluments:

| | 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|
| | *Year ended 31 March* | | |
| In respect of services as Company Secretary | 15 | 15 | 15 |
| Pension contributions | 9 | 9 | 8 |

### (d) Tax on Profit on Ordinary Activities

The Group had available trading losses of £2,090,000 to carry forward at 31 March 1996. These resulted in part from the sale and repurchase in 1993 over 10 years of the lock for £2,750,000. The Group claimed enhanced capital allowances of 40 per cent. on the repurchase resulting in a large trading loss and tax credit of £94,404 for the year to 31 March 1994. The capital gain arising from the sale of the lock was held over into the repurchase. Additionally, the Group has claimed capital allowances on subsequent freehold property developments. These losses have been carried forward and offset against taxable profits for the years ended 31 March 1995 and 1996, resulting in no tax being payable for these years.

As it is considered that no liability is likely to arise in the foreseeable future in respect of taxation deferred by the excess of capital allowances over depreciation, no provision has been made. However, tax may become payable in the foreseeable future on rental profits, as the trading losses carried forward cannot be offset against future rental profits.

No deferred tax has been provided on the revaluation surplus on freehold land and buildings revalued on 31 March 1996 as it is not anticipated that any of the buildings involved will be disposed of in the foreseeable future. No deferred tax is provided on the capital gain which may crystallise in respect of the lock in October 2003 (or earlier if the lock is sold or ceases to be used) as the Directors intend to roll over the gain by reinvesting £2.75 million in a non-depreciating asset.

**The effect of deferred taxation on the Profit and Loss Account is as follows:**

| | *Provided* | | | *Not Provided* | | |
|---|---|---|---|---|---|---|
| | *Year ended 31 March* | | | | | |
| | 1996 £'000 | 1995 £'000 | 1994 £'000 | 1996 £'000 | 1995 £'000 | 1994 £'000 |
| Capital Allowances in advance of Depreciation | — | — | — | 232 | 475 | 169 |
| Tax Losses | — | — | — | (195) | (385) | (110) |
| Rolled Over/Held Over Capital Gains | — | — | — | — | 5 | 742 |
| | — | — | — | 37 | 95 | 801 |
| Less: Advance Corporation Tax | — | — | — | 16 | 38 | 125 |
| | | | | 21 | 57 | 676 |

## (e) Net Interest

| | Year ended 31 March 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|
| **Interest Payable:** | | | |
| Bank Loans and Overdraft | 494 | 400 | 257 |
| Less: Interest Capitalised on freehold property | 289 | 302 | 213 |
| | 205 | 98 | 44 |
| Interest Receivable and Similar Income | (7) | (4) | (6) |
| | 198 | 94 | 38 |

## (f) Dividends per share

| | Year ended 31 March 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|
| **Dividends** | | | |
| Ordinary Shares | | | |
| Interim Paid | 57 | 57 | 54 |
| Final Proposed | 109 | 95 | 95 |
| | 166 | 152 | 149 |

| | Year ended 31 March 1996 | 1995 | 1994 |
|---|---|---|---|
| Dividends per Ordinary Share paid and proposed: | | | |
| Interim | 1.200p | 1.200p | 1.167p |
| Final | 2.200p | 2.000p | 2.000p |
| Total | 3.400p | 3.200p | 3.167p |

## (g) Earnings per share

The calculation of earnings per ordinary share is based on the following:

| | 1996 | 1995 | 1994 |
|---|---|---|---|
| Profit for the year attributable to ordinary shareholders (£'000) | 274 | 237 | 569 |
| Weighted average number of ordinary shares (000's) | 4,787 | 4,748 | 4,723 |
| Earnings per share | 5.71p | 4.99p | 12.05p |
| Adjusted earnings per share[1] | 5.39p | 4.71p | 11.38p |

The weighted average number of shares for the year ended 31 March 1994 has been adjusted to account for the bonus issue of 3,165,232 ordinary shares of 25p each on 25 July 1994 based on two new ordinary shares for every one existing share.

1. The earnings per share in each of the three years ended 31 March 1996 have been restated and adjusted for the bonus element attaching to the Placing of 5,000,000 ordinary shares of 25p each on 22 August 1996. The revised earnings per share are shown after applying the factor 133.3/120.0 to account for the bonus element.





## (h) Tangible Assets

| | Freehold Property £'000 | Plant and Machinery £'000 | Fixtures and Fittings £'000 | Motor Vehicles £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Cost or Valuation** | | | | | |
| At 1 April 1993 | 11,025 | 250 | 63 | 68 | 11,406 |
| Additions | 2,846 | 39 | 12 | 2 | 2,899 |
| Disposals | (105) | — | — | — | (105) |
| At 1 April 1994 | 13,766 | 289 | 75 | 70 | 14,200 |
| Additions | 2,780 | 52 | 42 | 50 | 2,924 |
| Disposals | — | — | — | (28) | (28) |
| At 1 April 1995 | 16,546 | 341 | 117 | 92 | 17,096 |
| Valuation Surplus | 1,401 | — | — | — | 1,401 |
| Additions | 2,008 | 176 | 47 | 2 | 2,233 |
| Disposals | (151) | — | — | — | (151) |
| **At 31 March 1996** | 19,804 | 517 | 164 | 94 | 20,579 |
| **Depreciation** | | | | | |
| At 1 April 1993 | — | 117 | 28 | 38 | 183 |
| Charge for the year | — | 31 | 7 | 8 | 46 |
| Disposals | — | — | — | — | — |
| At 1 April 1994 | — | 148 | 35 | 46 | 229 |
| Charge for the year | — | 32 | 11 | 17 | 60 |
| Disposals | — | — | — | (22) | (22) |
| At 1 April 1995 | — | 180 | 46 | 41 | 267 |
| Charge for the year | — | 61 | 15 | 13 | 89 |
| **At 31 March 1996** | — | 241 | 61 | 54 | 356 |
| **Net Book Value** | | | | | |
| **At 31 March 1996** | 19,804 | 276 | 103 | 40 | 20,223 |
| At 31 March 1995 | 16,546 | 161 | 71 | 51 | 16,829 |
| At 31 March 1994 | 13,766 | 141 | 40 | 24 | 13,971 |

