



GILBRAN (ASHFORD) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003



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GILBRAN (ASHFORD) LIMITED

CONTENTS

| | Page |
|--|-------|
| Directors' report | 1 |
| Independent auditors' report | 2 |
| Profit and loss account | 3 |
| Statement of total recognised gains and losses | 4 |
| Balance sheet | 5 |
| Notes to the financial statements | 6 - 9 |

GILBRAN (ASHFORD) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

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

Principal activities

The principal activity of the company is that of property trading and development.

Directors

The following directors have held office since 1 January 2003:

H M Gibson
N P Smith

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 |
| H M Gibson | - | - |
| N P Smith | - | - |

The company is a wholly-owned subsidiary of Gilbran Group Limited. The directors' interests in the shares of that company are shown in its own directors report.

Auditors

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

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



N P Smith

Director

15 September 2004

GILBRAN (ASHFORD) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GILBRAN (ASHFORD) LIMITED

We have audited the financial statements of Gilbran (Ashford) Limited on pages 3 to 9 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 freehold land and buildings held as stock) 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 1 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 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Gerald Edelman

**Chartered Accountants
Registered Auditor**

15 September 2004

25 Harley Street
London
W1G 9BR

GILBRAN (ASHFORD) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

| | Notes | 2003 £ | 2002 £ |
|---|-------|---------------|------------------|
| Turnover | | 100,000 | 100,000 |
| Administrative expenses | | (23,983) | (156,930) |
| Operating profit/(loss) | | 76,017 | (56,930) |
| Other interest receivable and similar income | 2 | 27 | 362 |
| Interest payable and similar charges | 3 | (54,029) | (89,852) |
| Profit/(loss) on ordinary activities before taxation | | 22,015 | (146,420) |
| Tax on profit/(loss) on ordinary activities | 4 | - | - |
| Profit/(loss) on ordinary activities after taxation | 10 | 22,015 | (146,420) |

GILBRAN (ASHFORD) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2003

| | 2003 £ | 2002 £ |
|---|----------------|-----------------|
| Profit/(loss) for the financial year | 22,015 | (146,420) |
| Unrealised surplus on revaluation of properties | 100,000 | 100,000 |
| Total recognised gains and losses relating to the year | <u>122,015</u> | <u>(46,420)</u> |

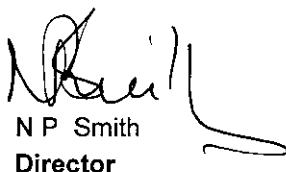
GILBRAN (ASHFORD) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

| | Notes | 2003 £ | £ | 2002 £ | £ |
|--|-------|------------------|----------------|------------------|----------------|
| Current assets | | | | | |
| Stock of property | 5 | 1,500,000 | | 1,400,000 | |
| Debtors | 6 | 29,402 | | 31,354 | |
| | | <u>1,529,402</u> | | <u>1,431,354</u> | |
| Creditors: amounts falling due within one year | 7 | (127,592) | | (151,561) | |
| Total assets less current liabilities | | | 1,401,810 | | 1,279,793 |
| Creditors: amounts falling due after more than one year | 8 | (1,101,502) | | (1,101,500) | |
| | | <u>300,308</u> | | <u>178,293</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | 100 | | 100 |
| Revaluation reserve | 10 | | 535,063 | | 435,063 |
| Profit and loss account | 10 | | (234,855) | | (256,870) |
| Shareholders' funds | | | <u>300,308</u> | | <u>178,293</u> |

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 15 September 2004


N P Smith
Director

GILBRAN (ASHFORD) 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 freehold land and buildings held as stock and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable from the sale of property and all other property related income.

1.4 Stock

Stock of property is shown at replacement cost in line with the alternative accounting rules embodied in the Companies Act 1985.

