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Report of the Directors and
Financial Statements for the Year Ended 31 March 2004
for
Bovale Limited



Bovale Limited

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for the Year Ended 31 March 2004

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Bovale Limited

Company Information
for the Year Ended 31 March 2004

DIRECTORS:

T G Bailey
M F Bailey
D M Macmillan

SECRETARY:

D M Macmillan

REGISTERED OFFICE:

4 Belmont
Shrewsbury
Shropshire
SY1 1TE

REGISTERED NUMBER:

2594369 (England and Wales)

AUDITORS:

Dawkins Lewis & Soar
Chartered Accountants
& Registered Auditors
Cowdown Business Park
Micheldever
Winchester
Hampshire
SO21 3DN

Bovale Limited

Report of the Directors
for the Year Ended 31 March 2004

The directors present their report with the financial statements of the company for the year ended 31 March 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property development.

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2004.

DIRECTORS

The directors during the year under review were:

T G Bailey
M F Bailey
D M Macmillan - appointed 1.7.03

The beneficial interests of the directors holding office on 31 March 2004 in the issued share capital of the company were as follows:

	31.3.04	1.4.03 or date of appointment if later
Ordinary £1 shares		
T G Bailey	1	1
M F Bailey	1	1
D M Macmillan	-	-

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 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.

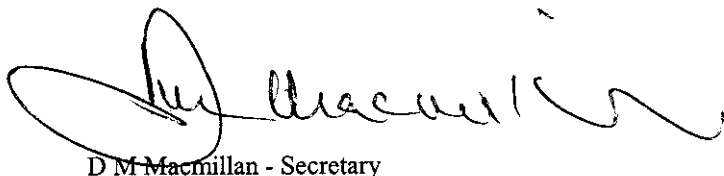
Bovale Limited

Report of the Directors
for the Year Ended 31 March 2004

AUDITORS

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'D M Macmillan', is written over a horizontal line.

D M Macmillan - Secretary

27 September 2005

Report of the Independent Auditors to the Shareholders of
Bovale Limited

We have audited the financial statements of Bovale Limited for the year ended 31 March 2004 on pages five to thirteen. These financial statements have been prepared under the historical cost convention and 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 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 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

As described on page two the company'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 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 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

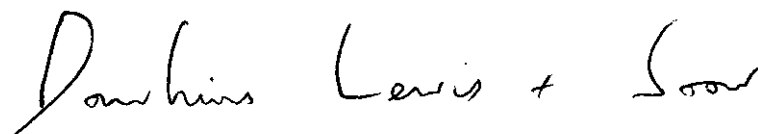
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 of the state of the company's affairs as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Dawkins Lewis & Soar
Chartered Accountants
& Registered Auditors
Cowdown Business Park
Micheldever
Winchester
Hampshire
SO21 3DN



27 September 2005

Bovale Limited

Profit and Loss Account
for the Year Ended 31 March 2004

		31.3.04	31.3.03
	Notes	£	£
TURNOVER		9,461,531	3,420,285
Cost of sales		8,260,089	2,651,654
GROSS PROFIT		1,201,442	768,631
Administrative expenses		379,952	18,967
		821,490	749,664
Other operating income		24,135	80,510
OPERATING PROFIT	3	845,625	830,174
Interest receivable and similar income		85,478	66,736
		931,103	896,910
Interest payable and similar charges	4	11,031	214,539
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		920,072	682,371
Tax on profit on ordinary activities	5	330,837	157,666
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		589,235	524,705
Retained profit/(deficit) brought forward		518,549	(6,156)
RETAINED PROFIT CARRIED FORWARD		£1,107,784	£518,549

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

Bovale Limited

Balance Sheet
31 March 2004

		31.3.04		31.3.03	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		10,734		16,454
CURRENT ASSETS:					
Stocks	7	10,579,565		9,430,175	
Debtors	8	846,785		730,800	
Cash at bank and in hand		3,900,900		1,969,962	
		15,327,250		12,130,937	
CREDITORS: Amounts falling due within one year	9	10,058,223		9,318,852	
NET CURRENT ASSETS:			5,269,027		2,812,085
TOTAL ASSETS LESS CURRENT LIABILITIES:			5,279,761		2,828,539
CREDITORS: Amounts falling due after more than one year	10		(4,170,214)		(2,306,767)
PROVISIONS FOR LIABILITIES AND CHARGES:	14		(1,761)		(3,221)
			£1,107,786		£518,551
CAPITAL AND RESERVES:					
Called up share capital	15		2		2
Profit and loss account			1,107,784		518,549
SHAREHOLDERS' FUNDS:	17		£1,107,786		£518,551

