

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003
FOR
HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

2069021



**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 30 September 2003**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	5
<i>Statement of Total Recognised Gains and Losses</i>	6
Consolidated Balance Sheet	7
Company Balance Sheet	8
Consolidated Cash Flow Statement	9
Notes to the Consolidated Cash Flow Statement	10
Notes to the Financial Statements	11

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**COMPANY INFORMATION
for the Year Ended 30 September 2003**

DIRECTORS:

I P Fitter ACA
R I Harrington
S L Massey
I K Ganney

SECRETARY:

I P Fitter ACA

REGISTERED OFFICE:

417 Finchley Road
Hampstead
London
NW3 6HJ

REGISTERED NUMBER:

2069071 (England and Wales)

AUDITORS:

Stern & Company
Chartered Accountants
& Registered Auditors
12-15 Hanger Green
London
W5 3AY

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**REPORT OF THE DIRECTORS
for the Year Ended 30 September 2003**

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2003.

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of property development and investment.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2003.

DIRECTORS

The directors during the year under review were:

I P Fitter ACA
R I Harrington
S L Massey
I K Ganney

The beneficial interests of the directors holding office on 30 September 2003 in the issued share capital of the company were as follows:

	30.9.03	1.10.02
Ordinary £1 shares		
I P Fitter ACA	1,667	1,667
R I Harrington	-	-
S L Massey	-	-
I K Ganney	-	-
A Ordinary £1 shares		
I P Fitter ACA	5,000	5,000
R I Harrington	-	-
S L Massey	-	-
I K Ganney	-	-
B Ordinary £1 shares		
I P Fitter ACA	-	-
R I Harrington	4,250	4,250
S L Massey	-	-
I K Ganney	750	750
C Ordinary £1 shares		
I P Fitter ACA	-	-
R I Harrington	-	-
S L Massey	4,250	4,250
I K Ganney	750	750

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**REPORT OF THE DIRECTORS
for the Year Ended 30 September 2003**

STATEMENT OF 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 the group and of the profit or loss of the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Stern & Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

X *Paul Little*

I P Fitter ACA - Secretary

14 July 2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

We have audited the financial statements of Harvington Properties Limited and subsidiary undertakings for the year ended 30 September 2003 on pages five to twenty one. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the group'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 group's members those matters we are required to state to them in an 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 group and the group'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

As described on page two the group's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Report of the Directors is not consistent with the financial statements, if the group 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 group is not disclosed.

We read the Report of the Directors 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 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 group'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 of the state of affairs of the company and the group as at 30 September 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Stern & Company

Stern & Company
Chartered Accountants
& Registered Auditors
12-15 Hanger Green
London
W5 3AY

15 July 2004

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 30 September 2003**

	Notes	2003 £	2002 £
TURNOVER		176,733	751,924
Cost of sales		<u>15,117</u>	<u>166,522</u>
GROSS PROFIT		161,616	585,402
Administrative expenses		<u>419,971</u>	<u>145,548</u>
		(258,355)	439,854
Other operating income		<u>492,846</u>	<u>384,917</u>
OPERATING PROFIT	3	234,491	824,771
Interest receivable and similar income		<u>57,637</u>	<u>40,990</u>
		292,128	865,761
Interest payable and similar charges	4	<u>136,080</u>	<u>144,576</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		156,048	721,185
Tax on profit on ordinary activities	5	<u>30,218</u>	<u>34,873</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		125,830	686,312
Dividends	7	<u>-</u>	<u>20,004</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP		<u>125,830</u>	<u>666,308</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 30 September 2003**

	2003	2002
	£	£
PROFIT FOR THE FINANCIAL YEAR	125,830	686,312
Realisation of fixed asset investment revaluation gains of previous year	<u>-</u>	<u>(47,290)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>125,830</u>	<u>639,022</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the Year Ended 30 September 2003**

	2003	2002
	£	£
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	156,048	721,185
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	<u>2,700</u>	<u>2,700</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>158,748</u>	<u>723,885</u>
HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS	<u>128,530</u>	<u>669,008</u>

