

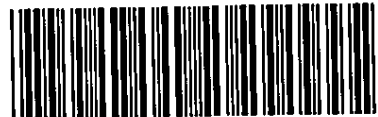
Sutton Harbour Holdings plc

Annual Report and Accounts

Year ended March 07

Company Registered No 2425189

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Directors and Advisers

For the year ended 31 March 2007

Company Number	2425189
Directors	M Ellen Winser (Non-Executive Chairman) Nigel J Godefroy (Managing Director) Natasha C Gadsdon (Finance Director) Timothy F S Bacon (Executive Director) Malcolm Naylor (Executive Director) Sheridan K Brimacombe (Non-Executive Director) Malcolm V L Pearce (Non-Executive Director) Michael A Knight (Non-Executive Director) Antony D Everett (Non-Executive Director)
Secretary and Registered Office	Natasha C Gadsdon North Quay House, Sutton Harbour Plymouth PL4 0RA Tel 01752 204186 Fax 01752 205403 www.suttonharbour.co.uk
Independent Auditors	KPMG Audit Plc, Plym House 3 Longbridge Road Marsh Mills Plymouth PL6 8LT
Nominated Broker	BLUE OAR plc (formerly Rowan Dartington & Co Ltd) Colston Tower Colston Street Bristol BS1 4RD
Nominated Adviser	EVOLUTION SECURITIES LIMITED (formerly Williams de Broe plc) 100 Wood Street London EC2V 7AN
Registrar	COMPUTERSHARE SERVICES plc. PO Box 82 The Pavilions Bridgewater Road Bristol BS97 7NF
Bankers	NATIONAL WESTMINSTER BANK plc 135 Bishopsgate London EC2N 3UR

Directors' Report

For the year ended 31 March 2007

The Directors present their report together with the Group Financial Statements for the year ended 31 March 2007

Results and Dividends

The Group's profit for the year on ordinary activities before taxation amounted to £4,212,000 (2006: £3,420,000 adjusted following introduction of FRS20 Share-Based Payments). Detailed results are set out on page 16.

An interim dividend of 1.5p (2006: 1.4p) net per ordinary share was paid on 5 January 2007. Directors recommend a final dividend of 2.55p (2006: 2.4p) net per ordinary share representing 4.05p (2006: 3.8p) for the year.

Principal Activities and Business Review

The principal activities of the Group are regeneration and development within the South West of England region, provision of transportation and related facilities and the operation of an airline. The Group is headquartered at Sutton Harbour Plymouth and owns and operates the harbour and its ancillary facilities.

The information that fulfils the requirements of the Business Review can be found in the Chairman's Statement on pages 2 and 3 and the Operating and Financial Reviews on pages 4 to 7 which is incorporated in this report by reference.

Market Value of Land and Buildings

In the opinion of the Directors, the market value of the land and buildings based on existing uses of the Group does not significantly differ from the book values of these assets at 31 March 2007.

Creditors Payments

The Group's policy on payment of suppliers is to pay on the 25th day of the month following receipt of invoice unless there is an agreement to the contrary or the invoice is disputed.

At 31 March 2007 the Group had an average of 30 days purchases outstanding in trade creditors (2006: 30 days). The Company has no trade creditors.

The Group does not follow any code or standard on payment practice.

Donations

During the year the Group made charitable contributions totalling £6,948 (2006: £3,294).

There were no political donations (2006: none).

Major Shareholdings

As at 23 May 2007 the Company's register of shareholdings showed the following interests in 3% or more of the Company's share capital:

	%	Ordinary Shares
M. D. McCauley/Rotolok (Holdings) Limited	28.85	7,283,216
Mr T. R. and Mrs M. E. Winsor	7.02	1,771,462
* Dartington Portfolio Nominees Limited	4.75	1,198,508
Roy Nominees Limited (Ruffer Client Capital Account)	3.24	817,800
* Rock Nominees Limited	3.21	810,073

* The Nominee holdings are divided amongst various beneficial holders, none of whom except where disclosed holds in excess of 3%. The Company is not aware of any other interest in its share capital in excess of 3%.

Directors' Report

For the year ended 31 March 2007

The interests of the Directors, all of which are beneficially held including family interests in the Ordinary shares of the Company at 31 March 2007 are set out below. Further to marriage on 28 April 2007 Nigel Godefroy's family interests in shares of the Company increased by 600 shares to 67,416 shares. There have been no other changes in these interests between 1 April 2007 and 23 May 2007. Timothy Bacon is a member of the Company's Save As You Earn share option scheme. Further details are given in note 4 to the Financial Statements.

	2007	2006
M Ellen Winser	1,771,462	1,771,462
Nigel J Godefroy	66,816	42,000
Natasha C Gadsdon	34,816	10,000
Timothy F S Bacon	4,848	4,848
Malcolm Naylor (appointed 1 June 2005)	1,000	1,000
Sheridan K Brimacombe	41,124	41,124
Malcolm VL Pearce	308,000	287,000
Michael A Knight (appointed 1 July 2005)	1,000	1,000
Antony D Everett (appointed 1 January 2006)	1,000	1,000

In accordance with the Company's Articles of Association Timothy Bacon and Sheridan Brimacombe retire by rotation at this year's Annual General Meeting and being eligible offer themselves for re-election.

Directors' Disclosure of Information

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to re-appoint KPMG Audit Plc, who have indicated their willingness to continue in office in accordance with Section 385 Companies Act 1985 will be proposed at the forthcoming Annual General Meeting.

By Order of the Board
Natasha Gadsdon
Finance Director
23 May 2007



Corporate Governance

For the year ended 31 March 2007

The rules of the Financial Services Authority do not require companies that have securities traded on the Alternative Investment Market to comply with the Combined Code. Nevertheless throughout the year the Company has complied with the spirit of sound corporate governance as applicable to an Alternative Investment Market listed company.

The Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer questions at this year's Annual General Meeting.

The Board continually monitors its procedures for reviewing the effectiveness of its systems of internal controls.

The Board

The Board currently comprises five independent Non-Executive Directors and four Executive Directors and is responsible for the proper management of the Group and for reporting the Group's progress to Shareholders. The Board meets monthly reviewing trading performance, ensuring adequate funding, monitoring strategy and examining acquisition possibilities. The Board has a formal schedule of matters specifically reserved to it for decision. The roles of Chairman and Managing Director are separate. Malcolm Pearce is the senior independent Non-Executive Director.

Committees

Remuneration Committee

The Remuneration Committee is chaired by Malcolm Pearce and its other members are Ellen Winsor, Sheridan Brimacombe, Michael Knight and Antony Everett. The committee determines the employment terms and total remuneration of the Executive Directors. The Report on Remuneration is set out on page 13. The Board itself determines the remuneration of the Non-Executive Directors.

Audit Committee

The Audit Committee is chaired by Sheridan Brimacombe and its other members are Michael Knight and Malcolm Pearce. The committee has written terms of reference and provides a forum for reporting by the Group's external auditors. Meetings are also attended by invitation by the Finance Director and any of the other Executive Directors as required.