Stratton Creber, Independent Surveyors and part of the Lloyds TSB Group, carried out a valuation of the freehold properties at 31 March 1996 in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Their valuation was £19,785,000 comprising:

| | £'000 |
|---|---|
| (i) Existing use value | |
| Marina (valued as a fully equipped operational entity with regard to its trading potential) and other properties mainly owner occupied for business | 2,455 |
| (ii) Open Market Value | |
| Investment property — Clare Place | 300 |
| Investment properties in course of construction: | |
| North Quay House | 1,730 |
| Barbican Fish Market | 945 |
| Other properties forming part of the Harbour-side which will be held as investment properties once the re-generation is complete | 4,190 |
| | 7,165 |
| (iii) Depreciated Replacement Cost, subject to the adequate potential profitability of the business compared with the value of the total assets employed | |
| Properties mainly owner occupied for the business, being the new fish market, lock and quays | 10,165 |
| | 19,785 |

The historical cost of the freehold properties valued by Stratton Creber on 31 March 1996 is as follows:

| | £'000 |
|---|---|
| Clare Place — Investment property | 378 |
| North Quay — Under the course of construction | 2,208 |
| Harbour re-generation project | 12,978 |
| | 15,564 |

Also included in the valuation of freehold property are the lock and new quays valued at £6,655,000. The lock and quays are not directly income producing but expenditure on them was necessary as a pre-requisite to the whole re-generation of the Harbour area. The capitalisation of the lock costs leads in the short to medium term to reduced returns on capital employed which is the reason why it was substantially grant aided. Once the Harbour re-generation project is complete, an exercise will be undertaken to allocate historical cost to individual assets and where appropriate transfer those assets to the investment property category. Once the Harbour assets have reached the expected level of activity, the Directors intend that the Harbour-side operation, namely the marina, the new fish market, lock and quays will be valued as a whole on the basis of existing use value. Until this exercise is complete, there will be some offsetting of gains and losses within the overall revaluation surplus on Harbour-side assets. In the opinion of the Directors, should there be any underlying deficit on a particular asset, which is thought unlikely, then such deficit would be expected to be temporary and reversed once the full benefit of the re-generation project is reflected in the economic activity of the asset concerned.





The following properties, whose cost can be ascertained, show a deficit against valuation at 31 March 1996:

| | £'000 |
|---|---|
| Clare Place — investment property | (78) |
| North Quay House — in the course of construction | (478) |
| Lock, new quays and new fish market | (202) |

The Directors believe that the deficit on Clare Place is temporary, reflecting current short term tenancies The deficit has been taken to the investment property revaluation reserve, and is disclosed separately in note 6(r). The deficit on North Quay House is not regarded by the Directors as permanent and has been offset against the overall revaluation reserve. Following the year end, the property has been substantially completed and partially let. The Directors are of the opinion that once the property is fully let, then the temporary loss will reverse.

The deficit on the lock, new quays and new fish market arises from Stratton Creber's use of the depreciated replacement cost method of valuation which, using a life of 80 years, has written down their value by some £202,000. The Directors do not regard this deficit as permanent as they consider such assets to have an unlimited useful life as the assets are maintained in a continual high state of repair and in the case of the lock maintenance is the acknowledged responsibility of the Environment Agency. The Directors consider that the book value of the lock, new quays and new fish market is supported by the value in use of these assets.

The cumulative amount of capitalised interest included in the historical cost of fixed assets and now absorbed in the revaluation is:

| | *Year ended 31 March* | | |
|---|---|---|---|
| | *1996* *£'000* | *1995* *£'000* | *1994* *£'000* |
| | 947 | 658 | 356 |

**(i) Investments**

| | *Listed Investments £'000* | *Other Investments £'000* | *Total £'000* |
|---|---|---|---|
| At 1 April 1993 | 3 | 6 | 9 |
| At 1 April 1994 | 3 | 6 | 9 |
| At 1 April 1995 | 3 | 6 | 9 |
| Additions | — | 9 | 9 |
| **At 31 March 1996** | 3 | 15 | 18 |

At 31 March the aggregate market value of the listed investments included in the accounts at cost was for 1996: £7,447, (1995: £6,067, 1994: £6,517). The other investments are various paintings and antiques held in the Group's possession.

### (j) Stock

| | Year ended 31 March | | |
|---|---|---|---|
| | 1996 £'000 | 1995 £'000 | 1994 £'000 |
| Stores and Materials | 33 | 24 | 17 |
| Work in Progress | 66 | 34 | 23 |
| Goods for Resale | 52 | 42 | 25 |
| | 151 | 100 | 65 |

### (k) Debtors

| | Year ended 31 March | | |
|---|---|---|---|
| | 1996 £'000 | 1995 £'000 | 1994 £'000 |
| **Due within one year** | | | |
| Trade Debtors | 439 | 154 | 184 |
| Corporation Tax Recoverable | — | 4 | 94 |
| Advance Corporation Tax Recoverable | 51 | 90 | 24 |
| Other Debtors | 192 | 445 | 126 |
| Prepayments and Accrued Income | 55 | 24 | 15 |
| | 737 | 717 | 443 |
| **Due after one year** | | | |
| Advanced Corporation Tax Recoverable | 53 | 38 | 38 |

### (l) Creditors (due within one year)

| | Year ended 31 March | | |
|---|---|---|---|
| | 1996 £'000 | 1995 £'000 | 1994 £'000 |
| Current Instalment due on Loans | 197 | 179 | 165 |
| Bank Overdraft | 4,048 | 3,129 | 1,321 |
| Trade Creditors | 192 | 68 | 73 |
| Tax and Social Security Costs | 103 | 21 | 41 |
| Other Creditors | 457 | 889 | 386 |
| Deferred Income | 481 | 95 | 252 |
| Proposed Dividend | 109 | 95 | 95 |
| Advance Corporation Tax Payable | 41 | 65 | 23 |
| | 5,628 | 4,541 | 2,356 |

The bank overdraft is secured by fixed and floating charges over the assets of the Group. The interest rate is 1.5 per cent. above base rate.





