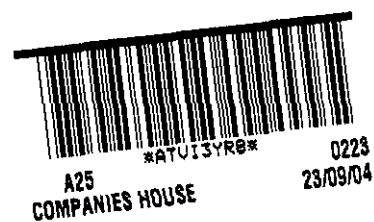


ADDISON DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2004



Saffery Champness

CHARTERED ACCOUNTANTS

ADDISON DEVELOPMENTS LIMITED

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FOR THE YEAR ENDED 31 MARCH 2004**

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ADDISON DEVELOPMENTS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2004**

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 2004

The directors submit their report and the audited financial statements for Addison Developments Limited for the year ended 31 March 2004.

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

During the year the principal activity of the company continued to be property development. Any surplus funds which arise are invested.

Results and review of the business

During the year the company acquired two sites for development, both projects were incomplete at 31 March 2004 and are included in work in progress. The net profit for the year, after taxation, was £607,509 (2003 loss: £2,831,060) 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 2004 are as follows:

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

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 the same date.

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*.....
R I Sanderson
Secretary
20 September 2004

ADDISON DEVELOPMENTS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED 31 MARCH 2004**

We have audited the financial statements on pages 4 to 10.

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Saffery Champness

Chartered Accountants
Registered Auditors

20 September 2004

1 St Stephens Court
St Stephens Road
Bournemouth
BH2 6LA

ADDISON DEVELOPMENTS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2004**

	Notes	2004 £	2003 £
Turnover	1	-	-
Cost of sales		-	(350)
Gross loss		-	(350)
Administrative expenses		(14,830)	(11,839)
Operating loss		(14,830)	(12,189)
Provision for increase/(diminution) in value of investments		587,108	(2,832,813)
Other interest receivable and similar income	2	40,016	17,115
Profit/(loss) on ordinary activities before taxation	3	612,294	(2,827,887)
Taxation	4	(4,785)	(3,173)
Retained profit/(loss) for the year	10	607,509	(2,831,060)

The company's expenses all relate to continuing operations.

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 6 to 10 form part of these financial statements.

ADDISON DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Quoted investments	5		7,254,295		6,667,187
Current assets					
Work in progress	6	229,159		-	
Debtors	7	7,695		4,064	
Cash at bank and in hand		150,124		355,421	
			386,978		359,485
Creditors: Amounts falling due within one year	8	(15,110)		(8,018)	
Net current assets			371,868		351,467
Net assets			7,626,163		7,018,654
Capital reserves					
Called up share capital	9		7,000,000		7,000,000
Profit and loss account	10		626,163		18,654
Shareholders' funds	11		7,626,163		7,018,654

The financial statements were approved by the Board on 20 September 2004 and signed on its behalf by:



The Hon Mrs Townshend DL
Director

The notes and accounting policies on pages 6 to 10 form part of these financial statements.

ADDISON DEVELOPMENTS LIMITED

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2004**

A Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, as modified by the revaluation of quoted investments.

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

Quoted investments are stated at market value.

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 2004****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

	2004	2003
	£	£
Interest receivable	8,927	17,115
Other income	31,089	-
	<u>40,016</u>	<u>17,115</u>

3 Profit/(loss) on ordinary activities before taxation

	2004	2003
	£	£
The profit/(loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	<u>1,000</u>	<u>1,000</u>

The directors received no remuneration from the company during the year (2003: 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 £10,266 (2003 : £5,147).

4 Taxation

	2004	2003
	£	£
Domestic current year tax		
UK Corporation tax	4,785	576
Adjustment for prior years	-	2,597
	<u>4,785</u>	<u>3,173</u>
Current tax charge		
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	<u>612,294</u>	<u>(2,827,813)</u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2003 : 19%)	<u>116,336</u>	<u>(537,299)</u>
Effects of:		
(Increase)/diminution in value of quoted investments - unrealised	(111,551)	538,235
Marginal rate relief	-	(360)
Adjustments to previous periods	-	2,597
	<u>(111,551)</u>	<u>540,472</u>
Current tax charge	<u>4,785</u>	<u>3,173</u>

ADDISON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2004

5 Quoted investments

Cost	£
At 1 April 2003 and at 31 March 2004	9,500,000
Provision for diminution in value	
At 1 April 2003	(2,832,813)
Release of provision for earlier years	587,108
At 31 March 2004	(2,245,705)
Net book values	
At 31 March 2004	7,254,295
At 31 March 2003	6,667,187

Undertaking	Shares held	Proportion held	Net assets at 31.5.04 £	Total returns for the year ended 31.5.04 £
Aquarius Fund	Accumulation shares	80.77%	8,948,188	88,203

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 2004 the investment comprised 950,000 units with an aggregate market value of £7,254,295 (2003: £6,667,187).

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

6 Work in progress

	2004 £	2003 £
Development work in progress	229,159	-

7 Debtors

	2004 £	2003 £
Other debtors and prepayments	7,695	4,064

ADDISON DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2004**

8 Creditors	2004	2003
	£	£
Amounts falling due within one year:		
Trade creditors	1,471	-
Corporation tax	5,361	576
Other creditors	8,278	7,442
	<u>15,110</u>	<u>8,018</u>

9 Share capital	2004	2003
	£	£
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

10 Profit and loss account	2004	2003
	£	£
At 1 April 2003	18,654	2,849,714
Retained profit/(loss) for the year	607,509	(2,831,060)
At 31 March 2004	<u>626,163</u>	<u>18,654</u>

11 Reconciliation of movements on shareholders' funds	2004	2003
	£	£
Retained profit/(loss) for the year	607,509	(2,831,060)
Opening shareholders' funds	7,018,654	9,849,714
Closing shareholders' funds	<u>7,626,163</u>	<u>7,018,654</u>

12 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. No claims had been notified to the company by the balance sheet date.

13 Capital commitments

The company had no capital commitments at the year end (2003: nil).

ADDISON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2004

14 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.
Strangways Enterprises	- A business in which The Hon Mrs Townshend, a director and Trustee of the company's ultimate controlling party, is the sole proprietor.
Ilchester First Maintenance Fund	- A trust with Trustees in common with the company's ultimate controlling party

During the year the following transactions took place:

	£
Management charges made from Ilchester Estates	<u>10,266</u>
Construction services provided by Ilchester Estates	<u>16,162</u>
Purchase of a development site from Strangways Enterprises	<u>135,000</u>
Purchase of a development site from Ilchester First Maintenance Fund	<u>68,738</u>
Related party balances at 31 March 2004 were as follows:	
Creditor balances	<u>6,135</u>

ADDISON DEVELOPMENTS LIMITED

TRADING PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	2004		2003
	£	£	£
Turnover		-	-
Less: Cost of sales			
Purchase of development sites	203,738	-	-
Direct costs	9,078	350	350
Construction services	16,343	-	-
	<u>229,159</u>	<u>350</u>	
Less: closing stocks and work in progress	<u>(229,159)</u>	<u>-</u>	
		-	(350)
Gross loss		-	(350)
Interest received and similar income	40,016		17,115
	<u>40,016</u>		<u>16,765</u>
Provision for increase/(diminution) in value of investments	587,108		(2,832,813)
Less: Operating expenses			
Property costs and maintenance	351	-	-
Administrative expenses	10,787	5,147	5,147
Professional fees	3,665	6,665	6,665
Bank interest and charges	27	27	27
	<u>(14,830)</u>	<u>(11,839)</u>	
Net profit/(loss) for the year	<u>612,294</u>		<u>(2,827,887)</u>

This page does not form part of the financial statements on which the auditors have reported.