The Audit Committee is responsible for a wide range of financial matters including the half year and annual financial statements before submission to the Board and monitoring the controls which are in force to ensure the integrity of the financial information reported to the Shareholders. The committee is also responsible for the appointment of auditors, monitoring of the auditors' performance and determining their fees.

Nomination Committee

Members of the Nomination Committee are Ellen Winsor and Nigel Codefroy. The Nomination Committee is responsible for proposing candidates to the Board having regard to its balance and structure.

Relations with Shareholders

The Chairman's Statement and the Operational and Financial Reviews on pages 2 to 7 include a detailed review of the business and future developments. Shareholders are encouraged to pose questions of the Board at any time of the year and the Board uses the Annual General Meeting to communicate with all investors and welcomes their participation.

Internal Control

The Directors are responsible for establishing and maintaining the Group's internal control systems. Internal control systems are designed to meet the particular needs of the Group and the risk to which it is exposed and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Directors have established with a view to providing effective internal controls are as follows:

Corporate Accounting and Procedures

There are clearly defined authority limits and controls over acquisitions, disposals and risk management.

Quality of Personnel

The competence of personnel is ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment.

Financial Reporting

The Group has a comprehensive system for reporting financial results to the Board and monitoring of budgets.

Investment Appraisal

Capital expenditure is regulated by authorisation levels. For expenditure beyond specified levels, detailed written proposals are submitted to the Board. Reviews are carried out after the acquisition is complete and any major overruns are investigated. Due diligence work is carried out if a business is to be acquired.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

By Order of the Board

Natasha Gadsdon,
Secretary
23 May 2007

Report on Remuneration

For the year ended 31 March 2007

Remuneration

The Group's Remuneration Committee is chaired by Malcolm Pearce and its other members are Ellen Winser, Sheridan Brimacombe and Michael Knight. The Committee makes recommendations to the Board on an overall remuneration package for Executive Directors in order to attract, retain and motivate high quality executives capable of achieving the Group's objectives. The package consists of basic salary benefits, pensions and a performance related bonus.

Under the terms of their contracts the Executive Directors are required to devote all their energies to the furtherance of the Group's objectives and are not empowered to accept any other remunerative appointments.

Individual components of the remuneration package are:

Basic Salary, Benefits and Pensions

The basic salary bonus based on profit levels and benefits for each Director are reviewed annually and take into account the performance of the individual and information from independent sources on the salary levels for similar employment. Benefits principally comprise car and private health care. The Executive Directors are members of the Group's pension schemes.

Share Options

The Company has a Save as You Earn scheme in which employees, including the Executive Directors can participate. Their interests are shown in note 4 on page 25. The Non-Executive Directors are not eligible to join the scheme.

Contracts

On 26 September 2001 the Group entered into a revised service contract with Nigel Godefroy. Under this agreement he is employed as full-time Executive Director with a one-year rolling contract. He was appointed Managing Director in October 2004.

On 1 July 2004 the Group entered into a service contract with Natasha Gadsdon. Under this agreement she is employed as full-time Executive Director with a one-year rolling contract. She was appointed Finance Director in October 2004.

On 1 July 2004 the Group entered into a service contract with Timothy Bacon. Under this agreement he is employed as full-time Executive Director with a one-year rolling contract.

On 26 July 2005 the Group entered into a service contract with Malcolm Naylor. Under this agreement he is employed as full-time Executive Director until 31 May 2007 when he will retire from the Group.

Fees

The fees for Non-Executive Directors are determined by the Board following proposals from the Remuneration Committee. Non-Executive Directors do not have a contract of service and are not eligible to join the pension scheme. No Non-Executive Director has claimed any expenses.

Directors' Remuneration

Directors' remuneration for the year is shown in note 4 on pages 24 and 25. Such disclosures constitute part of this report.

On behalf of the Board
Malcolm Pearce,

Director
23 May 2007

Statement of Directors' Responsibilities

For the year ended 31 March 2007

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Independent Auditors

For the year ended 31 March 2007

Independent Auditors' Report to the Members Sutton Harbour Holdings plc

We have audited the group and parent company financial statements (the financial statements) of Sutton Harbour Holdings plc for the year ended 31 March 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Note of Consolidated Historical Cost Profits and Losses, the Reconciliations of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 14.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors Report is consistent with the financial statements.

In addition we report to you if in our opinion the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the groups and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice of the state of the groups and the parent company's affairs as at 31 March 2007 and of the groups' profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Directors Report is consistent with the financial statements.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor
Plym House
3 Longbridge Road
Plymouth PL6 8LT
23 May 2007

Group Profit and Loss Account

For the year ended 31 March 2007

	Note	2007 £000	2006 £000 *As restated
Turnover	2	30,688	27,218
Less share of joint ventures turnover		(499)	-
Group Turnover		30,189	27,218
Cost of Sales		(26,297)	(22,769)
Gross Profit		3,892	4,449
Administrative Expenses	2	(954)	(853)
Group Operating Profit		2,938	3,596
Share of operating profit in joint ventures		288	-
Total Operating Profit	2	3,226	3,596
Profit on sale of fixed assets		2,141	-
		5,367	3,596
Interest Receivable	5	105	106
Interest Payable and similar charges			
Group	6	(958)	(282)
Joint Ventures		(302)	-
Profit on Ordinary Activities Before Taxation	2,3	4,212	3,420
Current Taxation		(432)	(552)
Deferred Taxation		(834)	(481)
Taxation on Profit on Ordinary Activities	7	(1,266)	(1,033)
Profit on Ordinary Activities After Taxation and Attributable to Shareholders		2,946	2,387
Earnings per Ordinary 25p share	10		
Basic		12.09p	9.81p
Diluted		11.83p	9.70p

A reconciliation of movements in Shareholders Funds is given in note 21

All figures relate to continuing activities

* As restated for prior year adjustment, see note 20

Balance Sheets

31 March 2007

	Note	THE GROUP		THE COMPANY	
		2007 £000	2006 £000 *As restated	2007 £000	2006 £000 *As restated
Fixed Assets					
Intangible Assets	11	576	611	-	-
Tangible Assets	12	49 189	56 584	-	-
Investments					
Investments in joint ventures					
Share of gross assets		8 956	-	-	-
Share of gross liabilities		(9 023)	-	-	-
Other Investments	13	76	75	2 291	2 217
		49,774	57 770	2,291	2 217
Current Assets					
Stock	14	3 898	3 145	-	-
Debtors	15	6,377	4 939	6,999	6 916
Cash at Bank and in Hand		6	4	32	13
		10 281	8 088	7 031	6 929
Creditors					
(amounts falling due within one year)	16	(14 423)	(14 109)	(30)	(78)
Net Current (Liabilities)/Assets comprising					
Net Current (Liabilities)/Assets		(5 213)	(6 952)	6 106	6 080
Debtors due after more than year	15	1,071	931	895	771
Net Current (Liabilities)/Assets		(4 142)	(6 021)	7,001	6 851
Total Assets less Current Liabilities		45 632	51 249	9 292	9 068
Creditors					
(amounts falling due after more than one year)	17	(2 644)	(10 835)	-	-
Provisions for Liabilities and Charges					
Deferred Taxation	18	(2 828)	(2 396)	(3)	-
		40 160	38 018	9 289	9 068
Capital and Reserves					
Called Up Share Capital	19	6,112	6 086	6 112	6 086
Share Premium Account	22	2 843	2 797	2 843	2 797
Revaluation Reserve	22	13 056	13 056	-	-
Investment Property Revaluation Reserve	22	9 435	9 435	-	-
Other Reserves	22	348	274	97	73
Profit and Loss Account	22	8 366	6 370	237	162
Equity Shareholders' Funds	21	40 160	38 018	9 289	9 068

