

Country Estates Developments Limited

Report and Financial Statements

Year Ended
30 November 2002



BDO Stoy Hayward
Chartered Accountants

COUNTRY ESTATES DEVELOPMENTS LIMITED

Annual report and financial statements for the year ended 30 November 2002

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Directors

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Directors

W F Phelps
G P Smith

Secretary and registered office

P A Pennicott, Kingfisher House, Albury Close, Loverock Road, Reading, Berkshire RG30 1BD

Company number

1975591

Auditors

BDO Stoy Hayward, Kings Wharf, 20-30 Kings Road, Reading, Berkshire RG1 3EX

COUNTRY ESTATES DEVELOPMENTS LIMITED

Report of the directors for the year ended 30 November 2002

The directors submit their report with the audited financial statements for the year ended 30 November 2002.

Results and dividends

The results of the company for the year are set out on page 5.

No dividends have been paid during the year and the directors do not recommend the payment of a final dividend.

Principal activities, trading review and future developments

The principal activity of the company is that of the development and sale of industrial units and estate management.

The level of business and the year end financial position are considered satisfactory and the directors expect that this level of activity will improve in the current year.

Directors

The following directors served throughout the year:

W F Phelps
G P Smith

Neither of the directors held a beneficial interest in the shares of the company although both served as directors of the ultimate holding company and their interests are disclosed in the accounts of that company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

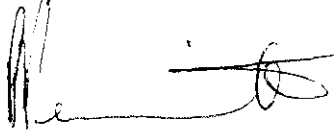
COUNTRY ESTATES DEVELOPMENTS LIMITED

Report of the directors for the year ended 30 November 2002 (*Continued*)

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'P A Pennicott', written over a horizontal line.

P A Pennicott
Secretary

Date: **08 JUL 2003**

COUNTRY ESTATES DEVELOPMENTS LIMITED

Report of the independent auditors

To the shareholders of Country Estates Developments Limited

We have audited the financial statements of Country Estates Developments Limited for the year ended 30 November 2002 on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

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

COUNTRY ESTATES DEVELOPMENTS LIMITED

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward
BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
Reading

Date: **08 JUL 2003**

COUNTRY ESTATES DEVELOPMENTS LIMITED

Profit and loss account for the year ended 30 November 2002

	Note	2002 £	2001 £
Turnover	2	-	-
Cost of sales		254,508	37,512
		<u>(254,508)</u>	<u>(37,512)</u>
Administrative expenses		103,099	95,141
		<u>(357,607)</u>	<u>(132,653)</u>
Other operating income	3	3,300	3,300
		<u>(354,307)</u>	<u>(129,353)</u>
Operating loss	4		
Interest receivable		62	-
Interest payable	5	(2,040)	(5,553)
		<u>(356,285)</u>	<u>(134,906)</u>
Loss on ordinary activities before taxation			
Taxation	6	143,611	45,000
		<u>(212,674)</u>	<u>(89,906)</u>
Loss on ordinary activities after taxation and movements in shareholders' funds	11		

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 7 to 10 form part of these financial statements

COUNTRY ESTATES DEVELOPMENTS LIMITED

Balance sheet at 30 November 2002

	Note	2002 £	2002 £	2001 £	2001 £
Current assets					
Stocks	7	2,034,640		1,397,367	
Debtors	8	54,223		95,232	
Cash at bank and in hand		5,810		37,252	
		<u>2,094,673</u>		<u>1,529,851</u>	
Creditors: amounts falling due within one year	9	<u>2,363,153</u>		<u>1,585,657</u>	
Net current liabilities			268,480		(55,806)
Capital and reserves					
Called up share capital	10		100		100
Profit and loss account	11		(268,580)		(55,906)
Shareholders' funds - equity			(268,480)		(55,806)

The financial statements were approved by the Board on 08 JUL 2003

W F Phelps)
)
) Directors
)
 G P Smith)

The notes on pages 7 to 10 form part of these financial statements

COUNTRY ESTATES DEVELOPMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 November 2002

1 Accounting policies

The financial statements are prepared under the historical cost convention, on a going concern basis, and are in accordance with applicable accounting standards.

