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TRENT CITY SECURITIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 SEPTEMBER 2004**

COMPANY NUMBER: 03047370



TRENT CITY SECURITIES LIMITED

COMPANY INFORMATION

DIRECTORS

M E Moors
S M Moors
D R Kemp

SECRETARY

S M Moors

COMPANY NUMBER

03047370

REGISTERED OFFICE

Eaton Cottage
Eaton
Congleton
Cheshire
CW12 2NA

AUDITORS

Bentley Jennison
Chartered Accountants & Registered Auditors
5 Ridge House
Ridge House Drive
Festival Park
Stoke-on-Trent
ST1 5SJ

TRENT CITY SECURITIES LIMITED

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TRENT CITY SECURITIES LIMITED

DIRECTORS' REPORT For the year ended 30 September 2004

The directors present their report and the financial statements for the year ended 30 September 2004.

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.

PRINCIPAL ACTIVITIES

The company's principal activity is commercial property development. The company develops and lets property in order to sell to investors.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>30/9/04</u>	<u>1/10/03</u>
M E Moors	-	-
S M Moors	-	-
D R Kemp	22,500	22,500

M E Moors and S M Moors are also directors of the company's parent undertaking and their interests in the shares of the parent undertaking are disclosed in that company's register of directors' interests. D R Kemp did not have any interest in such shares.

TRENT CITY SECURITIES LIMITED

DIRECTORS' REPORT
For the year ended 30 September 2004

AUDITORS

The auditors, Bentley Jennison, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

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

This report was approved by the board on 25 April 2005 and signed on its behalf.



S M Moors
Secretary

TRENT CITY SECURITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRENT CITY SECURITIES LIMITED

We have audited the financial statements of Trent City Securities Limited for the year ended 30 September 2004 set out on pages 4 to 9. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on page 6.

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 DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bentley Jennison

Chartered Accountants
Registered Auditors

5 Ridge House
Ridge House Drive
Festival Park
Stoke-on-Trent
ST1 5SJ

Date: 25 April 2005

TRENT CITY SECURITIES LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2004

	Note	2004 £	2003 £
TURNOVER	1	2,764,237	2,678,314
Cost of sales		<u>(2,165,185)</u>	<u>(1,011,144)</u>
GROSS PROFIT		599,052	1,667,170
Administrative expenses		<u>(361,594)</u>	<u>(374,910)</u>
OPERATING PROFIT	2	237,458	1,292,260
Interest receivable		2,218	7,565
Interest payable		<u>(339,629)</u>	<u>(400,574)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(99,953)	899,251
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	3	<u>1,894</u>	<u>(210,000)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>(98,059)</u></u>	<u><u>689,251</u></u>

The notes on pages 6 to 9 form part of these financial statements.

TRENT CITY SECURITIES LIMITED

BALANCE SHEET
As at 30 September 2004

	Note	£	2004	£	£	2003	£
CURRENT ASSETS							
Stocks			7,792,071			6,564,960	
Debtors	5		392,879			316,676	
Cash at bank			2,727			369,899	
			<u>8,187,677</u>			<u>7,251,535</u>	
CREDITORS: amounts falling due within one year	6		<u>(8,047,793)</u>			<u>(7,013,592)</u>	
NET CURRENT ASSETS				<u>139,884</u>			<u>237,943</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>139,884</u>			<u>237,943</u>
CAPITAL AND RESERVES							
Called up share capital	7		150,000			150,000	
Profit and loss account	8		(10,116)			87,943	
SHAREHOLDERS' FUNDS				<u>139,884</u>			<u>237,943</u>

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

The financial statements were approved by the board on 25 April 2005 and signed on its behalf.

S M Moors
Director

The notes on pages 6 to 9 form part of these financial statements.



TRENT CITY SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2004

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	25% straight line
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1.5 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes all direct costs and overheads incurred in bringing each project to its present condition. Net realisable value is based on estimated selling price less further costs to completion and selling costs.

1.6 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 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.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2004	2003
	£	£
Auditors' remuneration	3,500	3,500
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2003 - £nil).

TRENT CITY SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2004

3. TAXATION

	2004 £	2003 £
Analysis of tax (credit)/charge in year		
UK corporation tax charge on profits of the year	-	210,000
Adjustments in respect of prior periods	(1,894)	-
Total current tax	<u>(1,894)</u>	<u>210,000</u>
Tax on (loss)/profit on ordinary activities	<u>(1,894)</u>	<u>210,000</u>

The tax charge for the year has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK applicable to the company, after losses of £88,000 have been surrendered to the parent undertaking.

There were no factors that may affect future tax charges.

4. TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
Cost	
At 1 October 2003 and 30 September 2004	<u>13,283</u>
Depreciation	
At 1 October 2003 and 30 September 2004	<u>13,283</u>
Net book value	
At 30 September 2004	<u>-</u>

5. DEBTORS

	2004 £	2003 £
Due within one year		
Trade debtors	30,361	-
Other debtors	362,518	316,676
	<u>392,879</u>	<u>316,676</u>

TRENT CITY SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2004

6. CREDITORS:
Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	572,688	650,000
Trade creditors	246,772	1,276,441
Amounts owed to group undertakings	4,951,267	3,882,401
Corporation tax	-	224,500
Social security and other taxes	1,416	-
Other creditors	2,275,650	980,250
	<u>8,047,793</u>	<u>7,013,592</u>

The bank borrowings are secured.

7. SHARE CAPITAL

	2004 £	2003 £
Authorised, allotted, called up and fully paid		
150,000 Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>

8. RESERVES

Profit and loss account	£
At 1 October 2003	87,943
Loss retained for the year	(98,059)
	<u>(10,116)</u>
At 30 September 2004	

9. TRANSACTIONS WITH DIRECTORS

The following amounts were due (to) / from the company by its directors at the year end:

	2004 £	2003 £
D R Kemp (maximum overdrawn - £128,000)	<u>(128,000)</u>	<u>(74,000)</u>

During the year, the company sold premises to ME Moors for £525,000.

TRENT CITY SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2004

10. RELATED PARTY TRANSACTIONS

	2004	2003
	£	£
Claymoss Properties Limited - management charges paid	102,000	103,760
Claymoss Properties Limited - interest paid	309,576	258,026
Claymoss Properties Limited - insurance recharged	25,000	-
Balance owing to Claymoss Properties Limited	<u>4,951,267</u>	<u>3,919,623</u>

Bank borrowings in Claymoss Properties Limited of £3,200,000 represent a loan provided to finance the development of a property by Trent City Securities Limited.

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by its parent, Claymoss Properties Limited, which is the ultimate parent company. ME Moors is the ultimate controlling party of Claymoss Properties Limited.

12. POST BALANCE SHEET EVENTS

On 31 January 2005 the share capital of Claymoss Properties Limited was acquired by Claymoss Limited.