* As restated for prior year adjustment, see note 20

These Financial Statements were approved by the Board of Directors on 23 May 2007 and were signed on its behalf by:

Ellen Winsor
Chairman



Consolidated Cash Flow Statement

For the year ended 31 March 2007

	Note	2007 £000	2006 £000
CASH FLOW STATEMENT			
Net Cash Inflow from Operating Activities	29 1	1 433	4,144
Returns on Investments and Servicing of Finance	29 2	(995)	(522)
Taxation		(875)	(465)
Capital Receipts/Expenditure	29 2	8 956	(13 976)
Equity Dividends Paid		(950)	(852)
Financing	29 2	(8 125)	11 560
(Decrease) in Cash in the Year		(556)	(111)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
	29 3		
(Decrease) in Cash in the Year		(556)	(111)
New loans		(1 670)	(11,558)
Loans Repaid		9 866	-
Movement in Net Debt in year		7,640	(11 669)
Net Debt at the start of the year		(16 927)	(5 258)
Net Debt at the end of the year		(9 287)	(16 927)

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 March 2007

	2007 £000	2006 £000 *As restated
Group Profit for the Financial Year after Taxation	2,960	2,387
Share of joint ventures	(14)	-
	2,946	2,387
Unrealised surplus on revaluation of properties	-	6,315
Total Recognised gains and Losses relating to the year	2,946	8,702
Prior year adjustment (as explained in note 20)	(23)	
Total Gains and Losses recognised since the previous Annual Report and Financial Statements	2,923	8,702

Note of Consolidated Historical Cost Profits and Losses

For the year ended 31 March 2007

	2007 £000	2006 £000 *As restated
Reported Profit on Ordinary Activities Before Taxation	4,212	3,420
Historical Cost Profit on Ordinary Activities Before Taxation	4,212	3,420
Historical Cost Profit for the year retained after Taxation and Dividends	1,996	1,535

*As restated for prior year adjustment, see note 20

Notes to Financial Statements

For the year ended 31 March 2007

I GROUP ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's Financial Statements except as noted below. In these financial statements FRS20 Share-based payments, FRS25 Financial instruments disclosure and presentation and FRS26 Financial instrument recognition and measurement have been adopted for the first time. The accounting policies under these new standards are set out below together with an indication of the effects of their requirements.

The prior year adjustment required by the implementation of FRS 20 'Share-based Payment' is set out in note 20.

At 31 March 2007 the fair value of Financial Instruments was not considered material to these accounts.

a) Accounting Basis

The Financial Statements are prepared under the historical cost convention modified to include the revaluation of certain freehold properties and investments and property held for resale. The Financial Statements 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. The explanations of these departures are given in paragraphs g) & k) below.

b) Consolidated Financial Statements

The Financial Statements incorporate the results of Sutton Harbour Holdings plc and its subsidiary undertakings (see note 13). The Financial Statements 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. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition up to the date of disposal. A joint venture is an undertaking in which the Group has a long term interest and over which it exercises joint control. The Group's share of the profits less losses of joint ventures is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet. No profit and loss account is presented for Sutton Harbour Holdings plc as permitted by Section 230 (4) of the Companies Act 1985. All subsidiaries have a year end reporting date of 31st March.

c) Turnover

Turnover is recognised at the point of sale except as below:

- Rent and marina and berthing fees are typically invoiced in advance and are accounted for as deferred income and recorded to income during the period to which they relate.
- Property sales revenue is accounted for once completion or binding contract has taken place.
- Regeneration projects in progress at the year end are accounted for under the provisions of SSAP 9 'Long term Contracts'. Revenues and costs for these projects are forecast and the Group accounts for profit on projects to reflect the proportion of work completed.
- Airline revenue is treated as deferred income and accounted for as revenue on the flight date.

Turnover is stated net of value added tax. Transactions between Group companies is excluded.

d) Goodwill

Purchased goodwill (both positive and negative) arising on consolidation in respect of acquisitions before 1 April 1998, when Financial Reporting Standard 10 'Goodwill and intangible assets' was adopted was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given and associated costs over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 April 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life normally 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. There is no such goodwill at 31 March 2007.

On the subsequent disposal or termination of a business acquired since 1 April 1998 the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

In the Company's financial statements investment in subsidiary undertakings is stated at cost.

e) Intangible Fixed Assets and Amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost. Amortisation is provided by the Group to write off the cost of intangible fixed assets by equal instalments over their estimated useful life as follows:

Landing rights	5%
Licences	5%

f) Valuation of Freehold Properties

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

- i) Properties that are mainly owner occupied or that are an integral part of the Group's harbour and airport operations.
- ii) Investment properties both within and outside the harbour and airport areas held for investment.
- iii) Properties held for resale which are included in stock.

An interim valuation of the properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors by qualified internal valuer at 31 March 2006. Stratton Creber Commercial external surveyors carried out a valuation on 31 March 2004. Both valuations were on the following basis:

- i) Properties that are mainly owner occupied for the purposes of the Group's harbour operations - existing use value with the addition of directly attributable acquisition costs.
- ii) Specialised properties that are an integral part of the Group's harbour operations (fish market, harbour lock and quays) - depreciated replacement cost.
- iii) Properties held as investment properties - open market value.

The latest revaluation was incorporated in the accounts for the year ended 31 March 2006. With the exception of investment properties, the Directors will undertake an internal property revaluation at least every three years. An external valuation will be undertaken every five years with an annual impairment review in accordance with Financial Reporting Standard 15 'Intangible Fixed Assets'.

Notes to Financial Statements

For the year ended 31 March 2007

g) Investment Properties

In accordance with Statement of Standard Accounting Practice 19 'Accounting for Investment Properties'

i Investment properties are revalued annually at open market values determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors. Surpluses and deficits arising and the aggregate surplus or deficit is transferred to the revaluation reserve except that any permanent diminution in the value of an investment property is taken to the profit and loss account for the year and

ii No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run

This treatment, as regards certain of the company's investment properties may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

Where properties held for investment are appropriated to trading stock, they are transferred at carrying value. (See k) Stock and Work in Progress)

h) Freehold Properties held for Development

Freehold properties held for development and not for resale are included in the consolidated Balance Sheet as internally valued at 31 March 2006 as a partly completed project.