### (m) Creditors (due after more than one year)

| | Year ended 31 March | | |
|---|---|---|---|
| | 1996 £'000 | 1995 £'000 | 1994 £'000 |
| Bank Loan | 222 | 247 | 272 |
| Other Loan | 1,536 | 1,708 | 1,861 |
| | 1,758 | 1,955 | 2,133 |

The amounts falling due on the loans after more than one year are as follows:

| | Year ended 31 March | | |
|---|---|---|---|
| | 1996 £'000 | 1995 £'000 | 1994 £'000 |
| Between 1 and 2 years | 200 | 199 | 179 |
| Between 2 and 5 years | 863 | 718 | 809 |
| In more than 5 years | 695 | 1,038 | 1,145 |
| | 1,758 | 1,955 | 2,133 |

The bank loan from National Westminster Bank plc is secured by a fixed charge on one property, Clare Place, and is not wholly repayable within five years. The interest rate is 1.5 per cent. above base rate and the loan is repayable in quarterly instalments including both capital and interest of £11,589 which commenced on 1 December 1992.

| | Year ended 31 March | | |
|---|---|---|---|
| | 1996 £'000 | 1995 £'000 | 1994 £'000 |
| Amounts repayable in more than five years | 96 | 120 | 148 |

The "Other Loan", which was from Lombard North Central plc, related to the sale and repurchase of the lock. It was secured by a second fixed charge on the Group's property and subject to the first charge in respect of National Westminster Bank plc which was postponed for an amount not exceeding £1,000,000. The second fixed charge ranked pari passu with the National Westminster Bank plc charge above the sum of priority of £1,000,000. The Lombard North Central plc rate was 10.39 per cent. fixed over 10 years and the loan was repayable in quarterly instalments including both capital and interest of £83,512 commencing 28 October 1993.

| | Year ended 31 March | | |
|---|---|---|---|
| | 1996 £'000 | 1995 £'000 | 1994 £'000 |
| Capital element repaid during the year as disclosed separately in the cash flow statement | 179 | 179 | 365 |
| Amounts repayable in more than five years | 599 | 917 | 997 |

### (n) Provisions for Liabilities and Charges

Deferred taxation provided in the Balance Sheet and amounts not provided are as follows:

| | Year ended 31 March | | | | | |
|---|---|---|---|---|---|---|
| | Provided | | | Not Provided | | |
| | *1996* *£'000* | *1995* *£'000* | *1994* *£'000* | *1996* *£'000* | *1995* *£'000* | *1994* *£'000* |
| Capital Allowances in advance of Depreciation | — | — | — | 1,037 | 805 | 330 |
| Tax Losses | — | — | — | (690) | (495) | (110) |
| Rolled Over/Held Over Capital Gains | — | — | — | 747 | 747 | 742 |
| | — | — | — | 1,094 | 1,057 | 962 |
| Less: Advance Corporation Tax | — | — | — | (179) | (163) | (125) |
| | — | — | — | 915 | 894 | 837 |

### (o) Deferred Income

| | Year ended 31 March | | |
|---|---|---|---|
| | *1996* *£'000* | *1995* *£'000* | *1994* *£'000* |
| Rental Received in Advance | 154 | 168 | 182 |
| Grant Deferred Credit | 108 | 20 | — |
| | 262 | 188 | 182 |

### (p) Share Capital

| | Year ended 31 March | | |
|---|---|---|---|
| | *1996* *£'000* | *1995* *£'000* | *1994* *£'000* |
| Authorised: Ordinary Shares of 25p each | 10,000 | 10,000 | 10,000 |
| Allotted, Called Up and Fully Paid: Ordinary Shares of 25p each | 1,245 | 1,187 | 396 |

During the year ended 31 March 1996 the Company issued 232,000 Ordinary Shares and in the year ended 31 March 1995 a two for one Capitalisation Issue was effected which gave rise to an issue of an additional 3,165,232 shares.





### (q) Reconciliation of Movements in Equity Shareholders' Funds

| | Year ended 31 March | | |
|---|---|---|---|
| | *1996* *£'000* | *1995* *£'000* | *1994* *£'000* |
| Reported Profit in Group Companies for the Year | 274 | 237 | 569 |
| Less: Dividends | 166 | 152 | 149 |
| Retained Profit for the Year | 108 | 85 | 420 |
| Goodwill Written Off on Acquisition of Stainless Steel Fabrications | (10) | — | — |
| Other Recognised Gains | 2,172 | 1,068 | 1,367 |
| Share Issue | 58 | — | 6 |
| Premium on Share Issue | 197 | — | 37 |
| Opening Equity Shareholders' Funds | 11,022 | 9,869 | 8,039 |
| **Closing Equity Shareholders' Funds** | 13,547 | 11,022 | 9,869 |

