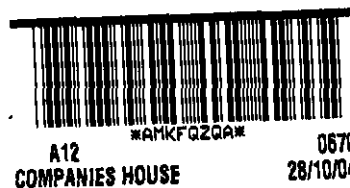


COMPANY REGISTRATION NUMBER 3126735

**Fosseway (Developments) Limited**  
**Financial Statements**  
**For**  
**31 December 2003**



**BISHOP FLEMING**  
Chartered Accountants & Registered Auditors  
50 The Terrace  
Torquay  
Devon

# **Fosseway (Developments) Limited**

## **Financial Statements**

**Year Ended 31 December 2003**

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Notes to the detailed profit and loss account	<b>14</b>

**Fosseway (Developments) Limited****Officers and Professional Advisers**

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<b>The Board of Directors</b>	M H Gardiner FCA
<b>Company Secretary</b>	D J Burraston
<b>Registered Office</b>	Coly House Colyford Colyton Devon EX24 6HE
<b>Auditors</b>	Bishop Fleming Chartered Accountants & Registered Auditors 50 The Terrace Torquay Devon
<b>Bankers</b>	Lloyds TSB Bank Plc Trinity Square Axminster Devon
<b>Solicitors</b>	Michelmores Harston Church Street Sidmouth Devon

# Fosseway (Developments) Limited

## The Director's Report

Year Ended 31 December 2003

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The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 2003.

### Principal activities

The principal activity of the company continued to be that of general dealers with special interest in property development and plant hire.

### Director

The director who served the company during the year was as follows:

M H Gardiner FCA

The company is a wholly owned subsidiary and the interests of the group director are disclosed in the financial statements of the parent company.

### Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the director is required to:

select suitable accounting policies, as described on page 7, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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.

### Auditors

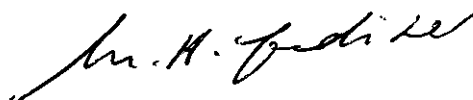
A resolution to re-appoint Bishop Fleming as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

### Small company provisions

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

Registered office:  
Coly House  
Colyford  
Colyton  
Devon  
EX24 6HE

Signed by



M H Gardiner FCA  
Director

Approved by the director on 25/10/2004

**Fosseway (Developments) Limited****Independent Auditors' Report to the Shareholders of  
Fosseway (Developments) Limited****Year Ended 31 December 2003**

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We have audited the financial statements on pages 5 to 12 which 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 on page 7.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of director and auditors**

As described in the Statement of Director's Responsibilities the company's director is 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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's 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 director 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.

**Fundamental uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in note 13 to the accounts concerning the receivership of Fosse Way Securities Limited, a group company. The financial statements have been prepared on a going concern basis, the validity of which depends upon the result of the receivership of Fosse Way Securities Limited. Currently it is not possible to estimate, with any reasonable degree of certainty, any ultimate liability which may fall upon the company. Consequently, no liability has been included in the financial statements. Our opinion is not qualified in this respect.

**Fosseway (Developments) Limited**

**Independent Auditors' Report to the Shareholders of  
Fosseway (Developments) Limited** *(continued)*

**Year Ended 31 December 2003**


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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.

50 The Terrace  
Torquay  
Devon

27 October 2004

  
BISHOP FLEMING  
Chartered Accountants  
& Registered Auditors

**Fosseway (Developments) Limited****Profit and Loss Account****Year Ended 31 December 2003**

	Note	2003 £	2002 £
<b>Turnover</b>		<b>816,028</b>	1,106,645
Cost of sales		91,548	686,665
<b>Gross profit</b>		<b>724,480</b>	419,980
Distribution costs		46,359	67,475
Administrative expenses		43,596	23,416
Other operating income		(7,262)	(8,611)
<b>Operating profit</b>	2	<b>641,787</b>	337,700
Interest payable		47,105	124,912
<b>Profit on ordinary activities before taxation</b>		<b>594,682</b>	212,788
Tax on profit on ordinary activities	3	2,828	—
<b>Retained profit for the financial year</b>		<b>591,854</b>	212,788

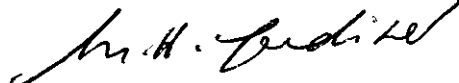
The notes on pages 7 to 12 form part of these financial statements.