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 applied to fund the development. In the case of bank borrowings this is the weighted average cost of debt capital.

Capitalisation of interest ceases when substantially all the activities that are necessary to get the freehold property ready for use are complete.

i) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives taking into account residual values of the assets.

Plant and Machinery and Fixtures and Fittings

10% to 25% reducing balance 10-25 years straight line

Long Leasehold/Short Leasehold Property

Remaining period of lease

Rotable Aircraft Components

10 years straight line

Dash 8 Aircraft

6 years straight line to residual value

Dash 8 Maintenance

Straight line over period until next overhaul

Properties that are mainly owner occupied and specialised properties are not depreciated. The useful economic lives of these properties are estimated to be greater than 50 years. The Directors consider that the lives of such freehold properties and their residual values (based on prices prevailing at the time of acquisition or subsequent valuation) are such that their depreciation is immaterial. In the case of the lock, major maintenance and renewal are the defined responsibilities of the Environment Agency. To ensure that the carrying amount of these properties can be supported, the carrying amounts are subject to annual impairment reviews in accordance with Financial Reporting Standard 11 'Impairment of Fixed Assets'.

The non provision of depreciation of freehold property combined with annual impairment reviews is in accordance with Financial Reporting Standard 15 'Tangible Fixed Assets'.

j) Government Grants

Capital based government grants are included within accruals and deferred income in the Balance Sheet and credited to the Profit and Loss Account over the estimated useful economic lives of the assets to which they relate.

k) Stock and Work in Progress

Properties held for re-sale

Properties held for resale are included in current assets at the lower of cost and net realisable value. For properties previously held for investment which the directors have decided to sell and which are reclassified as stock, cost is considered to be the latest valuation prior to their reclassification. This is not in accordance with Schedule 4 to the Companies Act 1985 which requires current assets to be included at the lower of cost and net realisable value and which would therefore require such properties to be restated on the basis of historical cost when they were reclassified. The Directors consider that compliance with this requirement would fail to give a true and fair view of the profit or loss to the Group on disposal of such properties from current assets since such profit or loss would be dependent on the classification of the asset immediately prior to sale. Given the nature of the assets the effect of this departure cannot be quantified.

Other stocks

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.

l) Long-Term Contracts

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long-term contracts are included in stock to the extent that they cannot be matched with contract work accounted for as turnover. Long-term contract balances included in stocks are stated at cost after provision has been made for any foreseeable losses and the deduction of any payable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Notes to Financial Statements

For the year ended 31 March 2007

m) Operating Leases

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term

n) Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction (or if hedged forward at a rate of exchange under the related forward currency contract). Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the Balance Sheet date and gains and losses on transactions are included in the Profit and Loss Account.

o) Taxation

UK Corporation Taxation is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the Balance Sheet date

The Group has provided for deferred tax in full. Deferred taxation is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Balance Sheet date

Timing differences are differences between the Group's taxable profits and its results as stated in the Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

Deferred Taxation is not recognised when fixed assets are revalued unless by the Balance Sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the Financial Statements

Deferred taxation is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred taxation is measured on a non-discounted basis

p) Pensions

The Group operates a number of defined contribution pension schemes 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

q) Share-based Payment

The share option programme allows employees to acquire shares of the Company. The fair value of options granted under the 2005 Inland Revenue approved SAYE share option scheme in December 2005 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option price model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

FRS 20 'Share-based payment' applies to schemes with options granted after 7 November 2002, hence advantage has been taken of the exemption given in UITF Abstract 17 'Employee Share Schemes' from recognising a charge in the Profit and Loss Account for the discount on the options granted under the 2001 SAYE share option scheme

r) Dividends on Shares Presented within Shareholders' Funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

s) Derivatives and Financial Instruments

Derivative financial instruments comprising foreign exchange derivatives and fuel hedging derivatives are measured at fair value on the Group Balance Sheet. Changes in the fair value of any derivative instrument are recognised immediately in the Profit and Loss Account

Fair value of financial instruments traded in active markets are based on market prices at the balance sheet date

Notes to Financial Statements

For the year ended 31 March 2007

2 SEGMENTAL ANALYSIS

	2007			2006		
	Turnover	Cost of Sales	Operating Profit	Turnover	Cost of Sales	Operating Profit
	£000	£000	£000	£000	£000	£000
Marine Activities	4,934	3,987	947	4,571	3,675	896
Regeneration	3,283	525	2,758	3,097	1,667	1,430
Transport	21,972	21,785	187	19,550	17,427	2,123
Share of Joint Venture	499	211	288	-	-	-
	30,688	26,508	4,180	27,218	22,769	4,449
Administrative Expenses			(954)			(853)
Total Operating Profit			3,226			3,596
Profit on Sale of Fixed Assets			2,141			-
			5,367			3,596
Interest Receivable			105			106
Interest Payable						
Group			(958)			(282)
Joint Venture			(302)			-
Profit on Ordinary Activities Before Taxation			4,212			3,420

Net Assets	2007	2006
	£000	£000
Marine Activities	20,525	19,694
Regeneration	19,840	26,921
Transport	8,187	7,559
Interest bearing net liabilities	(8,392)	(16,156)
	40,160	38,018

Segmental Analysis has been grouped under three main headings which cover the three principal activities of the group. Marine activities includes Fishing Related and Marine Leisure activities. Regeneration includes Property and related activities. Transport includes Airport Operations and Airline Operations.

Notes to Financial Statements

For the year ended 31 March 2007

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on Ordinary Activities Before Taxation is stated after charging/(crediting)

	2007 £000	2006 £000
Auditors' Remuneration		
Audit of these financial statements	3	3
Audit of financial statements of subsidiaries	52	42
Services related to taxation	35	14
All other services	26	26
(Profit)/Loss on sale of Tangible Fixed Assets	(2 141)	17
Depreciation of Tangible Fixed Assets	613	469
Amortisation of Intangible Fixed Assets	35	35
Amortisation of Grants on Tangible Fixed Assets	(22)	(5)
Rent received on Investment Properties	1,512	788
Operating Lease Rentals In respect of Plant & Machinery/Aircraft	620	682
Foreign Exchange Losses/(Profits)	76	(131)

Employment Costs (excluding Non-Executive Directors)	2007 £000	2006 £000 As restated
Wages and Salaries	6,138	5 023
Share based payments	74	73
Social Security Costs	585	518
Pension Costs	316	197
	7 113	5 761

The average number of people employed by the Group (excluding Non-Executive Directors) during the year was

	2007	2006
Marine Activities	21	21
Property and Regeneration	10	10
Transport	168	146
Administration	17	16
	216	193

4 DIRECTORS' REMUNERATION

The total remuneration of the Directors of the Company is as follows

	2007 £000	2006 £000
Fees	90	67
Other Emoluments	603	408
Pension Contributions	37	30
	730	505

Notes to Financial Statements

For the year ended 31 March 2007

The remuneration excluding pension contributions of the individual Directors is as follows

