

Registered

Company Registration No. 3343045 (England and Wales)

ADDISON DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2003

Saffery Champness
CHARTERED ACCOUNTANTS



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ADDISON DEVELOPMENTS LIMITED

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ADDISON DEVELOPMENTS LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 MARCH 2003

Directors The Hon Mrs Townshend DL
 Sir Simon Hornby
 J R Townshend
 G A Dobson
 R I Sanderson

Secretary R I Sanderson

Registered office The Estate Office
 Melbury Sampford
 Dorchester
 Dorset
 DT2 0LF

Company number 3343045

Solicitors Wilsons
 Steynings House
 Chapel Place
 Fisherton Street
 Salisbury
 Wiltshire
 SP2 7RJ

Bankers National Westminster Plc
 2 Hendford
 Yeovil
 Somerset
 BA2 1TN

Auditors Saffery Champness
 1 St Stephens Court
 St Stephens Road
 Bournemouth
 Dorset
 BH2 6LA

ADDISON DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

The directors submit their report and the audited financial statements for Addison Developments Limited for the year ended 31 March 2003.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 is considered to be an investment company, however it is the intention of the directors to undertake some development activities in the future.

Results and review of the business

The net loss for the year, after taxation, was £2,831,060 (2002 profit : £1,525,817) which is taken to reserves. The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who have held office throughout the year ended 31 March 2003 are as follows:

The Hon Mrs Townshend DL
Sir Simon Hornby
J R Townshend
G A Dobson
R I Sanderson

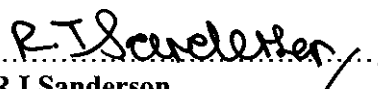
Sir Simon Hornby, as a Trustee, was non-beneficially interested in all the issued share capital of the company during the year.

On 2 May 2003, The Hon Mrs Townshend DL and J R Townshend were appointed Trustees of the Settlement which owns all of the issued share capital of the company. Sir Simon Hornby is a director of Ilchester Trustee Company Limited, which was appointed as the third Trustee on 2 May 2003.

Auditors

The auditors, Saffery Champness, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985.

On behalf of the Board


R I Sanderson
Secretary
6 October 2003

ADDISON DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 31 MARCH 2003

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of 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.

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.

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 or material inconsistencies with the financial statements.

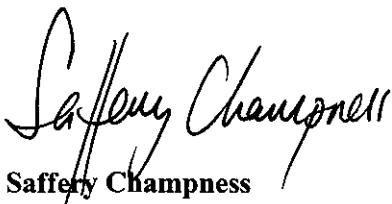
Basis of opinion

We conducted our audit in accordance with 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 mis-statement, 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 as at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Saffery Champness

6 October 2003

Chartered Accountants
Registered Auditors

1 St Stephens Court
St Stephens Road
Bournemouth
BH2 6LA

ADDISON DEVELOPMENTS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003**

| | Notes | 2003 £ | 2002 £ |
|---|----------|-------------|-------------|
| Turnover | 1 | - | 8,195,350 |
| Cost of sales | | (350) | (6,403,734) |
| Gross (loss)/profit | | (350) | 1,791,616 |
| Administrative expenses | | (11,839) | (41,165) |
| Operating (loss)/profit | | (12,189) | 1,750,451 |
| Provision for diminution in value of investments | | (2,832,813) | - |
| Other interest receivable and similar income | 2 | 17,115 | 340,193 |
| Net rental income | | - | 89,094 |
| Loss/(profit) on ordinary activities before taxation | 3 | (2,827,887) | 2,179,738 |
| Taxation | 4 | (3,173) | (653,921) |
| Retained (loss)/profit for the year | 9 | (2,831,060) | 1,525,817 |

The company's turnover and expenses all relate to continuing operations in 2002, which will recommence in 2004.

There were no recognised gains or losses during the year other than those included in the profit and loss account.


The notes and accounting policies on pages 8 to 11 form part of these financial statements.

