

**DUNEPower LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

Company Registration No. 02913621 (England and Wales)

**Edwards & Keeping**

Chartered Accountants



# DUNEPower LIMITED

## COMPANY INFORMATION

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**Directors**

J R Drax  
R M P Richards  
E Q Drax  
J N Hollond

**Secretary**

R M P Richards

**Company number**

02913621

**Registered office**

Unity Chambers  
34 High East Street  
Dorchester  
Dorset  
DT1 1HA

**Auditors**

Edwards & Keeping  
Unity Chambers  
34 High East Street  
Dorchester  
Dorset  
DT1 1HA

**Business address**

36 St James's Street  
London  
SW1A 1JD

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# DUNEPower LIMITED

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# DUNEPower LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

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The directors present their report and financial statements for the year ended 31 December 2003.

### Principal activities

The principal activity of the company continued to be the purchase, development and management of property.

### Directors

The following directors have held office since 1 January 2003:

J R Drax  
R M P Richards  
E Q Drax  
J N Hollond

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £ 1 each	
	31 December 2003	1 January 2003
J R Drax	-	-
R M P Richards	-	-
E Q Drax	-	-
J N Hollond	-	-

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Edwards & Keeping be reappointed as auditors of the company will be put to the Annual General Meeting.

# DUNEPower LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

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### Directors' responsibilities

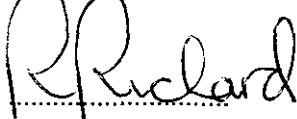
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



R M P Richards

Director

27-10-04

# **DUNEPower LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DUNEPower LIMITED**

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We have audited the financial statements of Dunepower Limited on pages 5 to 10 for the year ended 31 December 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), 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 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the 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 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.

### **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.

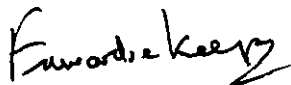
# DUNEPower LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF DUNEPower LIMITED

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### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Edwards & Keeping

Chartered Accountants  
Registered Auditor

28 October 2004

Unity Chambers  
34 High East Street  
Dorchester  
Dorset  
DT1 1HA

# DUNEPower LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

		2003 £	2002 £
	Notes		
Turnover		238,500	238,500
Operating profit		238,500	238,500
Other interest receivable and similar income		-	18
Interest payable and similar charges	2	(89,400)	(114,000)
Profit on ordinary activities before taxation		149,100	124,518
Tax on profit on ordinary activities	3	(44,592)	(36,523)
Profit on ordinary activities after taxation	8	104,508	87,995



# DUNEPower LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	4	3,035,000		3,035,000	
<b>Current assets</b>					
Cash at bank and in hand		1		1	
<b>Creditors: amounts falling due within one year</b>	5	(1,803,977)		(1,909,712)	
<b>Net current liabilities</b>		(1,803,976)		(1,909,711)	
<b>Total assets less current liabilities</b>		1,231,024		1,125,289	
<b>Provisions for liabilities and charges</b>	6	(7,953)		(6,726)	
		1,223,071		1,118,563	
<b>Capital and reserves</b>					
Called up share capital	7	2		2	
Revaluation reserve	8	886,317		886,317	
Profit and loss account	8	336,752		232,244	
<b>Shareholders' funds</b>		1,223,071		1,118,563	

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 27/10/04

  
J.R. Drax  
Director

# DUNEPower LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The balance sheet discloses a net current liability as at the end of the year, however, the accounts have been prepared on the going concern basis as the company has the continued support of its parent company.

#### 1.2 Turnover

Turnover represents rental income derived from lettings and is stated net of Value Added Tax. It arises entirely from the company's continuing activities and wholly within the United Kingdom.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis. Other tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

No depreciation is provided on investment properties as the directors consider that, although this represents a departure from the provisions of the Companies Act 1985, this policy results in the accounts giving a true and fair view.

#### 1.4 Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

#### 1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Parham Holdings Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

### 2 Interest payable

2003	2002
£	£

Included in interest payable is the following amount:

On amounts payable to group companies	89,400	114,000
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# DUNEPower LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

3	Taxation	2003 £	2002 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	43,365	34,887
	<b>Current tax charge</b>	43,365	34,887
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	1,227	1,636
		44,592	36,523

4	Tangible fixed assets	Investment properties £
	<b>Cost or valuation</b>	
	At 1 January 2003 & at 31 December 2003	3,035,000

The freehold investment properties were valued at £3,035,000 as at 31 December 2001 by Messrs CB Hillier Parker Ltd, Chartered Surveyors. The historical cost of the properties was £2,026,787 but they were appropriated from trading stock during 1998 at a valuation of £2,420,000 and Corporation Tax was paid on the surplus. The directors are of the opinion that the open market value of the properties have not decreased and any increase in value since 31 December 2001 is unlikely to be material.

The contingent liability, if the properties were sold for their market value, is approximately £104,000 (2002: £122,000). There is no commitment to sell these assets in the foreseeable future and accordingly no provision has been made for this amount.

5	Creditors: amounts falling due within one year	2003 £	2002 £
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	1,705,007	1,819,220
	Taxation and social security	43,365	34,887
	Other creditors	55,605	55,605
		1,803,977	1,909,712

# DUNEPower LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 6 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 January 2003	6,726
Profit and loss account	1,227
	<hr/>
Balance at 31 December 2003	7,953
	<hr/>

Deferred taxation provided in the financial statements is as follows:

	2003 £	2002 £
Accelerated capital allowances	7,953	6,726
	<hr/>	<hr/>

### 7 Share capital

	2003 £	2002 £
<b>Authorised</b>		
1,000 Ordinary Shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
2 Ordinary Shares of £1 each	2	2
	<hr/>	<hr/>

### 8 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2003	886,317	232,244
Retained profit for the year	-	104,508
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Balance at 31 December 2003	886,317	336,752
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### 9 Contingent liabilities

The company, together with its parent undertaking and fellow subsidiaries, has entered into a joint debenture in respect of a loan of £65,000,000 from Bayerische Hypo-und Vereinsbank AG to Parham Holdings Limited. The loan is secured against the Group's freehold properties.

A contingent liability also exists in relation to the future sale of revalued properties as detailed in note 4.

# **DUNEPower LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003**

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### **10 Control**

The company is a 100% subsidiary of Parham Holdings Limited, a company incorporated in England and Wales. The ultimate controlling party is Mr J R Drax (director) by virtue of his 100% ownership of Beaulieu Property Management Limited, which in turn owns a 50% controlling share in Parham Holdings Limited. Group accounts are prepared by Parham Holdings Limited.

### **11 Related party transactions**

Parham Holdings Limited, the parent company, has advanced a loan in order to clear the liabilities existing when the company was acquired. In addition almost all of the transactions are conducted through the bank accounts of the parent undertaking, resulting in further loans to and from individual subsidiary companies. Interest on the net balance is calculated at commercial rates on a daily basis and added to the loan account balances at the end of each quarter.

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.