	Directors' Salaries and Bonuses £000	Taxable Benefits £000	Directors' Fees £000	Total 2007 £000	Total 2006 £000
M. Ellen Winser	-	-	30	30	27
Nigel J Godefroy	190	13	-	203	133
Natasha C. Gadsdon	102	5	-	107	78
Timothy F S Bacon	130	4	-	134	90
Malcolm Naylor (appointed 1 June 2005)	158	1	-	159	107
Sheridan K. Brimacombe	-	-	15	15	13
Malcolm V L Pearce	-	-	15	15	13
Michael A Knight (appointed 1 July 2005)	-	-	15	15	10
Antony D Everett (appointed 1 January 2006)	-	-	15	15	4
	580	23	90	693	475

Bonuses based on Group profits included within Directors' Salaries were

	2007 £000	2006 £000
Nigel J Godefroy	75	30
Natasha C. Gadsdon	52	10
Timothy F S Bacon	52	21
Malcolm Naylor (appointed 1 June 2005)	64	28
	243	89

The pension contributions made in respect of the Executive Directors were

	2007 £000	2006 £000
Nigel J Godefroy	11	10
Natasha C. Gadsdon	8	6
Timothy F S Bacon	8	6
Malcolm Naylor (appointed 1 June 2005)	10	8
	37	30

The aggregate emoluments disclosed above do not include any amounts for the value of options held by the Directors under the Company's Save as You Earn Scheme to acquire Ordinary shares in the Company. Details of the options are as follows

	At 1 April 2006	Number of Options Granted	Options Exercised	At 31 March 2007	Exercise Price	Date from which Exercisable	Expiry Date
Nigel J Godefroy	24816		24816	-	68p	1 Dec 2006	31 May 2007
Natasha C Gadsdon	24816		24816		68p	1 Dec 2006	31 May 2007
Timothy F S Bacon	5054			5054	185p	1 Feb 2006	31 July 2009

Notes to Financial Statements

For the year ended 31 March 2007

The market value of the shares was 335p at 31 March 2007. The maximum and minimum value of the shares during the year were 352.5p and 247.5p respectively. Options were granted on 5 October 2001 when the market price was 170p (85p adjusted for one for one capitalisation) and on 20 December 2005 when the market price was 231p.

A Share Option Adjustment was applied on 31 August 2004 following the one for one share capitalisation issue. The Exercise Price was reduced accordingly from 136p to 68p.

5 INTEREST RECEIVABLE

	2007 £000	2006 £000
Interest Receivable on loan to joint venture	84	-
Other Interest Receivable	21	106
	105	106

6 INTEREST PAYABLE

	2007 £000	2006 £000
Bank overdraft interest payable	1,010	585
Less: Interest Capitalised	(52)	(303)
	958	782

The interest capitalised during the year related to properties under development.

7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2007 £000	2006 £000
Current Tax		
UK Corporation Tax on profits of the period At 30% (2006: 30%)	1,074	624
Adjustments in respect of previous periods	(240)	(72)
Total Current tax	834	552
Deferred Tax		
Current year origination and reversal of timing differences	192	409
Adjustments in respect of previous periods	240	72
	1,266	1,033
Tax on profit on ordinary activities	1,266	1,033

Notes to Financial Statements

For the year ended 31 March 2007

Factors affecting tax charge for the period

The tax assessed for the period is lower (2006 lower) than the standard rate of Corporation Tax in the UK (2006 30%) The differences are explained below

	2007 £000	2006 £000 As restated
Profit on Ordinary Activities Before Taxation	4,212	3,420
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30% (2006 30%)	1,264	1,026
Effects of		
Expenses not deductible for tax purposes	2	4
Capital allowances in excess of depreciation	(203)	(421)
Adjustments to tax charge in respect of previous periods	(240)	(72)
Impact of differing tax rates	-	(3)
Creation of tax losses	(11)	11
Origination and reversal of timing differences	22	-
Prior year adjustment - FRS20	-	7
Current tax charge for period	834	552

8 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The consolidated profit before dividends for the year includes a profit of £1,025,000 (2006 £896,000) in respect of the Accounts of the Parent Company

9 DIVIDENDS PAID ON EQUITY SHARES

	2007 £000	2006 £000
Ordinary shares		
Final dividend paid in respect of prior year but not recognised as liabilities in that year 2.4p per share (2006 2.1p)	584	511
Interim dividend paid in respect of the current year 1.5p per share (2006 1.4p)	366	341
Aggregate of dividends paid in the financial year	950	852

The Board of Directors proposes a final dividend on profits for the year ended 31 March 2007 of 2.55p (£623,399) which together with the interim dividend of 1.5p (£366,651) gives a total dividend for the year of 4.05p (£990,050). As the final dividend has neither been voted by the shareholders nor been paid it has not been charged to the profit and loss account and is not recognised as a liability.

10 EARNINGS PER SHARE

Earnings per share have been calculated using the profit for the financial year of £7,946,000 (2006 £7,387,000 as adjusted see note 20) and average number of ordinary shares in issue 24,374,887 (2006 24,340,953) excluding those options granted under the SAYE Scheme. Diluted Earnings per Share uses an average number of 24,903,797 (2006 24,617,214) ordinary shares in issue which takes account of the outstanding options under the SAYE scheme in accordance with Financial Reporting Standard 14 Earnings per share.

Notes to Financial Statements

For the year ended 31 March 2007

11. INTANGIBLE ASSETS

	Landing Rights £000	Licences £000	Total £000
THE GROUP			
Cost or Valuation			
At 1 April 2006 and 31 March 2007	600	95	695
Amortisation			
At 1 April 2006	72	12	84
Amortised during year	30	5	35
At 31 March 2007	102	17	119
Net Book Value			
At 31 March 2007	498	78	576
At 31 March 2006	528	83	611

Licences comprise costs incurred to achieve various operating licences in connection with operation of scheduled air services by Air South West Limited
The Company holds no Intangible Assets.

12 TANGIBLE ASSETS

	Freehold Property £000	Freehold Investment Property £000	Freehold Investment Property in the course of construction £000	Longterm Leasehold Property £000	Plant & Machinery, Fixtures & Fittings £000	Aircraft £000	Total £000
THE GROUP							
Cost or Valuation							
At 1 April 2006	20,376	14,651	9,925	4,199	2,774	6,495	58,420
Additions	767	1,272	1,475	315	726	299	4,854
Transfers	-	11,400	(11,400)	-	-	-	-
Disposals	-	(11,400)	-	-	(467)	-	(11,867)
As at 31 March 2007	21,143	15,923	-	4,514	3,033	6,794	51,407
Depreciation							
At 1 April 2006	-	-	-	-	1,535	301	1,836
Charge for the year	-	-	-	18	254	341	613
Disposals	-	-	-	-	(231)	-	(231)
At 31 March 2007	-	-	-	18	1,558	642	2,218
Net Book Value							
At 31 March 2007	21,143	15,923	-	4,496	1,475	6,152	49,189
At 31 March 2006	20,376	14,651	9,925	4,199	1,239	5,194	56,584

Notes to Financial Statements

For the year ended 31 March 2007

Freehold and long leasehold properties were professionally valued on an interim basis in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors by a qualified internal valuer in accordance with Financial Reporting Standard 15 'Tangible Assets' on 31 March 2006. The valuation was £39,226,000 comprising:

	£000

I	
Existing use value	
Properties mainly owner occupied for the purposes of the business (including directly attributable acquisition costs of £239,000)	9,311
II	
Open Market Value	
Properties held as investments	14,981
III Depreciated Replacement Cost	
Specialised properties mainly occupied for the business	14,934
	39,226

The historical cost of the properties net of grant included in the valuation was £15,019,000.