ON BEHALF OF THE BOARD:



D.M. Macmillan - Director

Approved by the Board on 27 September 2005

Bovale Limited**Cash Flow Statement
for the Year Ended 31 March 2004**

		31.3.04	31.3.03
	Notes	£	£
Net cash inflow from operating activities	1	2,003,981	369,037
Returns on investments and servicing of finance	2	74,447	(147,803)
Taxation		(125,117)	1,153
Capital expenditure	2	(962)	(23,490)
Increase in cash in the period		<u><u>£1,952,349</u></u>	<u><u>£198,897</u></u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>1,952,349</u>	<u>198,897</u>
Change in net funds resulting from cash flows		<u>1,952,349</u>	<u>198,897</u>
Movement in net funds in the period		<u>1,952,349</u>	<u>198,897</u>
Net funds at 1 April		<u>1,948,551</u>	<u>1,749,654</u>
Net funds at 31 March		<u><u>£3,900,900</u></u>	<u><u>£1,948,551</u></u>

The notes form part of these financial statements

Bovale Limited

Notes to the Cash Flow Statement
for the Year Ended 31 March 2004

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

	31.3.04 £	31.3.03 £
Operating profit	845,625	830,174
Depreciation charges	6,682	7,036
Increase in debtors	(115,985)	(523,976)
Increase in bank loans	1,146,897	3,045,703
Increase in creditors	1,270,152	828,824
Increase in stocks	(1,149,390)	(3,818,724)
Net cash inflow from operating activities	<u>2,003,981</u>	<u>369,037</u>

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

	31.3.04 £	31.3.03 £
Returns on investments and servicing of finance		
Interest received	85,478	66,736
Interest paid	(11,031)	(214,539)
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>74,447</u>	<u>(147,803)</u>
Capital expenditure		
Purchase of tangible fixed assets	(962)	(23,490)
Net cash outflow for capital expenditure	<u>(962)</u>	<u>(23,490)</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.4.03 £	Cash flow £	At 31.3.04 £
Net cash:			
Cash at bank and in hand	1,969,962	1,930,938	3,900,900
Bank overdraft	(21,411)	21,411	-
	<u>1,948,551</u>	<u>1,952,349</u>	<u>3,900,900</u>
Total	<u>1,948,551</u>	<u>1,952,349</u>	<u>3,900,900</u>
Analysed in Balance Sheet			
Cash at bank and in hand	1,969,962		3,900,900
Bank overdraft	(21,411)		-
	<u>1,948,551</u>		<u>3,900,900</u>

The notes form part of these financial statements

Bovale Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales, excluding value added tax.

Tangible fixed assets

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

Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 33% on cost

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.

2. STAFF COSTS

	31.3.04	31.3.03
	£	£
Wages and salaries	95,361	9,288
Social security costs	11,171	823
	<u>106,532</u>	<u>10,111</u>

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

	31.3.04	31.3.03
Management and administration	<u>4</u>	<u>4</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.04	31.3.03
	£	£
Hire of plant and machinery	975	1,562
Depreciation - owned assets	6,682	7,036
Auditors' remuneration	<u>2,000</u>	<u>2,000</u>
Directors' emoluments	<u>68,823</u>	<u>-</u>

Bovale Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

4. **INTEREST PAYABLE AND SIMILAR CHARGES**

	31.3.04	31.3.03
	£	£
Bank interest	<u>11,031</u>	<u>214,539</u>

5. **TAXATION**

Analysis of the tax charge

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

	31.3.04	31.3.03
	£	£
Current tax:		
UK corporation tax	276,760	136,592
Under-provision in earlier years	<u>55,537</u>	<u>17,853</u>
Total current tax	332,297	154,445
Deferred taxation	<u>(1,460)</u>	<u>3,221</u>
Tax on profit on ordinary activities	<u>330,837</u>	<u>157,666</u>