### (r) Reserves

| | *Share Premium Account* *£'000* | *Revaluation Reserve* *£'000* | *Investment Property Revaluation Reserve* *£'000* | *Capital Reserve (Grants)* *£'000* | *Profit and Loss Account* *£'000* |
|---|---|---|---|---|---|
| At 1 April 1993 | 143 | 2,887 | — | 3,408 | 1,103 |
| Profit for year | — | — | — | — | 569 |
| Dividends | — | — | — | — | (149) |
| Premium on Share Issue | 37 | — | — | — | — |
| Realisation arising from Sale of Property | — | (48) | — | — | 48 |
| Government Grants and NRA contributions | — | — | — | 1,367 | — |
| At 1 April 1994 | 180 | 2,839 | — | 4,775 | 1,571 |
| Profit for year | — | — | — | — | 237 |
| Dividends | — | — | — | — | (152) |
| Capitalisation in respect of bonus issue | (37) | — | — | — | (754) |
| Government Grants | — | — | — | 1,068 | — |
| At 1 April 1995 | 143 | 2,839 | — | 5,843 | 902 |
| Profit for year | — | — | — | — | 274 |
| Dividends | — | — | — | — | (166) |
| Premium on Share Issue | 197 | — | — | — | — |
| Government Grants | — | — | — | 771 | — |
| Revaluation Surplus | — | 1,479 | — | — | — |
| Temporary Cumulative Deficit on Investment Property | — | — | (78) | — | — |
| Goodwill Written Off on Acquisition of Stainless Steel Fabrications | — | — | — | — | (10) |
| **At 31 March 1996** | 340 | 4,318 | (78) | 6,614 | 1,000 |

### (s) Capital Commitments

| | Year ended 31 March 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|
| Contracted but not provided for | 17 | 945 | 1,612 |

Additionally at 31 March 1996, expenditure of £927,000 was authorised, but not contracted, for the development of the Barbican Fish Market. The commitment is disclosed gross of grant aid of 48.068 per cent.

### (t) Contingent Liabilities

The Group is involved in a boundary dispute at North Quay House. The maximum potential liability is £50,000. However, the Group is counter claiming and therefore no provision has been made.

### (u) Net Cash Inflow from Operating Activities

Operating profit shown by the Group's Profit and Loss Account (note 2) is reconciled to the Net Cash Inflow from operating Activities as follows:

| | Year ended 31 March 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|
| Operating Profit | 413 | 331 | 418 |
| Depreciation Charges | 89 | 59 | 47 |
| Amortisation of Grants | (34) | (6) | — |
| Disposal of Fixed Assets | 59 | — | 95 |
| Profit on Sale of Fixed Assets | (59) | (4) | (95) |
| Profit on Sale of Investments | (1) | — | — |
| Increase in Stock | (51) | (34) | (45) |
| (Increase)/decrease in Debtors | (63) | (272) | 7 |
| Increase in Creditors | 130 | 293 | 305 |
| **Net Cash Inflow from Operating Activities** | 483 | 367 | 732 |

### (v) Cash and Cash Equivalents

| | Year ended 31 March 1996 £'000 | 1995 £'000 | 1994 £'000 |
|---|---|---|---|
| Balance at 1 April 1995/1994/1993 | (3,116) | (1,306) | (2,392) |
| Balance at 31 March 1996/1995/1994 | (4,035) | (3,116) | (1,306) |
| **(Decrease)/Increase in Cash and Cash Equivalents** | (919) | (1,810) | 1,086 |





## 7. Post Balance Sheet Events

The following non-adjusting post balance sheet events have occurred since 31 March 1996:

(a) On 22 August 1996, the Company issued a further 5,000,000 Ordinary Shares by way of a Placing at 100p per share;

(b) The proceeds from the share issue have been applied to the repayment of the overdraft with National Westminster Bank Plc which amounted to £3.77 million at 22 August 1996 and also to the repayment of a £235,000 loan in respect of Clare Place on 22 October 1996;

(c) On 16 September 1996, the outstanding loan balance of £1,647,000 with Lombard North Central Plc was repaid and replaced by a new overdraft facility with National Westminster Bank Plc; and

(d) North Quay House has been substantially completed and partially let. Accordingly, with effect from 30 September 1996, the Directors have re-classified North Quay House as an investment property. The associated temporary deficit has been transferred to the Investment Property Revaluation Reserve.

## 8. Audit reports

The audit reports for the three years ended 31 March 1996 as prepared by Nevill Hovey & Co, were unqualified.

Yours faithfully

ERNST & YOUNG
*Chartered Accountants"*

# Part IV: Additional Information

## 1. Sutton Harbour Holdings plc

(a) The Company was incorporated on 21 September 1989 under the Act as a company limited by shares with registered number 2425189. On 12 August 1994 the Company was re-registered under the Act as a public limited company. The principal legislation under which the Group operates is the Act and regulations made thereunder.

(b) The Company's registered office and principal place of business is Harbour Office, Sutton Harbour, Plymouth, PL4 OES.

## 2. Share Capital

(a) The original share capital authorised on incorporation of the Company was £10,000,000 divided into 40,000,000 Ordinary Shares of 25p each. 778,908 Ordinary Shares of 25p each were then allotted on 31 January 1990 as a result of the Scheme of Arrangement. A further 778,908 Ordinary Shares of 25p each were allotted on 25 July 1990 by way of bonus issue and on 29 March 1994 24,800 Ordinary Shares of 25p each were allotted under a stock option scheme. On 25 July 1994 a further 3,165,232 Ordinary Shares of 25p each were allotted as a result of a 2 for 1 bonus issue. On 24 January 1996 232,000 Ordinary Shares of 25p each were allotted to subscribers and on 22 August 1996 5,000,000 Ordinary Shares of 25p each were issued by a Placing.

(b) There is no current authority under Section 80 of the Act empowering the Directors to allot shares. The last authority given at the EGM on 21 August 1996 was confined to the 5,000,000 shares which were placed on 22 August 1996.

There is no Section 95 disapplication of pre-emption rights as the last disapplication at the 1995 Annual General Meeting was renewed only until the conclusion of the 1996 AGM and no subsequent Section 95 authority has been authorised by the Company.

(c) Neither the Company, nor any of its subsidiaries has granted any options over its shares or has agreed, conditionally or unconditionally, to grant any such options.