The going concern basis is considered appropriate notwithstanding the excess of liabilities over assets at the balance sheet date as the other members of the Country Estates Group have confirmed that they will not seek to recover the monies owing to them until this company is again solvent. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts excluding value added tax.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Land	- cost less provisions for diminution in value.
Work in progress and finished goods	- cost of raw materials and labour, together with attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Property acquisitions and disposals are accounted for when legally binding contracts are completed.

Deferred taxation

The company has adopted FRS19 – Deferred Tax in the current year. No adjustments to prior periods have arisen as a result of the introduction of this accounting standard. Deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Deferred tax assets and liabilities recognised are not discounted.

2 Turnover

Turnover is wholly attributable to the one principal activity of the company and arises solely within the United Kingdom.

3 Other operating income

	2002 £	2001 £
Rent receivable	3,300	3,300

COUNTRY ESTATES DEVELOPMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 November 2002 (Continued)

4 Operating profit

	2002 £	2001 £
This is arrived at after charging:		
Auditors' remuneration	1,190	1,220

There were no directors' remuneration or staff costs paid during the year.

5 Interest payable

	2002 £	2001 £
On bank and other loans:		
Repayable within five years not by instalments	-	3,313
Other loans	2,040	2,240
	2,040	5,553

6 Taxation on loss on ordinary activities

	2002 £	2001 £
<i>Current tax</i>		
Receipt for surrender of group relief	118,000	45,000
Adjustment in respect of previous periods	25,611	-
Taxation on profit on ordinary activities	143,611	45,000

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
Loss on ordinary activities before tax	356,285	134,906
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%(2001 – 30%)	106,886	40,472
Effect of:		
Capital allowances for period	10,964	4,528
Adjustment to tax charge in respect of previous periods	25,761	-
Current tax for period	143,611	45,000

COUNTRY ESTATES DEVELOPMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 November 2002 (Continued)

7 Stocks

	2002 £	2001 £
Work in progress	1,218,612	1,397,367
Properties for resale	816,028	-
	<u>2,034,640</u>	<u>1,397,367</u>

There is no material difference between the carrying value for stock and its replacement cost.

8 Debtors

	2002 £	2001 £
Trade debtors	2,703	-
Amount owed by group companies	16,215	5,274
Other debtors	35,305	89,958
	<u>54,223</u>	<u>95,232</u>

All amounts fall due for payment within one year.

9 Creditors: amounts falling due within one year

	2002 £	2001 £
Amount due to group companies	2,281,074	1,471,479
Other creditors	77,679	74,727
Accruals	4,400	39,451
	<u>2,363,153</u>	<u>1,585,657</u>

10 Share capital

The called up share capital remained throughout the year as follows:

	Ordinary shares of £1 each
Authorised	100
Issued, allotted and fully paid	<u>100</u>

COUNTRY ESTATES DEVELOPMENTS LIMITED

Notes forming part of the financial statements for the year ended 30 November 2002 (*Continued*)

11 Reserves

	Profit & loss account £
Balance at 1 December 2001	(55,906)
Loss for the year	(212,674)
	<hr/>
Balance at 30 November 2002	(268,580)
	<hr/>

12 Contingent liabilities

The company has a contingent liability of £1,263,754 at 30 November 2002 (2001 - £1,669,972) relating to guarantees over the value of the overdraft and loan accounts of the parent company and fellow subsidiary companies. In view of the value of the securities held in those companies by the lenders, the directors do not anticipate any part of the contingent liability crystallising.

13 Ultimate parent company

The ultimate parent holding company is Country Estates Holdings plc, a company registered in England. Pam Technical Services Limited is the parent of the smallest group of which the company is a member.

14 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as it is consolidated in the financial statements of its ultimate parent company.

15 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of Country Estates Holdings plc.