The notes form part of these financial statements

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED BALANCE SHEET
30 September 2003**

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	2,461,369	2,085,552
Investments	9	<u>1,733,000</u>	<u>1,191,386</u>
		4,194,369	3,276,938
CURRENT ASSETS			
Stocks	10	3,618,051	3,517,471
Debtors	11	144,859	178,245
Cash at bank		<u>1,463,345</u>	<u>1,694,303</u>
		5,226,255	5,390,019
CREDITORS			
Amounts falling due within one year	12	<u>485,666</u>	<u>237,082</u>
NET CURRENT ASSETS		<u>4,740,589</u>	<u>5,152,937</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,934,958	8,429,875
CREDITORS			
Amounts falling due after more than one year	13	<u>2,285,934</u>	<u>2,448,295</u>
		<u>6,649,024</u>	<u>5,981,580</u>
CAPITAL AND RESERVES			
Called up share capital	16	16,667	16,667
Share premium	17	220,594	220,594
Revaluation reserve	17	1,267,584	725,970
Profit and loss account	17	<u>5,144,179</u>	<u>5,018,349</u>
SHAREHOLDERS' FUNDS	19	<u>6,649,024</u>	<u>5,981,580</u>

ON BEHALF OF THE BOARD:



Mr R I Harrington - Director

Approved by the Board on 14 July 2004

The notes form part of these financial statements

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**COMPANY BALANCE SHEET
30 September 2003**

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	2,461,369	2,085,552
Investments	9	<u>1,733,245</u>	<u>1,191,631</u>
		4,194,614	3,277,183
CURRENT ASSETS			
Stocks	10	3,373,277	3,279,148
Debtors	11	144,741	158,620
Cash at bank		<u>140,694</u>	<u>404,964</u>
		3,658,712	3,842,732
CREDITORS			
Amounts falling due within one year	12	<u>2,337,469</u>	<u>2,098,197</u>
NET CURRENT ASSETS		<u>1,321,243</u>	<u>1,744,535</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,515,857	5,021,718
CREDITORS			
Amounts falling due after more than one year	13	<u>2,285,934</u>	<u>2,448,295</u>
		<u>3,229,923</u>	<u>2,573,423</u>
CAPITAL AND RESERVES			
Called up share capital	16	16,667	16,667
Share premium	17	220,594	220,594
Revaluation reserve	17	1,267,584	725,970
Profit and loss account	17	<u>1,725,078</u>	<u>1,610,192</u>
SHAREHOLDERS' FUNDS	19	<u>3,229,923</u>	<u>2,573,423</u>

ON BEHALF OF THE BOARD:

x *R. Harrington*

R I Harrington - Director

Approved by the Board on 14 July 2004

The notes form part of these financial statements

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**CASH FLOW STATEMENT
for the Year Ended 30 September 2003**

	Notes	2003 £	2002 £
Net cash inflow from operating activities	1	267,813	851,927
Returns on investments and servicing of finance	2	(78,443)	(103,586)
Taxation		(35,681)	(50,148)
Capital expenditure and financial investment	2	(384,647)	159,219
Equity dividends paid		-	(20,004)
(Decrease)/Increase in cash in the period		<u>(230,958)</u>	<u>837,408</u>

**Reconciliation of net cash flow
to movement in net debt**

	3		
(Decrease)/Increase in cash in the period		<u>(230,958)</u>	<u>837,408</u>
Change in net debt resulting from cash flows		<u>(230,958)</u>	<u>837,408</u>
Movement in net debt in the period		<u>(230,958)</u>	837,408
Net debt at 1 October		<u>(255,697)</u>	(1,093,105)
Net debt at 30 September		<u>(486,655)</u>	<u>(255,697)</u>