Save as disclosed in paragraph 2(a) above:

(i) no share or loan capital of the Company or any of its subsidiaries has within the three years immediately preceding the date of this document been issued or been agreed conditionally or unconditionally to be issued fully or partly paid, either for cash or for a consideration other than cash and no such issue is proposed;

(ii) save as disclosed in paragraph 8(a), no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries within three years immediately preceding the date of this document in connection with the issue or sale of any share or loan capital of any such company.

## 3. Subsidiaries

(a) The subsidiaries of the Company (all of which are wholly owned) are as follows:

| *Subsidiary Undertaking* | *Activity* |
|---|---|
| Sutton Harbour Company | Harbour Authority |
| Sutton Harbour Services Limited | Marine engineers, boat repairers and steel fabricators |
| Sutton Harbour Development Limited | Not trading |
| Sutton Harbour Fisheries Limited | Dormant |

(c) The registered office of all the subsidiaries referred to above is Harbour Office, Sutton Harbour, Plymouth PL4 OES.

## 4. Memorandum and Articles of Association

(a) The Company's principal objects (as referred to in clause 4.1 of its Memorandum of Association) are to carry on the business of a holding company.

(b) The Articles of Association of the Company ("the Articles") are summarised below:

(i) VOTING

Subject to any rights or restrictions for the time being attached to shares, and to disenfranchisement of a member in the event of non-compliance with a statutory notice requiring the member or any person appearing to be interested in the member's shares to give particulars of any interest in such shares, at every general meeting of the Company every member present in person or, (being a corporation) by a duly authorised representative, shall, on a





show of hands, have one vote and on a poll every such holder of share capital present in person or by proxy shall have the following votes:

(a) for the first £250 of such capital one vote for each complete £1 of nominal value;

(b) for the next £2,250 of such capital one vote for each complete £5 of nominal value; and

(c) for the balance of such capital one vote for each complete £10 of nominal value.

(ii) DIVIDENDS

In accordance with the provisions of the Companies Act 1985, the Company may by Ordinary Resolution declare final dividends to be paid subject to the respective rights and priorities of the members, but no dividend shall exceed the amount recommended by the Directors. The Directors may pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.

All dividends unclaimed for 12 years after having been declared shall, unless the Directors otherwise resolve, be forfeited and revert to the Company.

(iii) RETURN OF CAPITAL ON A WINDING UP

If the Company is wound up, the Liquidator may, within the authority of an Extraordinary Resolution, divide among the members in specie or in kind the whole or any part of the assets of the Company. The Liquidator may, with the like authority, vest any part of the assets of the Company. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with like authority shall think fit, but so that no person shall be compelled to accept any shares in respect of which there is a liability.

(iv) FREE TRANSFERABILITY

A member may transfer all or any of his shares by an instrument of transfer in writing in the usual form or in any other form approved by the Directors.

The Directors may, in their absolute discretion, decline to register any transfer which includes any share which is not fully paid or any shares upon which the Company has a lien.

The Directors may also refuse to register any instrument of transfer unless:

(a) it is duly stamped and is accompanied by the Certificate to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) it is in respect of only one class of shares; and

(c) it is a transfer to no more than four joint holders.

(v) VARIATION OF RIGHTS

To the extent that the capital of the Company is divided into classes of shares with special rights, then those rights can be varied either by the consent in writing of the holders of three-quarters of the issued shares of the class, or by an extraordinary resolution passed at a general meeting of such holders.

(vi) REDEMPTION

The Company has the right, subject to any statutory provisions, to purchase its own shares provided that there are no outstanding convertible securities and, if the shares are quoted on the London Stock Exchange, at a price calculated by reference to the middle market quotation.

(vii) PRE-EMPTION

There are no existing rights of pre-emption (other than statutory rights) attaching to the Ordinary Shares.

(viii) DIRECTORS

(a) The number of Directors shall not be less than three nor more than nine unless otherwise determined by the Company in general meeting.

(b) A Director shall be a shareholder in the Company.

(c) The Directors shall be entitled to such remuneration as the Company may by Ordinary Resolution determine.

(d) At every Annual General Meeting one third of the Directors who are subject to retirement by rotation (or the nearest number to but not exceeding one third) shall retire from office.

(e) The Directors may from time to time appoint one or more of their number to be the holder of any employment or executive office on such terms as to remuneration and otherwise as they think fit and may from time to time vary or revoke such appointment subject to the terms of any agreement between the Company and the appointee.

(f) A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided by any other Article.

(g) A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

(h) A Director shall not vote nor be counted in the quorum in respect of any contract or arrangement or any other proposal in which he has a direct or indirect material interest, but the prohibition shall not apply to:

(i) any contract or arrangement for giving to such Director any security or indemnity in respect of money lent by him or obligations undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries which the Director has himself guaranteed or secured in whole or in part;

(iii) any contract or arrangement by a Director to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or any class thereof or to the public or any section thereof, or to underwrite any shares, debentures or other securities of the Company;

(iv) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;

(v) any contract or arrangement concerning any other company (not being a company in which the Director owns one per cent or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise;

(vi) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme which relates both to Directors and employees of the Company or of any its subsidiaries and does not accord to any Directors as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates;

(vii) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the Director benefits in a similar manner as the employees and does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom such arrangement relates;

(viii) any contract or arrangement for insurance for the benefit of any officer or employee of the Company against liability for negligence, default, breach of duty or breach of trust or any other liabilities which may be lawfully insured against under which the Director benefits in a similar manner as the other officers of the Company and does not accord to any Director as such any privilege or advantage not generally accorded to the officers to whom such insurance relates.

(ix) BORROWING POWERS

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets, including its uncalled capital for the time being, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.