ADDISON DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2003

| | Notes | 2003 £ | £ | 2002 £ | £ |
|---|-------|----------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Quoted investments | 5 | | 6,667,187 | | 9,500,000 |
| Current assets | | | | | |
| Debtors | 6 | 4,064 | | 9,196 | |
| Cash at bank and in hand | | 355,421 | | 760,062 | |
| | | <u>359,485</u> | | <u>769,258</u> | |
| Creditors: Amounts falling due within one year | 7 | <u>(8,018)</u> | | <u>(419,544)</u> | |
| Net current assets | | | <u>351,467</u> | | <u>349,714</u> |
| Net assets | | | <u>7,018,654</u> | | <u>9,849,714</u> |
| Capital reserves | | | | | |
| Called up share capital | 8 | 7,000,000 | | 7,000,000 | |
| Profit and loss account | 9 | 18,654 | | 2,849,714 | |
| Shareholders' funds | 10 | | <u>7,018,654</u> | | <u>9,849,714</u> |

The financial statements were approved by the Board on 6 October 2003 and signed on its behalf by:


The Hon Mrs Townsend DL
Director

The notes and accounting policies on pages 8 to 11 form part of these financial statements.

ADDISON DEVELOPMENTS LIMITED**CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2003**

| | 2003 | 2002 |
|--|------------------|--------------------|
| | £ | £ |
| Net cash inflow from operating activities (note 1) | (58,453) | 9,862,167 |
| Returns on investments and servicing of finance | | |
| Interest received | 17,115 | 311,542 |
| Compensation for loss of interest | - | 28,651 |
| Rentals received | - | 89,094 |
| | <hr/> | <hr/> |
| Net cash inflow for returns on investments and servicing of finance | 17,115 | 429,287 |
| Acquisition of investment | - | (9,500,000) |
| Taxation paid | (363,303) | (229,476) |
| | <hr/> | <hr/> |
| (Decrease)/increase in cash in the year | (404,641) | 561,978 |
| | <hr/> | <hr/> |

ADDISON DEVELOPMENTS LIMITED**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2003****1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities**

| | 2003 | 2002 |
|---|-----------------|------------------|
| | £ | £ |
| Operating (loss)/profit | (12,189) | 1,750,451 |
| Decrease in stocks | - | 5,399,861 |
| Decrease in debtors | 5,132 | 3,394,446 |
| Decrease in creditors within one year | (51,396) | (682,591) |
| Net (outflow)/inflow from operating activities | (58,453) | 9,862,167 |

2 Analysis of net funds

| | 31 March 2002 | Cash flow | 31 March 2003 |
|--------------------------|--------------------------|----------------------|--------------------------|
| | £ | £ | £ |
| Net cash: | | | |
| Cash at bank and in hand | 760,062 | (404,641) | 355,421 |

3 Reconciliation of net cash flow to movement in net funds

| | 2003 | 2002 |
|--|------------------|----------------|
| | £ | £ |
| (Decrease)/increase in cash in the year | (404,641) | 561,978 |
| Movement in net funds in the year | (404,641) | 561,978 |
| Opening net funds | 760,062 | 198,084 |
| Closing net funds | 355,421 | 760,062 |

ADDISON DEVELOPMENTS LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2003

A Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

B Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers. Turnover on long term contracts is recognised in accordance with the value of work carried out to date.

C Deferred taxation

Full provision is made, at current rates of corporation tax, for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation.

D Quoted investments

The accounting policy for quoted investments has changed. Quoted investments are stated at market value. The previous policy was to state quoted investments at cost less provision for permanent diminution in value. The change of policy has not required a prior year adjustment.

E Group accounts

The company has taken advantage of the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

ADDISON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1 Turnover

Turnover arises in respect of the development activity as described on page 2. The company operates within the UK and the whole of its turnover is to the UK market.

2 Interest receivable and similar income

| | 2003 £ | 2002 £ |
|-----------------------------------|---------------|----------------|
| Compensation for loss of interest | - | 28,651 |
| Bank interest | 17,115 | 108,084 |
| Other interest | - | 203,458 |
| | <u>17,115</u> | <u>340,193</u> |

3 (Loss)/profit on ordinary activities before taxation

| | 2003 £ | 2002 £ |
|--|--------------|--------------|
| The (loss)/profit on ordinary activities before taxation is stated after charging: | | |
| Auditors' remuneration | <u>1,000</u> | <u>5,000</u> |

The directors received no remuneration from the company during the year (2002: nil).

The company employs no staff, but a management charge is incurred for the services of certain directors and staff employed by Ilchester Estates, a related company, of £5,147 (2002 : £23,718).