The notes form part of these financial statements

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 30 September 2003**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	234,491	824,771
Depreciation charges	8,830	9,044
Profit on disposal of fixed assets	-	(62,332)
(Increase)/Decrease in stocks	(100,580)	129,559
Decrease/(Increase) in debtors	33,386	(40,509)
Increase/(Decrease) in creditors	91,686	(8,606)
Net cash inflow from operating activities	<u>267,813</u>	<u>851,927</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	57,637	40,990
Interest paid	(136,080)	(144,576)
Net cash outflow for returns on investments and servicing of finance	<u>(78,443)</u>	<u>(103,586)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(384,647)	(25,306)
Sale of fixed asset investments	-	184,525
Net cash (outflow)/inflow for capital expenditure and financial investment	<u>(384,647)</u>	<u>159,219</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.10.02 £	Cash flow £	At 30.9.03 £
Net cash:			
Cash at bank	<u>1,694,303</u>	<u>(230,958)</u>	<u>1,463,345</u>
	<u>1,694,303</u>	<u>(230,958)</u>	<u>1,463,345</u>
Debt:			
Debts falling due within one year	-	(76,365)	(76,365)
Debts falling due after one year	<u>(1,950,000)</u>	<u>76,365</u>	<u>(1,873,635)</u>
	<u>(1,950,000)</u>	<u>-</u>	<u>(1,950,000)</u>
Total	<u>(255,697)</u>	<u>(230,958)</u>	<u>(486,655)</u>

The notes form part of these financial statements

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 2003**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention together with all applicable accounting standards, except that they have been modified to include the revaluation of freehold property and investments.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Turnover represents sale of land and properties. Purchase of property is included in the accounts on exchange of contract and sales on completion.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 1% on valuation
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Freehold property is stated at valuation. All other assets are stated at cost.

Assets under the course of construction are not depreciated as the asset is not complete.

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Investment properties

Fixed asset investments include investment properties which are revalued annually and are included in the balance sheet at their open market values. The surplus or deficit on revaluation of such properties is transferred to the revaluation reserve. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from the Companies Act 1985 which requires depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation.

The financial effect of the departure from Companies Act is shown in the notes to the financial statements.

2. STAFF COSTS

	2003	2002
	£	£
Wages and salaries	308,535	122,124
Social security costs	37,496	14,325
	<u>346,031</u>	<u>136,449</u>

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2003**

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2003	2002
Administration (inc. Directors)	<u>5</u>	<u>5</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Other operating leases	1,076	792
Depreciation - owned assets	8,830	9,044
Profit on disposal of fixed assets	-	(62,332)
Auditors remuneration	10,664	11,088
Auditors' remuneration for non audit work	<u>220</u>	<u>-</u>
Directors' emoluments	<u>305,776</u>	<u>108,324</u>

Information regarding the highest paid director for the year ended 30 September 2003 is as follows:

	2003
	£
Emoluments etc	<u>305,776</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank loan interest	98,580	107,076
Other interest	<u>37,500</u>	<u>37,500</u>
	<u>136,080</u>	<u>144,576</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2003	2002
	£	£
Current tax:		
UK corporation tax	30,123	35,586
Over provision in prior years	-	(713)
Under provision in prior years	<u>95</u>	<u>-</u>
Total current tax	<u>30,218</u>	<u>34,873</u>
Tax on profit on ordinary activities	<u>30,218</u>	<u>34,873</u>

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2003**

6. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £114,886 (2002 - £94,274).

7. DIVIDENDS

	2003	2002
	£	£
Equity shares:		
5,000 A Ordinary shares of £1 each		
Final	-	<u>20,004</u>
	-	<u>20,004</u>

8. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Assets under the course of construction £	Fixtures and fittings £
COST OR VALUATION			
At 1 October 2002	524,439	1,556,331	51,985
Additions	-	<u>382,497</u>	<u>2,150</u>
At 30 September 2003	<u>524,439</u>	<u>1,938,828</u>	<u>54,135</u>
DEPRECIATION			
At 1 October 2002	15,732	-	31,690
Charge for year	<u>5,244</u>	-	<u>3,367</u>
At 30 September 2003	<u>20,976</u>	-	<u>35,057</u>
NET BOOK VALUE			
At 30 September 2003	<u>503,463</u>	<u>1,938,828</u>	<u>19,078</u>
At 30 September 2002	<u>508,707</u>	<u>1,556,331</u>	<u>20,295</u>