The Directors have reviewed the portfolio for impairment and consider no impairment has arisen.

The cumulative amount of capitalised interest included in the above historical cost of fixed assets is:

	Property £000	Aircraft £000	Total £000

At 1 April 2006	1,574	8	1,582
Additions during the year	36	-	36
Capitalised interest disposed during the year	(372)	-	(372)
At 31 March 2007	1,238	8	1,246

The overall capitalisation rate used to determine the amount of interest capitalised during the year was 5.82% (2006: 5.58%).

The Company does not hold any tangible fixed assets.

13 INVESTMENTS

	Shares in Group Investments £000	Other Investments £000	Total £000

THE GROUP			
Cost			
At 1 April 2006	-	75	75
Additions	-	1	1
At 31 March 2007	-	76	76
THE COMPANY			
Cost			
At 1 April 2006	2,217	-	2,217
Additions: Share based payments	74	-	74
At 31 March 2007	2,291	-	2,291

The Other Investments are various paintings and antiques held in the Group's possession. All subsidiaries are directly owned by the parent company and are included in the consolidated financial statements.

Notes to Financial Statements

For the year ended 31 March 2007

Details of the investments in which the Company holds more than 10% of the nominal value of any class of share capital are as follows

Company Name	Country of Registration	Holding	Proportion of voting right and shares held	Nature of Business
Sutton Harbour Company	England & Wales	Ordinary shares	100%	Harbour Authority
Sutton Harbour Services Limited	England & Wales	Ordinary shares	100%	Marine Leisure and Property
Plymouth Fisheries Limited	England & Wales	Ordinary shares	100%	Dormant
Sutton Harbour Development Limited	England & Wales	Ordinary shares	100%	Dormant
Newquay Cornwall International Airport Limited	England & Wales	Ordinary shares	100%	Dormant
Plymouth City Airport Limited	England & Wales	Ordinary shares	100%	Airport Operator
Air South West Limited	England & Wales	Ordinary Shares	100%	Airline Operator
Sutton Harbour Partnerships Limited	England & Wales	Ordinary Shares	100%	Property
Sutton Harbour Property and Regeneration Limited	England & Wales	Ordinary Shares	100%	Dormant
LIFT Investments Limited	England & Wales	Ordinary Shares	62%	Joint Venture Holding Company
ReSound (Health) Limited	England & Wales	Ordinary Shares	*	Health Care Premises
ReSound (Mount Gould) Limited	England & Wales	Ordinary Shares	*	Health Care Premises
ReSound (Cattedown) Limited	England & Wales	Ordinary Shares	*	Health Care Premises

*LIFT Investments Limited of which 62% is owned by Sutton Harbour Holdings plc has a 60% holding in ReSound (Health) Limited ReSound (Mount Gould) Limited and ReSound (Cattedown) Limited Sutton Harbour Holdings plc has an effective 37.2% in the ReSound companies Details of the joint venture companies are given below

	Joint Ventures	
	2007	2006
	£000	£000
Share of assets		
Share of fixed assets	8,070	-
Share of current assets	885	-
	<u>8,956</u>	-
Share of liabilities		
Due within one year	(185)	-
Due after one year	(8,838)	-
	<u>(9,023)</u>	-
Share of net liabilities	<u>(67)</u>	-

	LIFT Investments Limited		ReSound (Health) Limited		ReSound (Cattedown) Limited		ReSound (Mount Gould) Limited	
	2007	2006	2007	2006	2007	2006	2007	2006
	£000	£000	£000	£000	£000	£000	£000	£000
Turnover	-	-	275	290	-	-	1,066	85
Profit before taxation	-	-	139	152	-	-	(176)	(284)
Taxation	-	-	(42)	(46)	-	-	7	81
Profit/(Loss) after tax	-	-	<u>97</u>	<u>106</u>	-	-	<u>(169)</u>	<u>(203)</u>
Fixed Assets	-	-	-	-	1,594	-	20,100	19,264
Current assets	1,444	1,239	942	703	521	-	2,254	1,621
Liabilities due within one year	-	-	(114)	(8)	(236)	-	1,630	(1,705)
Liabilities due after one year (1,444)	-	(1,239)	(627)	(590)	(1,879)	-	(21,142)	(19,630)

Notes to Financial Statements

For the year ended 31 March 2007

14 STOCK

	THE GROUP		THE COMPANY	
	2007 £000	2006 £000	2007 £000	2006 £000
Stores and Materials	346	321	-	-
Work in Progress	-	79	-	-
Goods for Resale	134	410	-	-
Properties held for Resale	3,418	2,335	-	-
	3,898	3,145	-	-

Included in Properties held for resale is capitalised interest as follows:

	2007 £000	2006 £000
As at 1 April 2006/2005	75	121
Interest capitalised during the year	16	-
Capitalised interest transferred to fixed assets	-	(46)
As at 31 March 2007/2006	91	75

15 DEBTORS

	THE GROUP		THE COMPANY	
	2007 £000	2006 £000	2007 £000	2006 £000
Debtors (due within one year)				<i>As restated</i>
Trade Debtors	1,555	1,511	-	-
Amounts owed by Subsidiary Undertakings	-	-	6,104	6,145
Other Debtors	1,062	846	-	-
Prepayments and Accrued Income	1,309	976	-	-
Amounts Recoverable on Contracts	1,380	675	-	-
	5,306	4,008	6,104	6,145
Debtors (due after more than one year)				
Prepayments and Accrued Income	176	160	-	-
Loan to Joint Venture Company	895	771	895	771
	1,071	931	895	771
Total Debtors	6,377	4,939	6,999	6,916

The loan to the Joint Venture Company is secured and repayable in instalments by 2031. Interest is receivable on the loan balance at 12.5%.

Notes to Financial Statements

For the year ended 31 March 2007

16 CREDITORS

(amounts falling due within one year)

	THE GROUP		THE COMPANY	
	2007 £000	2006 £000	2007 £000	2006 £000
Bank Overdraft and Loans	7,000	6,399	-	45
Trade Creditors	1,840	1,959	-	-
Corporation Tax	306	348	15	15
Other Taxation and Social Security Costs	1,023	479	-	-
Other Creditors	108	260	15	18
Accruals and Deferred Income	4,146	4,664	-	-
	14,423	14,109	30	78

The group uses financial instruments comprising bank overdraft and various items including trade debtors and trade creditors that arise directly from its operations. The main purposes of these financial instruments is to raise finance for the group's operations. Note 28 gives details of financial instruments in place during the year.