## 5. Directors and other interests

(a) The Directors of the Company and their functions are as follows:

| | |
|---|---|
| Bryan Hayward Foster | Non-executive Chairman |
| Duncan Bruce Godefroy | Managing Director |
| Nigel John Godefroy | Executive Director |
| Malcolm Lawson Iley | Non-executive Director |
| Peter Anthony Langmaid | Non-executive Director |
| Peter Cecil Stedman | Non-executive Deputy Chairman |
| Jonathan Hugh Trafford | Non-executive Director |
| Thomas Ralph Winser | Non-executive Director |
| Raymond Wood | Non-executive Director |
| Margaret Ellen Winser | Alternate to Thomas Ralph Winser |

(b) The following is a list of all directorships held by the Directors within the last five years apart from their Directorships of the Company:

**Bryan Hayward Foster**

*Current*

Sutton Harbour Company
Sutton Harbour Development Limited
Sutton Harbour Fisheries Limited
Sutton Harbour Services Limited

*Previous*

Allied Provincial plc
Allied Provincial Securities Limited
Westlake Nominees Limited
Westlake & Co (Stockbrokers) Limited

**Duncan Bruce Godefroy**

*Current*

Sutton Harbour Company
Sutton Harbour Development Limited
Sutton Harbour Fisheries Limited
Sutton Harbour Services Limited
Plymouth Barbican Association Limited

*Previous*

The Mount Batten Port Company Limited (Dissolved)

**Nigel John Godefroy**

*Current*

Sutton Harbour Company
Sutton Harbour Services Limited

**Malcolm Lawson Iley**

*Current*

Sutton Harbour Company
Bevan Ashford Services Limited
Devon Environmental Trust

*Previous*

Devon Environmental Business Initiative Limited
Leominster District Economic Development Trust (Dissolved)
Leominster Training Enterprises Limited

**Peter Anthony Langmaid**

*Current*

A.E. Andrew (Developments) Limited
Bromhead & Co. Limited
Business Advice Centre (South West) Limited
Enterprise Plymouth Limited
Glenglow Properties Limited
Marine Projects (Plymouth) Limited
Ravencroft Limited
Sutton Harbour Company
Taskforce (South West) Limited
The Crown Carpet Company Limited
Wallsend Estates Limited

*Previous*

Commercial Union Assurance Co. PLC (Exeter Local Board of Directors)
Mayflower Carpets Limited (Dissolved)

**Peter Cecil Stedman**

*Current*

Sutton Harbour Company
Sutton Harbour Development Limited
Plymouth Barbican Association Limited

*Previous*

The Mast Development Company Limited (Dissolved)

**Jonathan Hugh Trafford**

*Current*

Chiltern Radio PLC
GWR Group PLC
Mount House School Trust Limited
Oval (709) Limited
Plymouth Sound Limited
Sutton Harbour Company
South West Enterprise Limited
Tradreed Limited

*Previous*

Acrebeech Limited (Dissolved)
Candidum Trading International Limited (Dissolved)
Devon Cablevision Limited
Mao Services Limited (Dissolved)
Plymouth Law Society
Westcountry Broadcasting Limited

**Thomas Ralph Winser**

*Current*

Amberston Limited
Ardevora Ventures Limited
Sutton Harbour Company

**Raymond Wood**

*Current*

Metropole Court Management (Minehead) Limited
Sutton Harbour Company
Sutton Harbour Development Limited





**Margaret Ellen Winser**

*Current*

Ardevora Ventures Limited
Benenden School (Kent) Limited
Benenden School Trust Limited
River & Mercantile Investment Management Limited
River & Mercantile Asset Management Limited

*Previous*

James Capel Fund Managers Limited

(c) At the date of this document, none of the Directors has any unspent convictions nor has been subject to any public criticisms by statutory or regulatory authorities. Save as set out below, there have been no bankruptcies, receiverships or liquidations of companies in which the Directors were directors at the time of, or within 12 months preceding such events. The companies referred to as being dissolved were dissolved without any outstanding obligations.

From 2 July 1987 to 5 July 1995 Mr Trafford was a director of Mao Services Limited. This company was incorporated as a private company in 1984. On 25 July 1995 there was a creditors' voluntary liquidation of the Company. The process of liquidation is nearing completion with the primary creditors being the Inland Revenue, Perma Led Plc and a bank. The estimated deficiency as at 19 July 1995, the date of the latest available information, was £1,185,854.

(d) So far as the Directors are aware, no person or persons directly or indirectly, jointly or severally, exercise or could exercise control over the Company. "Control" means the ability, in practice, to determine the actions of the Company.

(e) The interests of the Directors and their respective immediate families, held both directly or indirectly, and (so far as the Directors are aware, having made reasonable enquiries) persons connected with a Director (within the meaning of Section 346 of the Act) in the share capital of the Company which will be required to be notified by each Director pursuant to Section 324 or 328 of the Act or required pursuant to Section 325 of the Act to be entered in the Register of Directors' Interests maintained by the Company pursuant to that Section are as follows:

| | *Beneficial* | *Non-Beneficial* |
|---|---|---|
| Bryan Hayward Foster | 122,700 | — |
| Duncan Bruce Godefroy | 89,544 | — |
| Nigel John Godefroy | 3,000 | — |
| Malcolm Lawson Iley | 11,390 | — |
| Peter Anthony Langmaid | 189,400 | 2,400 |
| Peter Cecil Stedman | 362,560 | — |
| Jonathan Hugh Trafford | 43,352 | — |
| Thomas Ralph Winser (and Margaret Ellen Winser) | 570,800 | — |
| Raymond Wood | 28,744 | — |

No Director holds, or is entitled to, any share options.

(f) No Director has or has had any interest in transactions which are or were unusual in their nature or conditions or significant to the business of the Company and which were effected by the Company during the current or immediately preceding financial year or were effected during any earlier financial year and which remain outstanding or unperformed.

(g) There are no outstanding loans or guarantees which have been granted or provided to or for the benefit of any Director by any member of the Group.