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2003**

8. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 October 2002	37,540	655	2,170,950
Additions	<u>-</u>	<u>-</u>	<u>384,647</u>
At 30 September 2003	<u>37,540</u>	<u>655</u>	<u>2,555,597</u>
DEPRECIATION			
At 1 October 2002	37,540	436	85,398
Charge for year	<u>-</u>	<u>219</u>	<u>8,830</u>
At 30 September 2003	<u>37,540</u>	<u>655</u>	<u>94,228</u>
NET BOOK VALUE			
At 30 September 2003	<u>-</u>	<u>-</u>	<u>2,461,369</u>
At 30 September 2002	<u>-</u>	<u>219</u>	<u>2,085,552</u>

Group

Cost or valuation at 30 September 2003 is represented by:

	Freehold property £	Assets under the course of construction £	Fixtures and fittings £
Valuation in 2002	270,000	-	-
Cost	<u>254,439</u>	<u>1,938,828</u>	<u>54,135</u>
	<u><u>524,439</u></u>	<u><u>1,938,828</u></u>	<u><u>54,135</u></u>
	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2002	-	-	270,000
Cost	<u>37,540</u>	<u>655</u>	<u>2,285,597</u>
	<u><u>37,540</u></u>	<u><u>655</u></u>	<u><u>2,555,597</u></u>

If Freehold Property had not been revalued it would have been included at the following historical cost:

	2003 £	2002 £
Cost	<u>254,439</u>	<u>254,439</u>
Aggregate depreciation	<u>33,072</u>	<u>30,528</u>

The freehold property was valued on an open market basis on 30 September 2002 by Mr I P Fitter, Chartered Accountant.

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2003**

8. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Assets under the course of construction £	Fixtures and fittings £
COST OR VALUATION			
At 1 October 2002	524,439	1,556,331	51,985
Additions	-	382,497	2,150
At 30 September 2003	<u>524,439</u>	<u>1,938,828</u>	<u>54,135</u>
DEPRECIATION			
At 1 October 2002	15,732	-	31,690
Charge for year	5,244	-	3,367
At 30 September 2003	<u>20,976</u>	<u>-</u>	<u>35,057</u>
NET BOOK VALUE			
At 30 September 2003	<u>503,463</u>	<u>1,938,828</u>	<u>19,078</u>
At 30 September 2002	<u>508,707</u>	<u>1,556,331</u>	<u>20,295</u>

Company

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 October 2002	37,540	655	2,170,950
Additions	-	-	384,647
At 30 September 2003	<u>37,540</u>	<u>655</u>	<u>2,555,597</u>
DEPRECIATION			
At 1 October 2002	37,540	436	85,398
Charge for year	-	219	8,830
At 30 September 2003	<u>37,540</u>	<u>655</u>	<u>94,228</u>
NET BOOK VALUE			
At 30 September 2003	<u>-</u>	<u>-</u>	<u>2,461,369</u>
At 30 September 2002	<u>-</u>	<u>219</u>	<u>2,085,552</u>

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2003**

8. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 30 September 2003 is represented by:

	Freehold property £	Assets under the course of construction £	Fixtures and fittings £
Valuation in 2002	270,000	-	-
Cost	<u>254,439</u>	<u>1,938,828</u>	<u>54,135</u>
	<u>524,439</u>	<u>1,938,828</u>	<u>54,135</u>

	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2002	-	-	270,000
Cost	<u>37,540</u>	<u>655</u>	<u>2,285,597</u>
	<u>37,540</u>	<u>655</u>	<u>2,555,597</u>

If Freehold Property had not been revalued it would have been included at the following historical cost:

	2003 £	2002 £
Cost	<u>254,439</u>	<u>254,439</u>
Aggregate depreciation	<u>33,072</u>	<u>30,528</u>

The freehold property was valued on an open market basis on 30 September 2002 by Mr I P Fitter, Chartered Accountant.