1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Investment income

| | 2003 | 2002 |
|----------------|-----------|------------|
| | £ | £ |
| Bank interest | 27 | 37 |
| Other interest | - | 325 |
| | <u>27</u> | <u>362</u> |

3 Interest payable

| | 2003 | 2002 |
|--------------------------|---------------|---------------|
| | £ | £ |
| On building society loan | <u>54,029</u> | <u>89,852</u> |

4 Taxation

There is no charge to corporation tax due to the availability of taxation losses, subject to agreement by the Inland Revenue.

GILBRAN (ASHFORD) LIMITED

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

| 5 | Stocks | 2003 £ | 2002 £ |
|---|---------------------|-----------|-----------|
| | Stock of properties | 1,500,000 | 1,400,000 |

The stock of property is shown at replacement cost in line with the alternative accounting rules embodied in the Companies Act 1985. The valuation was carried out in July 2003 by professionally qualified valuers Drivers Jonas. In the opinion of the directors this valuation is still valid at the balance sheet date.

The historical cost of the stock of property is £964,937. Should the properties be sold for this amount a liability to taxation would arise of approximately £134,000, this amount has not been provided.

| 6 | Debtors | 2003 £ | 2002 £ |
|---|---------------|-----------|-----------|
| | Trade debtors | 27 | 1,979 |
| | Other debtors | 29,375 | 29,375 |
| | | 29,402 | 31,354 |

| 7 | Creditors: amounts falling due within one year | 2003 £ | 2002 £ |
|---|--|-----------|-----------|
| | Building society loan | - | 18,500 |
| | Amounts owed to group undertakings | 84,918 | 108,061 |
| | Taxes and social security costs | 4,375 | - |
| | Accruals and deferred income | 38,299 | 25,000 |
| | | 127,592 | 151,561 |

GILBRAN (ASHFORD) LIMITED

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

| 8 | Creditors: amounts falling due after more than one year | 2003 £ | 2002 £ |
|---|---|-----------|-----------|
| | Building society loan | 1,101,502 | 1,101,500 |
| | Analysis of loans | | |
| | Not wholly repayable within five years by instalments | 1,101,502 | 1,120,000 |
| | Included in current liabilities | - | (18,500) |
| | | 1,101,502 | 1,101,500 |

The mortgage is secured by fixed and floating charges over the stock of property and all other assets of the company.

| 9 | Share capital | 2003 £ | 2002 £ |
|---|---|-----------|-----------|
| | Authorised | | |
| | 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |
| | Allotted, called up and fully paid | | |
| | 100 Ordinary shares of £1 each | 100 | 100 |

| 10 | Statement of movements on reserves | Revaluation reserve £ | Profit and loss account £ |
|----|------------------------------------|-----------------------------|------------------------------------|
| | Balance at 1 January 2003 | 435,063 | (256,870) |
| | Retained profit for the period | - | 22,015 |
| | Revaluation during the period | 100,000 | - |
| | Balance at 31 December 2003 | 535,063 | (234,855) |

11 Control

The company is a wholly owned subsidiary of Gilbran Group Limited. The ultimate controlling party is Mr N P Smith.

GILBRAN (ASHFORD) LIMITED

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

12 Related party transactions

Included in creditors is an amount due to Gilbran Group Limited of £84,918 (2002 £108,061), the parent company in which N P Smith has a material interest. There are no terms of repayment nor interest attached to this amount.

Management charges of £25,000 (2002 £100,000) were charged by Gilbran (Management) Limited, a fellow subsidiary company.

GILBRAN (ASHFORD) LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2003

| | 2003 | 2002 |
|--------------------------------|---------|---------|
| | £ | £ |
| Administrative expenses | | |
| Management charges | 25,000 | 100,377 |
| Insurance | (1,277) | (108) |
| Legal & professional fees | 260 | 250 |
| Cost of loan finance | - | 10,511 |
| Loan breakage costs | - | 45,900 |
| | <hr/> | <hr/> |
| | 23,983 | 156,930 |
| | <hr/> | <hr/> |
