

REEFSOUTH LIMITED

ABBREVIATED ACCOUNTS

**FOR THE YEAR ENDED
31 JULY 2005**

**CHISNALL COMER ISMAIL & CO
CHARTERED ACCOUNTANTS & REGISTERED AUDITORS**

**Maria House
35 Millers Road
Brighton BN1 5NP**



INDEPENDENT AUDITORS' REPORT TO REEFSOUTH LIMITED
Under section 247B of the Companies Act 1985

We have examined the abbreviated accounts of Reefsouth Limited for the year ended 31 July 2005 set out on pages 2 to 5, together with the financial statements of the company for the year ended 31 July 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with s.247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 (5) and (6) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF AUDIT OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 (5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



Chisnall Comer Ismail & Co
Chartered Accountants & Registered Auditors

Maria House
35 Millers Road
Brighton
BN1 5NP

Date: **19 JUN 2006**

REEFSOUTH LIMITED

ABBREVIATED BALANCE SHEET
As at 31 July 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Intangible fixed assets	2	3,080	3,080
Tangible fixed assets	3	894,970	680,000
Investments	4	50,051	50,050
		<u>948,101</u>	<u>733,130</u>
CURRENT ASSETS			
Stocks		2,428,804	2,201,445
Debtors	5	200,980	448,900
Cash at bank		99,545	8,289
		<u>2,729,329</u>	<u>2,658,634</u>
CREDITORS: amounts falling due within one year		<u>(1,473,455)</u>	<u>(1,748,510)</u>
NET CURRENT ASSETS		<u>1,255,874</u>	<u>910,124</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,203,975</u>	<u>1,643,254</u>
CREDITORS: amounts falling due after more than one year	6	<u>(2,518,822)</u>	<u>(1,835,563)</u>
NET LIABILITIES		<u>£ (314,847)</u>	<u>£ (192,309)</u>
CAPITAL AND RESERVES			
Called up share capital	7	2	2
Revaluation reserve		80,871	14,071
Profit and loss account		(395,720)	(206,382)
SHAREHOLDERS' FUNDS		<u>£ (314,847)</u>	<u>£ (192,309)</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

Signed by the sole director

Mr C Weatherstone
Director

Dated:

14 JUN 2006

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 July 2005

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.3 Turnover

Turnover comprises the sale of development properties and rents received.

1.4 Intangible fixed assets and amortisation

Intangible fixed assets are included at cost and have not been amortised as their residual value is expected to be greater than cost.

1.5 Investment properties

Investment properties are stated at open market value. The valuations are carried out annually by the company's director in accordance with Statement of Standard Accounting Practice no 19. Surpluses or deficits arising on the revaluations are dealt with through the revaluation reserves.

In accordance with SSAP 19 no depreciation or amortisation is provided in respect of investment properties. This treatment is a departure from the requirement of the Companies Act 1985 that depreciation is charged to write off the value of the investment properties, less any residual value, systematically over the period of the assets' useful economic life. However, these properties are not held for consumption but for investment and the director considers that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value.

1.7 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for timing differences arising on revaluations of fixed assets which are not intended to be sold and gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.9 Going concern

The company is reliant on support of its bank in order to continue trading. The company's banks have renewed all overdrafts since the year end, the accounts have been prepared on the going concern basis on the assumption that this support will continue.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 July 2005

2. INTANGIBLE FIXED ASSETS

	£
Cost	
At 1 August 2004 and 31 July 2005	<u>3,080</u>
Amortisation	
At 1 August 2004 and 31 July 2005	<u>-</u>
Net book value	
At 31 July 2005	£ <u>3,080</u>
At 31 July 2004	£ <u>3,080</u>

3. TANGIBLE FIXED ASSETS

	£
Cost or valuation	
At 1 August 2004	680,000
Additions	148,170
Revaluation surplus/(deficit)	66,800
	<u>894,970</u>
At 31 July 2005	
Depreciation	
At 1 August 2004 and 31 July 2005	<u>-</u>
Net book value	
At 31 July 2005	£ <u>894,970</u>
At 31 July 2004	£ <u>680,000</u>

4. FIXED ASSET INVESTMENTS

	£
Cost	
At 1 August 2004	50,050
Additions	1
	<u>50,051</u>
At 31 July 2005	£ <u>50,051</u>

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 July 2005

Non subsidiary undertaking with shareholdings over 20%

The following was a undertaking that the company owned more than 20% but was not a subsidiary of the company:

Name of the undertaking	%holding
Reefspice Limited	50% of the ordinary issued share capital

The aggregate of the share capital and reserves as at 31 July 2005 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Reefspice Limited	(5,127)	(5,027)

5. DEBTORS

Included within other debtors due within one year is a loan to Mr C Weatherstone, a director, amounting to £99,541 (2004 - £77,998) . The maximum amount outstanding during the year was £99,541.

6. CREDITORS

Creditors include amounts not wholly repayable within 5 years as follows:

	2005 £	2004 £
Repayable by instalments	£ 1,654,784	£ 1,273,082

The bank loans are secured against the assets of the company.

7. SHARE CAPITAL

	2005 £	2004 £
Authorised		
100 Ordinary shares of £1 each	£ 100	£ 100
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	£ 2	£ 2