9. FIXED ASSET INVESTMENTS

Group

	Unlisted Investments £
COST OR VALUATION	
At 1 October 2002	1,191,386
Revaluations	<u>541,614</u>
At 30 September 2003	<u>1,733,000</u>
NET BOOK VALUE	
At 30 September 2003	<u>1,733,000</u>
At 30 September 2002	<u>1,191,386</u>

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2003**

9. FIXED ASSET INVESTMENTS - continued

Cost or valuation at 30 September 2003 is represented by:

	Unlisted Investments £
Valuation in 2002	1,002,690
Cost	<u>730,310</u>
	<u>1,733,000</u>

If fixed asset investments had not been revalued they would have been included at the following historical cost:

	2003 £	2002 £
Cost	<u>730,310</u>	<u>730,310</u>

Fixed asset investments were valued on an open market basis on 30 September 2003 by Mr I P Fitter, Chartered Accountant.

Company

	Unlisted Investments £
COST OR VALUATION	
At 1 October 2002	1,191,631
Revaluations	<u>541,614</u>
At 30 September 2003	<u>1,733,245</u>
NET BOOK VALUE	
At 30 September 2003	<u>1,733,245</u>
At 30 September 2002	<u>1,191,631</u>

Company

Cost or valuation at 30 September 2003 is represented by:

	Unlisted Investments £
Valuation in 2003	1,002,690
Cost	<u>730,555</u>
	<u>1,733,245</u>

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2003**

9. FIXED ASSET INVESTMENTS - continued

If fixed asset investments had not been revalued they would have been included at the following historical cost:

	2003	2002
	£	£
Cost	<u>730,555</u>	<u>730,555</u>

Fixed asset investments were valued on an open market basis on 30 September 2003 by Mr I P Fitter, Chartered Accountant.

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Village Green plc

Nature of business: Property Development

	%
Class of shares:	holding
£0.25 Ordinary Shares	100.00
£1.00 Preference Shares	100.00

	2003	2002
	£	£
Aggregate capital and reserves	3,419,346	3,408,402
Profit for the year	<u>10,944</u>	<u>592,038</u>

Harvington Properties (Wales) Limited

Nature of business: Nominee Company

	%
Class of shares:	holding
£1.00 Ordinary Shares	50.00

There are no results to disclose as the company acts only as a nominee for Harvington Properties (Wales) Limited.

Included within fixed asset investments are investment properties amounting to £1,733,000 (2002: £1,191,631) which have been accounted for under Statement of Standard Accounting Policies (SSAP 19). SSAP 19 permits non-depreciation in respect of these properties.

This policy represents a departure from the Companies Act 1985 in order to give a true and fair view.

If the properties were depreciated, the charge for the year would amount to £17,330 (2002: £11,916).

10. STOCKS

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Work-in-progress	<u>3,618,051</u>	<u>3,517,471</u>	<u>3,373,277</u>	<u>3,279,148</u>

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2003**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Other debtors	73,319	99,056	73,201	79,431
Prepayments and accrued income	<u>71,540</u>	<u>79,189</u>	<u>71,540</u>	<u>79,189</u>
	<u>144,859</u>	<u>178,245</u>	<u>144,741</u>	<u>158,620</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts (see note 14)	76,365	-	76,365	-
Tax	30,123	35,586	28,272	28,886
Social security and other taxes	11,478	64,939	11,478	64,939
Other creditors	29,018	-	29,018	-
Accruals & deferred income	338,682	136,557	335,885	124,150
Subsidiary undertaking	-	-	1,856,451	1,880,222
	<u>485,666</u>	<u>237,082</u>	<u>2,337,469</u>	<u>2,098,197</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans (see note 14)	1,873,635	1,950,000	1,873,635	1,950,000
Other creditors	<u>412,299</u>	<u>498,295</u>	<u>412,299</u>	<u>498,295</u>
	<u>2,285,934</u>	<u>2,448,295</u>	<u>2,285,934</u>	<u>2,448,295</u>

Other creditors include loans from the directors to the company amounting to £412,299 (2002: £498,295).