The main risk arising from the group financial instruments is liquidity risk.

The group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities.

The bank overdraft is secured by fixed and floating charges over the assets of the Group. The benchmark rate for determining interest on the bank overdraft is bank base rate plus 1%.

The Group has undrawn committed borrowing facilities at 31 March 2007 of £nil (2006 £nil) expiring within one year and undrawn overdraft facilities at 31 March 2007 of £3,170,000 (2006 £1,359,000) expiring within one year.

17 CREDITORS

(amounts falling due after more than one year)

	THE GROUP		THE COMPANY	
	2007 £000	2006 £000	2007 £000	2006 £000
Secured Bank Loans	2,125	10,319	-	-
Unsecured Bank Loans	168	213	-	-
Rental Received in Advance	-	10	-	-
Deferred Income - Grants	351	293	-	-
	2,644	10,835	-	-

The bank loans are repayable by instalments. Rates of interest charged on the bank loans are at bank base rate plus 1%. The bank loans are secured on the assets to which they relate.

During the year grants totalling £48,000 were received (2006 £307,000).

Analysis of Debt	2007 £000	2006 £000
Debt can be analysed as falling due		
In one year	7,000	6,299
Between one and two years	1,008	8,407
Between two and five years	1,285	2,125
	9,293	16,931

There is no debt that falls due after five years or more.

Notes to Financial Statements

For the year ended 31 March 2007

18 PROVISIONS FOR LIABILITIES AND CHARGES

THE GROUP	£000
Deferred Taxation	
At 1 April 2006	2,396
Charge to the profit and loss account in the year	432
At 31 March 2007	2,828

Deferred Taxation provided in the Balance Sheets and amounts not provided are as follows

	PROVIDED		NOT PROVIDED	
	2007 £000	2006 £000	2007 £000	2006 £000
THE GROUP				
Capital Allowances in Advance of Depreciation	3,135	2,686	-	-
Rolled Over Capital Gains	-	-	694	694
	3,135	2,686	694	694
Less: Advance Corporation Tax	(279)	(279)	-	-
Pre Trading Expenditure	(10)	(11)	-	-
Short Term Timing Differences	(18)	-	-	-
	2,828	2,396	694	694

No Deferred Taxation has been provided on the freehold land and buildings revalued on 31 March 2007 as it is not anticipated that any buildings giving rise to a material gain will be disposed of in the foreseeable future. If Deferred Taxation was provided on revalued properties the estimated liability would be £6,747,000 (2006 £6,747,000). Further to the recent Chancellor's Budget when the Corporation Tax rate will be reduced to 28% the deferred tax liability provided would reduce to £2,639,000 and deferred tax on revalued properties would reduce similarly.

THE COMPANY

£3,000 (2006 £nil) is provided for Deferred Taxation in respect of the Company.

19 SHARE CAPITAL

	2007 £000	2006 £000
Authorised		
40,000,000 Ordinary shares of 25p each	10,000	10,000
Allotted, Called Up and Fully Paid		
24,447,035 Ordinary shares of 25p each (2006 24,347,022)	6,112	6,086

105,013 Ordinary Shares of 25p each were issued during the year as employees exercised share options under the Company's Save As You Earn Share Option Scheme. The Company received £71,535 in consideration for 105,013 share options exercised.

Details of options held by employees, including Executive Directors of the Group under the Company's Save As You Earn Schemes to acquire Ordinary shares in the Company are as follows:

	At 1 April 2006	Number of Options Granted	Options Cancelled	Options Exercised	At 31 March 2007	Exercise Price	Date from which Exercisable	Expiry Date
2001 - 5 year SAYE plan	101,242	-	-	101,242	-	68p	1 Dec 06	31 May 07
2001 - 7 year SAYE plan	56,200	-	659	3,663	51,878	68p	1 Dec 08	31 May 09
2005 - 3 year SAYE plan	134,606	-	9,996	108	124,502	185p	1 Feb 09	31 Jul 09
2005 - 5 year SAYE plan	237,770	-	25,765	-	212,005	185p	1 Feb 11	31 Jul 11
2005 - 7 year SAYE plan	48,981	-	-	-	48,981	185p	1 Feb 13	31 Jul 13
	578,799	-	36,420	105,013	437,366			

Notes to Financial Statements

For the year ended 31 March 2007

20 PRIOR YEAR ADJUSTMENT

Financial Reporting Standard 20 'Share Based Payment' became effective for accounting periods starting on or after 1 January 2006. This requires a cost to be applied to the Profit and Loss Account for the value of share options awarded to staff under a 'Save As You Earn' Scheme. The charge has been determined by use of the Black-Scholes Method.

The effects in 2006 of the implementation of Financial Reporting Standard 20 are summarised below:

THE GROUP	2006
Profit and Loss Account	£000
Operating Profit as previously reported	3 619
Charge in relation to share based payment	(23)
Adjusted Operating Profit	3 596
Balance sheet	
Profit and Loss Account as previously reported	6 393
Charge in relation to share based payment	(23)
Adjusted Profit and Loss Account (note 22)	6 370
Other Reserves as previously reported	
Credit Share Based Payment Reserve	
Adjusted Other Reserves (note 22)	

THE COMPANY	2006
Profit and Loss Account	£000
Balance sheet	
Other Reserves as previously reported	-
Credit Share Based Payment Reserve	23
Adjusted Other Reserves (note 22)	23

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

THE GROUP	2007	2006
	£000	£000
		As restated
Reported Profit in Group Companies for the Year	2 946	2 387
Dividends (note 9)	(950)	(852)
Retained Profit for the Year	1 996	1 535
Revaluation Reserve Adjustment	-	6 315
Share Issue	26	1
Premium on Share Issue	46	1
Credit to Share Based Payment Reserve (see note 20)	74	23
Addition to Shareholders' Funds	2 142	7 875
Opening Shareholders' Funds	38 018	30 143
Closing Shareholders' Funds	40 160	38 018

Notes to Financial Statements

For the year ended 31 March 2007

THE COMPANY	2007 £000	2006 £000 As restated
Reported Profit for the Year	1 025	896
Dividends (see note 9)	(950)	(852)
Retained Profit for the Year	75	44
Share Issue	26	1
Premium on Share Issue	46	1
Credit to Share Based Payment Reserve	74	23
Net addition to Shareholder's funds	221	69
Opening Shareholders Funds	9 068	8 999
Closing Shareholders' Funds	9 289	9,068

22 RESERVES

	Share Premium Account £000	Revaluation Reserve £000	Investment Property Revaluation £000	Capital Reserve £000	Other Reserves Merger Reserve £000	Share Based Payment Reserve £000	Profit and Loss Account £000
THE GROUP							
At 1 April 2006 as previously stated	2,797	13,056	9,435	143	108	-	6,393
Prior Year Adjustment	-	-	-	-	-	23	(23)
At 1 April 2006	2 797	13 056	9 435	143	108	23	6,370
Premium on Share Issue	46	-	-	-	-	-	-
Credit to Share Based Payment Reserve	-	-	-	-	-	74	-
Profit for the year	-	-	-	-	-	-	2,946
Dividends	-	-	-	-	-	-	(950)
At 31 March 2007	2 843	13 056	9 435	143	108	97	8 366