4 Taxation

| | 2003 £ | 2002 £ |
|--|--------------------|------------------|
| Domestic current year tax | | |
| UK Corporation tax | 576 | 653,921 |
| Adjustment for prior years | 2,597 | - |
| | <u>3,173</u> | <u>653,921</u> |
| Current tax charge | | |
| Factors affecting the tax charge for the year | | |
| (Loss)/profit on ordinary activities before taxation | <u>(2,827,813)</u> | <u>2,179,738</u> |
| (Loss)/profit on ordinary activities before taxation multiplied by Standard rate of UK corporation tax of 19% (2002 : 30%) | <u>(537,299)</u> | <u>653,921</u> |
| Effects of: | | |
| Diminution in value of quoted investments | 538,235 | - |
| Marginal rate relief | (360) | - |
| Adjustments to previous periods | 2,597 | - |
| | <u>540,472</u> | <u>-</u> |
| Current tax charge | <u>3,173</u> | <u>653,921</u> |

ADDISON DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2003****5 Quoted investments**

| Cost | £ |
|---|-------------|
| At 1 April 2002 and at 31 March 2003 | 9,500,000 |
| Provisions for diminution in value | |
| At 1 April 2002 | - |
| Provision for the year | (2,832,813) |
| At 31 March 2003 | (2,832,813) |
| Net book values | |
| At 31 March 2003 | 6,667,187 |
| At 31 March 2002 | 9,500,000 |

| Undertaking | Shares held | Proportion held | Net assets at 31.5.03 £ | Total returns for the year ended 31.5.03 £ |
|--------------------|---------------------|------------------------|------------------------------------|---|
| Aquarius Fund | Accumulation shares | 86.37% | 8,259,985 | (2,388,686) |

The principal activity of Aquarius Fund is that of an Open Ended Investment Company incorporated under the OEIC Regulations and authorised by the FSA

At 31 March 2003 the aggregate market value of the quoted investments was £6,667,187 (2002: £9,633,000).

A tax loss would arise if the investments were disposed of at the above valuation.

| 6 Debtors | 2003 £ | 2002 £ |
|--------------------------------------|-------------------|-------------------|
| Other debtors and prepayments | 4,064 | 9,196 |
| 7 Creditors | 2003 £ | 2002 £ |
| Amounts falling due within one year: | | |
| Trade creditors | - | 49,616 |
| Corporation tax | 576 | 360,706 |
| Other creditors | 7,442 | 4,057 |
| Accruals and deferred income | - | 5,165 |
| | 8,018 | 419,544 |

ADDISON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2003

| 8 Share capital | 2003 | 2002 |
|--|-------------|-------------|
| | £ | £ |
| Authorised: | | |
| 10,000,000 ordinary shares of £1 each | 10,000,000 | 10,000,000 |
| Allotted, called up and fully paid: | | |
| 7,000,000 ordinary shares of £1 each | 7,000,000 | 7,000,000 |
| 9 Profit and loss account | 2003 | 2002 |
| | £ | £ |
| At 1 April 2002 | 2,849,714 | 1,323,897 |
| Retained (loss)/profit for the year | (2,831,060) | 1,525,817 |
| At 31 March 2003 | 18,654 | 2,849,714 |
| 10 Reconciliation of movements on shareholders' funds | 2003 | 2002 |
| | £ | £ |
| Retained (loss)/profit for the year | (2,831,060) | 1,525,817 |
| Opening shareholders' funds | 9,849,714 | 8,323,897 |
| Closing shareholders' funds | 7,018,654 | 9,849,714 |

11 Contingent liabilities

The company has a contractual liability for a period of six years, commencing May 2001, to rectify any defects arising on the residential development at Bow Lane.

12 Related party transactions

The company is ultimately controlled by the Trustees of Ilchester Estates (2) Disentailed Estate by virtue of their 100% share ownership.

The company had the following related party with whom transactions were undertaken during the year:

Ilchester Estates - A company whose shares are owned by the same Trustees as the company's ultimate controlling party.

| | |
|--|----------|
| During the year the following transactions took place: | £ |
| Management charges made from Ilchester Estates | 5,147 |

Related party balances at 31 March 2003 were as follows:

| | |
|------------------|-------|
| Creditor balance | 6,442 |
|------------------|-------|