Interest on the loans is charged at 7.5% per annum as set out in the loan agreements. The total interest charge for the year amounted to £37,500 (2002: £37,500).

14. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans - less than 1 yr	<u>76,365</u>	<u>-</u>	<u>76,365</u>	<u>-</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>61,238</u>	<u>-</u>	<u>61,238</u>	<u>-</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>1,812,397</u>	<u>1,950,000</u>	<u>1,812,397</u>	<u>1,950,000</u>

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2003**

14. LOANS - continued

The bank loan is repayable by quarterly instalments of £39,746 until 30 June 2008. On maturity of the loan, 16 July 2008, all residual capital is to be paid in full.

Interest is charged at 5.281%, which is based on 3 month LIBOR plus a margin of 1.25%.

15. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans	1,950,000	1,950,000	1,950,000	1,950,000
Other creditors	412,299	498,295	412,299	498,295
	<u>2,362,299</u>	<u>2,448,295</u>	<u>2,362,299</u>	<u>2,448,295</u>

The bank loan is secured against work in progress amounting to £2,666,000 included within the group work in progress balance of £3,618,051.

Other creditors are secured by a fixed and floating charge over the undertakings and all property of the company.

16. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2003	2002
			£	£
1,667	Ordinary	£1	1,667	1,667
5,000	A Ordinary	£1	5,000	5,000
5,000	B Ordinary	£1	5,000	5,000
5,000	C Ordinary	£1	5,000	5,000
			<u>16,667</u>	<u>16,667</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2003	2002
			£	£
1,667	Ordinary	£1	1,667	1,667
5,000	A Ordinary	£1	6,667	6,667
5,000	B Ordinary	£1	5,000	5,000
5,000	C Ordinary	£1	5,000	5,000
			<u>16,667</u>	<u>16,667</u>

All shares rank pari passu.

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2003**

17. RESERVES

Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 October 2002	5,018,349	220,594	725,970	5,964,913
Retained profit for the year	125,830	-	-	125,830
Revaluation in year	-	-	541,614	541,614
At 30 September 2003	<u>5,144,179</u>	<u>220,594</u>	<u>1,267,584</u>	<u>6,632,357</u>

Company

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 October 2002	1,610,192	220,594	725,970	2,556,756
Retained profit for the year	114,886	-	-	114,886
Revaluation in year	-	-	541,614	541,614
At 30 September 2003	<u>1,725,078</u>	<u>220,594</u>	<u>1,267,584</u>	<u>3,213,256</u>

18. CONTINGENT LIABILITIES

The company has provided the bank with a guarantee of £1,500,000 (2002: £1,500,000) on behalf of its wholly owned subsidiary, Village Green plc. The maximum due under this guarantee at the balance sheet date was £nil (2002: £nil).

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2003 £	2002 £
Profit for the financial year	125,830	686,312
Dividends	-	(20,004)
	125,830	666,308
Other recognised gains and losses relating to the year (net)	-	(47,290)
Realisation on disposal of revalued asset	-	47,290
Revaluation in year	<u>541,614</u>	-
Net addition to shareholders' funds	667,444	666,308
Opening shareholders' funds	<u>5,981,580</u>	<u>5,315,272</u>
Closing shareholders' funds	<u>6,649,024</u>	<u>5,981,580</u>
Equity interests	<u>6,649,024</u>	<u>5,981,580</u>

**HARVINGTON PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2003**

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2003	2002
	£	£
Profit for the financial year	114,886	94,274
Dividends	<u>-</u>	<u>(20,004)</u>
	114,886	74,270
Other recognised gains and losses relating to the year (net)	-	(47,290)
Realisation on disposal of revalued asset	-	47,290
Revaluation of fixed asset investments	<u>541,614</u>	<u>-</u>
Net addition to shareholders' funds	656,500	74,270
Opening shareholders' funds	<u>2,573,423</u>	<u>2,499,153</u>
Closing shareholders' funds	<u>3,229,923</u>	<u>2,573,423</u>
Equity interests	<u>3,229,923</u>	<u>2,573,423</u>