(h) As at 6 December 1996, the Company was not aware of any persons who directly or indirectly are, or within the preceding 12 months, were entitled to exercise or control 10 per cent or more of the votes able to be cast on all or substantially all matters at general meetings of the Company.

(i) As at 6 December 1996 the Directors are aware of the following persons (other than the Directors) who were interested directly or indirectly in 3 per cent or more of the issued ordinary share capital of the Company.

| *Shareholder* | *Number of Ordinary Shares* | *% of the Company's issued ordinary share capital* |
|---|---|---|
| Rotolok (Holdings) Limited | 650,044 | 6.5% |

Although no formal notification has been received by the Company, it so believed that Mr D McCauley may have an interest in 15.39 per cent. of the Company's issued share capital including those shares held by Rotolok (Holdings) Limited.

## 6. Directors' Service Agreements and Emoluments

(a) The Company entered into a Service Agreement with Mr Duncan Godefroy on 1 June 1994. Under this Agreement Mr Godefroy is employed as full time Managing Director and Company Secretary for a period of 3 years from the date of the Agreement, such 3 year period to be extended automatically on the anniversary of the Agreement unless notice to the contrary has been given. At the date of this Admission Document no notice has been given.

The Company entered into a Service Agreement with Mr Nigel Godefroy on 6 December 1996. Under this agreement Mr N Godefroy is employed as full-time Executive Director for a fixed term of 2 years commencing on 1 November 1996, terminable thereafter by 3 months' notice given by either party.

(b) There are no other existing or proposed service contracts with Directors.

(c) During the financial year ended 31 March 1996 the remuneration of the individual Directors was as follows:

| | *Salary* £ | *Taxable Benefits* £ | *Fees* £ | *1996 Total* £ | *1995 Total* £ |
|---|---|---|---|---|---|
| Bryan Hayward Foster | 12,720 | — | 4,000 | 16,720 | 16,720 |
| Peter Cecil Stedman | 12,360 | — | 4,000 | 16,360 | 16,360 |
| Duncan Bruce Godefroy | 47,000 | 11,480 | — | 58,480 | 54,618 |
| Jonathan Hugh Trafford | — | — | 4,000 | 4 000 | 4,000 |
| Malcolm Lawson Iley | — | — | 4,000 | 4,000 | 4,000 |
| Peter Anthony Langmaid | — | — | 4,000 | 4,000 | 4,000 |
| Thomas Ralph Winser | — | — | 1,000 | 1,000 | — |
| Raymond Wood | — | — | 6,000 | 6,000 | 6,000 |
| Margaret Ellen Winser | — | — | — | — | — |
| | 72,080 | 11,480 | 27,000 | 110,560 | 105,698 |

(d) Duncan Godefroy is also paid £15,000 per annum in his capacity as Company Secretary. His principal taxable benefits consist of a company car with fuel benefits and private health insurance. Nigel Godefroy is paid a salary of £32,000 per annum and has a principal taxable benefit of a company car. Duncan Godefroy is also eligible to receive a performance related bonus based on the Group's profitability. No other Director receives any taxable benefits or pension contributions.

(e) It is not anticipated that the fees for Directors will be increased in the current financial year although the total remuneration of the Managing Director has been raised by 2.75 per cent. Thomas Winser will receive fees at the full annual rate of £4,000 for the financial year ending 31 March 1997 having been elected at the Annual General Meeting.

## 7. Taxation

The following paragraphs are based on the current United Kingdom legislation and Inland Revenue practice. They are intended as a general guide only and may not apply to certain classes of shareholders such as share dealers and assume a shareholder holds his existing shares in the Company as an investment. They should be read in conjunction with the note set out on page 12 of this document.





(a) **Reinvestment Relief**

Reinvestment Relief enables a UK resident individual to make a claim for gains on disposals on or after 30 November 1993 arising on any chargeable assets to be rolled over and treated as reducing the capital gains tax cost of ordinary shares in a qualifying unquoted trading company acquired within one year before or three years after the disposal. A successful reinvestment relief claim can therefore defer the payment of capital gains tax.

The Company has received a provisional ruling from the Inspector of Taxes that the shares acquired in the Company since 1 April 1995 potentially qualify for reinvestment relief. Reinvestment relief is however subject to various qualifying conditions being met by both the individual shareholder and the Company.

As a result, Ordinary Shares acquired by an individual since 1 April 1995 will potentially be eligible for reinvestment relief. Any claim for reinvestment relief will, however, be subject to a qualifying period of three years from the date of acquisition during which time the Company must continue to be a "qualifying company". If at any time during the three year period the Company ceases to be a "qualifying company", reinvestment relief will be clawed back, potentially resulting in a capital gains tax liability for the individual. This is in addition to other qualifying conditions that must also be fulfilled throughout the three year period.

This is a complex issue and therefore individuals looking to take advantage of reinvestment relief by the acquisition of Ordinary Shares in the Company should seek independent professional advice.

(b) **Inheritance Tax Business Property Relief**

Business property relief is available on valuing, for inheritance tax purposes, transfers (in life and on death) of business property, providing certain conditions as to the length of ownership (usually 2 years) and type of business are satisfied. Holdings in certain unquoted companies can potentially attract 100% business property relief.

The Company has received confirmation from the Inland Revenue Shares Valuation Division that the different business activities that the Company undertakes do not debar individual shareholders or executors from claiming, subject to other qualifying conditions being met, a measure of inheritance tax business property relief.

(c) **Tax on Income**

Under current United Kingdom taxation legislation, no tax is withheld from dividend payments by the Company. However, on paying a dividend, the Company is liable to account to the Inland Revenue for an amount of advance corporation tax ("ACT"). The rate is 20/80 of the amount of the distribution. Such ACT can, within certain limits, be set against the Company's liability to UK corporation tax.