The cumulative total of goodwill written off against the group profit and loss account reserve in respect of acquisitions prior to 1 April 1998 when Financial Reporting Standard 10 Goodwill and Intangible Assets was adopted amounts to £25 000 (2006 £25 000)

	Share Premium Account £000	Share Based Payment Reserve £000	Profit and Loss Account £000
THE COMPANY			
At 1 April 2006 as previously stated	2,797	-	162
Prior Year Adjustment	-	23	-
At 1 April 2006	2 797	23	162
Premium on Share Issue	46	-	-
Credit to Share Based Payment Reserve	-	74	-
Profit for the year	-	-	1 025
Dividends	-	-	(950)
At 31 March 2006	2 843	97	237

Notes to Financial Statements

For the year ended 31 March 2007

23 OPERATING LEASES

Annual commitments under non-cancellable operating leases are as follows

	2007 £000	2006 £000
Operating leases which expire		
Within one year	375	7
Within two to five years	58	600
	433	607

None of the operating leases was in respect of Land and Buildings. Lease commitments within two to five years include leases of two Dash 8 aircraft. Lease commitments for these aircraft are in US\$ and were translated into £ Sterling at the exchange rate in force on 31 March 2007. The Company has no operating lease commitments.

24 FUTURE COMMITMENTS

Capital Commitments

There are no capital commitments at the year end.

25 PENSION SCHEME

During the year the Group operated a group personal pension scheme for employees. The assets of the schemes are held separately from those of the Group in an independently administered fund. At 31 March 2007 the group had a total pension creditor of £47778 (2006 £nil).

26 CONTINGENT LIABILITIES

The Company has given an unlimited guarantee in respect of bank borrowings of all subsidiary companies. At 31 March 2007 these borrowings amounted to £5,854,000 (2006 £4,796,000).

The Group has given guarantees and placed a bond in favour of BEC Aviations the sum of £130,000 (2005 £130,000). The bond is included in bank overdraft.

27 POST BALANCE SHEET EVENTS

On 4 May 2007 the Group purchased ground floor retail units at Penrose House, Plymouth for £401,288 from Signpost Housing Association.

After the year end notice was given to Barratt Homes to exercise the option to purchase ground floor retail/office unit at Lunar Rise for £450,000.

On 18 May 2007 the Group purchased the long leasehold of Coxside Car Park, Plymouth and the freehold of Lambhay Hill Car Park, Plymouth from Plymouth City Council for £2,423,530. This was funded by the allotment of 794,600 Company shares each at £3.05. No costs relating to the acquisition have been provided for in these accounts.

28 FINANCIAL INSTRUMENTS

The Company has accounted for Financial Instruments in accordance with FRS 25 Financial Instruments: disclosure and presentation and FRS 26 Financial Instruments: Recognition and measurement.

At 31 March 2007 the fair value of Financial Instruments was not considered material to these accounts, but details of the instruments are given below. The comparatives have also not been restated.

A hedge of certain short term foreign currency operational payments by forward exchange contracts hedging future foreign currency risk.

Fair value of financial liability £7,000 contract for \$4.3m at a fixed rate of £/\$1.9575 deliverable on a range of dates between 2 April 2007 and 3 March 2008 and contract for \$4.8m between £/\$1.9325 and £/\$1.9775 based on the average exchange rate ruling on a range of dates between 7 April 2007 and 3 March 2008.

A hedge of future jet fuel purchases by forward derivative contracts hedging future fuel price risk.

Fair value of financial asset £14,000 contract for 3,600 metric tonnes each at \$650 based on the average commodity price ruling on a range of dates between 1 April 2007 and 31 March 2008.

Notes to Financial Statements

For the year ended 31 March 2007

29 NOTES TO GROUP CASH FLOW STATEMENT

	2007 £000	2006 £000 As restated
29.1 Reconciliation of Operating Profit to net cash inflow from operating activities		
Operating Profit	5,065	3,596
Depreciation Charges	613	472
Amortisation of Intangible Assets	35	35
Amortisation of Grants	(22)	(5)
(Profit)/Loss on Sale of Tangible Fixed Assets	(2,141)	14
(Increase)/Decrease in Stock	(737)	184
(Increase) in Debtors	(1,333)	(1,072)
(Decrease)/Increase in Creditors	(121)	897
Charge to Share Based Payment Reserve	74	23
	1,433	4,144

	2007 £000	2006 £000
29.2 Analysis of cash flows for headings netted in the group cash flow statement		
Returns on Investments and Servicing of Finance		
Interest Paid	(995)	(554)
Interest Received	-	32
	(995)	(522)
Capital Expenditure		
Payments to acquire Tangible Fixed Assets	(4,818)	(13,976)
Receipts from sale of Tangible Fixed Assets	13,774	-
	8,956	(13,976)
Financing		
Issue of Share Capital	26	-
Premium on Share Capital	46	1
Increase in loans	1,669	-
Bank Loans Repaid	(9,866)	11,558
	(8,125)	11,560

29.3 Analysis of changes in net debt

	At 1 April 2006 £000	Cash Flow £000	At 31 March 2007 £000
Cash at Bank and in Hand	4	2	6
Bank Overdraft	(5,373)	(558)	(5,931)
		(556)	
Loans due after one year	(10,537)	8,239	(2,293)
Loans within one year	(1,026)	(43)	(1,069)
		8,196	
	(16,927)	7,640	(9,287)

Historical Financial Information

For the years ended 31 March

	2007 £000	2006 £000 As restated	2005 £000 As restated	2004 £000 As restated	2003 £000 As restated
Net Assets	40 160	†38 018	†30 143	†29 174	†25,512
Turnover	30 189	27 218	20 479	11 659	9,572
Operating Profit	3,226	#3 596	2 534	1 701	1 653
Adjusted Operating Profit	3 226	#3 596	2 534	1 870	1 653
Net Interest Payable (excludes Joint Ventures)	(853)	(176)	(142)	(97)	(110)
Profit on Ordinary Activities Before Taxation	4 212	#3 420	2 392	1 604	1 543
Profit Attributable to Shareholders	2,946	#2 387	1 655	1 123	1 083
Dividends Paid	950	†852	†718	†668	†607
Basic Earnings per Share	12 09p	#9 81p	6 81p	4 63p*	4 46p*
Diluted Earnings per Share	11 83p	#9 70p	6 67p	4 59p*	4 42p*
Dividend paid and proposed per Ordinary Share (adjusted for changes in issued share capital)	4 05p	3 8p	3 2p	2 75p	2 5p

* Adjusted for one for one capitalisation issue

† Figures have been restated following introduction of FRS21 'Events after the balance sheet date'

Figures have been restated following introduction of FRS20 Share-based payments