**Fosseway (Developments) Limited****Balance Sheet****31 December 2003**

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Intangible assets	4	1	1
Tangible assets	5	34,960	60,387
Investments	6	45,056	45,041
		<u>80,017</u>	<u>105,429</u>
<b>Current assets</b>			
Stocks	7	792,844	745,423
Debtors due within one year	8	5,022	4,826
Debtors due after one year	8	683,457	618,834
Cash at bank and in hand		1,794	26,667
		<u>1,483,117</u>	<u>1,395,750</u>
<b>Creditors: Amounts falling due within one year</b>	9	<u>162,173</u>	<u>521,988</u>
<b>Net current assets</b>		<u>1,320,944</u>	<u>873,762</u>
<b>Total assets less current liabilities</b>		<u>1,400,961</u>	<u>979,191</u>
<b>Creditors: Amounts falling due after more than one year</b>	10	<u>982,524</u>	<u>1,155,000</u>
		<u>418,437</u>	<u>(175,809)</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	11	2,828	-
Other Provisions	12	870	1,306
		<u>414,739</u>	<u>(177,115)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	14	150,000	150,000
Revaluation reserve		33,574	33,574
Profit and loss account	15	231,165	(360,689)
<b>Shareholders' funds/(deficiency)</b>		<u>414,739</u>	<u>(177,115)</u>

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

These financial statements were approved and signed by the director on 25.10.2004



M H Gardiner FCA  
Director



**Fosseway (Developments) Limited****Notes to the Financial Statements****Year Ended 31 December 2003**

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**1. Accounting policies****(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**(b) Consolidation**

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEC and in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

**(c) Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**(d) Goodwill**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

**(e) Fixed assets**

All fixed assets are initially recorded at cost.

**(f) Depreciation**

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Plant & Machinery	- 10 years
Motor Vehicles	- 5 years
Equipment	- 5 years

**(g) Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**(h) Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**(i) Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**(j) Deferred taxation**

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# Fosseway (Developments) Limited

## Notes to the Financial Statements

Year Ended 31 December 2003

### 2. Operating profit

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Director's emoluments	—	—
Depreciation of owned fixed assets	9,262	9,303
Loss/(Profit) on disposal of fixed assets	12,164	(10,675)
Auditors' fees	4,695	2,945

### 3. Taxation on ordinary activities

	2003 £	2002 £
Deferred tax:		
Origination and reversal of timing differences (note 11)		
Capital allowances	2,828	—

### 4. Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2003 and 31 December 2003	1
Amortisation	—
Net book value	
At 31 December 2003	1
At 31 December 2002	1

### 5. Tangible fixed assets

	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2003	108,264	750	643	109,657
Additions	—	2,500	—	2,500
Disposals	(24,211)	—	—	(24,211)
At 31 December 2003	84,053	3,250	643	87,946
<b>Depreciation</b>				
At 1 January 2003	49,206	—	64	49,270
Charge for the year	8,983	150	129	9,262
On disposals	(5,546)	—	—	(5,546)
At 31 December 2003	52,643	150	193	52,986
<b>Net book value</b>				
At 31 December 2003	31,410	3,100	450	34,960
At 31 December 2002	59,058	750	579	60,387

**Fosseway (Developments) Limited****Notes to the Financial Statements****Year Ended 31 December 2003****6. Investments****Investment property and shares in Mole Valley Farmers Ltd**

	£
<b>Cost</b>	
At 1 January 2003	45,041
Additions	15
At 31 December 2003	<u>45,056</u>
<b>Net book value</b>	
At 31 December 2003	<u>45,056</u>
At 31 December 2002	<u>45,041</u>

The Investment property originally cost £11,426 but was revalued by the director in the year ended 31 December 2000 to an open market value of £45,000. In the director's opinion this continues to be the open market value.