United Kingdom resident individual shareholders will be entitled to a tax credit equal to 20 per cent of the aggregate of the dividend paid and the attributable ACT. The dividend and associated tax credit received by a resident shareholder is included in calculating his total income for UK tax purposes. To the extent that an individual shareholder's total income, including the dividend and tax credit, does not exceed the threshold for higher rate tax, tax will be chargeable on the amount of dividend plus the associated tax credit at 20 per cent. The tax credit satisfies an individual shareholder's liability for both basic and lower rate tax, so no further tax will be payable in respect of the dividend (the tax credit matching the tax liability). To the extent that an individual shareholder's income exceeds the threshold for higher rate tax, tax will be chargeable on the amount of the dividend plus the associated tax credit at 40 per cent. The associated tax credit will discharge a part of the liability but there will be additional tax at 20 per cent in respect of the dividend plus the associated tax credit. To the extent that his total tax credit exceeds his overall income tax liability, an individual shareholder may claim to have the excess paid to him by the Inland Revenue.

A UK resident corporate shareholder will not be liable to UK corporation tax on any dividend received from the Company and will be able to treat the dividend received and the related tax credit as franked investment income. The tax credit can be used by the UK resident corporate shareholder for the purpose of reducing the amount of ACT that has to be remitted to the Inland Revenue when such a recipient pays a dividend to its own shareholders.

Whether shareholders who are resident in countries other than the United Kingdom are entitled to payment from the Inland Revenue of a proportion of a tax credit in respect of any dividends paid depends in general upon the provision of any double taxation convention which exists between such countries and the United Kingdom. However, individual shareholders who are resident in countries other than the United Kingdom but who fall into certain categories of persons within section 278 of the Income and Corporation Taxes Act 1988 are entitled to a tax credit which they may set against their total United Kingdom tax liability or, in appropriate cases, reclaim in cash.

(d) The Directors have been advised that the Company is not a close company, as defined by section 414 of the Income and Corporation Taxes Act 1988.

**The above comments are general in character and are based on certain aspects of current law and Inland Revenue practice which may not apply to certain classes of taxpayers (such as dealers). Any person who is in any doubt as to his taxation position and those subject to taxation in jurisdictions other than the United Kingdom should consult their own professional adviser.**

## 8. Material Contracts

The following contract (not being a contract entered into in the ordinary course of business) were entered into by the Group within the period of two years immediately preceding the date of this document and is or may be material:

(a) Letters dated 17 July 1996 by which HSBC Investment Bank Limited ("HSBCIB") and Greig Middleton & Co. Limited were appointed to act on the Company's behalf in placing the 5,000,000 Ordinary Shares. Under the terms, HSBCIB and Greig Middleton & Co Limited were to use their reasonable endeavours to procure placees for up 4,979,848 Ordinary Shares at £1 per share and were guaranteed 2,489,924 shares would be made available for placing. The Company paid a fee to HSBCIB and Greig Middleton & Co Limited equal to 1.5 per cent (plus any applicable VAT) of the funds raised by them. No placing commissions were payable to placees.

(b) by a Deed of Variation dated 2 March 1995 between English Partnerships (formerly the Secretary of State for the Environment) (1) Sutton Harbour Company (2) and the Company (3) the Grant Deed dated 14 May 1992 between the same parties was varied. English Partnerships agreed to make grant available in the total sum not exceeding £4,644,991.

## 9. Litigation

Save as set out below, no member of the Group is or has within the 12 months preceding the date of this document been engaged in any legal or arbitration proceedings which may have or have had a significant effect on the Group's or the Company's financial position. So far as Sutton Harbour Holdings plc is aware, no such legal or arbitration proceedings are pending or threatened against the Company or any member of the Group.

(a) The Group is involved in a boundary dispute at North Quay House. The Group is counter - claiming and therefore no provision has been made.

## 10. Working Capital

After due and careful enquiry the Directors are of the opinion that the Company and its subsidiaries have sufficient working capital for their present requirements.

## 11. General

(a) The financial information contained in this document does not comprise statutory accounts as referred to in Section 240 of the Act. The auditors of the Company are Nevill Hovey & Co., chartered accountants and registered auditors of Godwins House, Hampton Street, Plymouth PL4 8DB.

(b) The Directors are of the opinion that the Group carries adequate insurance cover for all major risks which it faces and which would be expected to be the subject of insurance cover.

(c) The total expenses of or incidental to Admission, all of which are payable by the Company, are estimated to amount to approximately £125,000 (excluding VAT). The expenses will be charged to the profit and loss account of the Company.

(d) Definitive share certificates have been issued in respect of the Company's existing shares.

(e) This document has been drawn up in accordance with the Public Offers of Securities Regulations 1995 as required by Rule 16.10 of the London Stock Exchange.

## 12. Consents

(a) Ernst & Young have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of their name and the references thereto in the form and context in which they appear.

(b) Nevill Hovey & Co. have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of their name and the references thereto in the form and context in which they appear.





(c) Stratton Creber have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of their name and the references thereto in the form and context in which they appear.

## 13. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Bond Pearce, Darwin House, Southernhay East, Exeter EX1 1LA, during usual business hours on any weekdays (Saturdays, Sundays and public holidays excepted) for a period of 14 days following the date of this document:

(a) the Memorandum and Articles of Association of Sutton Harbour Holdings plc;

(b) the unaudited interim statement for 6 months ended 30 September 1996 set out in Part II;

(c) the accountants' report set out in Part III and the statement of adjustments relating thereto;

(d) the service contracts referred to in paragraph 6 above;

(e) the material contracts referred to in paragraph 8 above;

(f) the written consents referred to in paragraph 12 above;

(g) the prospectus of the Company dated 22 July 1996; and

(h) Stratton Creber's valuation report dated 3 April 1996 referred to in Part III.

Dated: 18 December 1996