6. **TANGIBLE FIXED ASSETS**

	Fixtures and fittings	Computer equipment	Totals
	£	£	£
COST:			
At 1 April 2003	9,527	13,963	23,490
Additions	<u>962</u>	<u>-</u>	<u>962</u>
At 31 March 2004	<u>10,489</u>	<u>13,963</u>	<u>24,452</u>
DEPRECIATION:			
At 1 April 2003	2,382	4,654	7,036
Charge for year	<u>2,027</u>	<u>4,655</u>	<u>6,682</u>
At 31 March 2004	<u>4,409</u>	<u>9,309</u>	<u>13,718</u>
NET BOOK VALUE:			
At 31 March 2004	<u>6,080</u>	<u>4,654</u>	<u>10,734</u>
At 31 March 2003	<u>7,145</u>	<u>9,309</u>	<u>16,454</u>

7. **STOCKS**

	31.3.04	31.3.03
	£	£
Work in progress	<u>10,579,565</u>	<u>9,430,175</u>

Bovale Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

**8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.3.04 £	31.3.03 £
V.A.T.	103,840	89,292
Trade debtors	66,448	544,549
Other debtors	92,021	24,829
Accrued income	6,081	3,300
Prepayments	2,714	17,159
Solicitor's client account	575,681	51,671
	<u>846,785</u>	<u>730,800</u>

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.3.04 £	31.3.03 £
Bank loans and overdrafts (see note 11)	9,056,023	7,930,537
Trade creditors	314,441	780,614
Directors loan accounts	320,401	433,325
Other creditors	4,000	4,196
Social security & other taxes	-	1,533
Receipts in advance	-	14,011
Taxation	329,508	122,328
Accruals	33,850	32,308
	<u>10,058,223</u>	<u>9,318,852</u>

**10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.3.04 £	31.3.03 £
Bovale Developments Limited	<u>4,170,214</u>	<u>2,306,767</u>

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.3.04 £	31.3.03 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	21,411
Bank loans	<u>9,056,023</u>	<u>7,909,126</u>
	<u>9,056,023</u>	<u>7,930,537</u>

Bovale Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

12. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	31.3.04 £	31.3.03 £	31.3.04 £	31.3.03 £
Expiring:				
Between one and five years	<u>8,300</u>	<u>8,300</u>	<u>2,557</u>	<u>2,547</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.04 £	31.3.03 £
Bank loans	<u>9,056,023</u>	<u>7,909,126</u>

The loans from Anglo Irish Bank Corporation PLC are secured by unlimited personal guarantees from two of the company's directors, M F Bailey and T G Bailey, and by legal charges over the assets acquired with the funds advanced.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	31.3.04 £	31.3.03 £
Deferred taxation	<u>1,761</u>	<u>3,221</u>
	Deferred tax	
	£	
Balance at 1 April 2003	3,221	
Increase in provision	<u>(1,460)</u>	
Balance at 31 March 2004	<u>1,761</u>	

15. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.3.04 £	31.3.03 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.04 £	31.3.03 £
2	Ordinary	£1	<u>2</u>	<u>2</u>

Bovale Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

16. **RELATED PARTY DISCLOSURES**

The company is controlled by M F Bailey and T G Bailey, each of whom owns 50% of the issued share capital.

M F Bailey and T G Bailey are also interested in the entire issued share capital of Bovale Developments Limited, a company registered in the Irish Republic. Apart from Anglo Irish Bank Corporation PLC, Bovale Developments Limited was the company's major creditor as at 31 March 2003 and 31 March 2004.

Bovale Developments Limited was owed £4,170,214 as at 31 March 2004 (31 March 2003: £2,306,767).

17. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.3.04	31.3.03
	£	£
Profit for the financial year	589,235	524,705
Net addition to shareholders' funds	589,235	524,705
Opening shareholders' funds	518,551	(6,154)
Closing shareholders' funds	1,107,786	518,551
Equity interests	1,107,786	518,551