The company has acquired a further 15 £1 ordinary shares in Mole Valley Farmers Limited bringing its total holding to 56.

**7. Stocks**

	2003 £	2002 £
Work in progress	164,091	97,547
Land bank	628,753	647,876
	<u>792,844</u>	<u>745,423</u>

**8. Debtors**

	2003 £	2002 £
Trade debtors	3,982	3,478
Amounts owed by group undertakings	683,457	618,834
Other debtors	1,040	1,348
	<u>688,479</u>	<u>623,660</u>

The debtors above include the following amounts falling due after more than one year:

	2003 £	2002 £
Amounts owed by group undertakings	<u>683,457</u>	<u>618,834</u>

**Fosseway (Developments) Limited****Notes to the Financial Statements****Year Ended 31 December 2003****9. Creditors: Amounts falling due within one year**

	2003	2002
	£	£
Bank loans and overdrafts	37,742	340,141
Trade creditors	22,227	24,864
Other creditors including taxation and social security:		
PAYE and social security	—	801
VAT	547	36,786
Other creditors	—	9,921
Directors current accounts	78,936	78,622
Accruals and deferred income	22,721	30,853
	<u>162,173</u>	<u>521,988</u>

The bank loan and overdraft are secured.

The company meets its day to day working capital requirements through an overdraft facility which, in common with all such facilities, is repayable on demand. The company's bankers regularly review the bank overdraft facility. The company is operating within the lending facilities offered and the director expects the company to be able to continue doing so for at least one year from the date on which these financial statements were approved. In view of the relationship with the company's bankers, the director considers it reasonable to rely on the continuation of the overdraft facility.

**10. Creditors: Amounts falling due after more than one year**

	2003	2002
	£	£
Bank loans and overdrafts	975,000	1,155,000
Amounts owed to group undertakings	7,524	—
	<u>982,524</u>	<u>1,155,000</u>

The bank loan has no fixed repayment terms, however the bank receives a proportion of the sale proceeds as and when properties are sold so as to amortise the loan to nil on the sale of the final property.

Amounts owed to group undertakings relates to Fosse Way Securities Limited.

**11. Deferred taxation**

	2003	2002
	£	£
The movement in the deferred taxation provision during the year was:		
Profit and loss account movement arising during the year	2,828	—
Provision carried forward	<u>2,828</u>	<u>—</u>

# Fosseway (Developments) Limited

## Notes to the Financial Statements

Year Ended 31 December 2003

### 11. Deferred taxation (continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003		2002	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	2,828	—	—	6,898
Tax losses available	—	—	—	(6,898)
	<u>2,828</u>	<u>—</u>	<u>—</u>	<u>—</u>

### 12. Other provisions

	2003 £	2002 £
Provision for liabilities and charges	<u>870</u>	<u>1,306</u>

The provision relates to anticipated costs re after sale works.

### 13. Contingencies

On 13 January 2004 a group company, Fosse Way Securities Limited, was put into receivership. The company together with other group companies have guaranteed the bank borrowings of Fosse Way Securities Limited for an unlimited amount. At 31 December 2003 these borrowings amounted to £717,555. It is not known whether sufficient funds will be available in Fosse Way Securities Limited to meet the bank borrowings, and accordingly the level of any deficiency that would need to be met by other group companies cannot be calculated. In addition there is an inter group liability (see note 10) which maybe required to be settled.

### 14. Share capital

#### Authorised share capital:

	2003 £	2002 £
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

#### Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>

### 15. Profit and loss account

	2003 £	2002 £
Balance brought forward	(360,689)	(573,477)
Retained profit for the financial year	<u>591,854</u>	<u>212,788</u>
Balance carried forward	<u>231,165</u>	<u>(360,689)</u>

## **Fosseway (Developments) Limited**

### **Notes to the Financial Statements**

**Year Ended 31 December 2003**

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#### **16. Ultimate parent company**

The holding company is Fosseway (Holdings) Limited, a company incorporated in England and Wales and owned by M H Gardiner FCA, the sole director of the company. Copies of the financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.