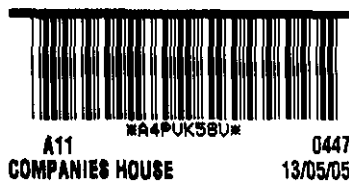


COXLEASE HOLDINGS LIMITED

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2004



COXLEASE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J. Colclough S.F. Clifffen
Secretary	J. Colclough
Company number	4427783
Registered office	Charter Court Third Avenue Southampton Hampshire SO15 0AP
Auditors	HLB AV Audit Plc Charter Court Third Avenue Southampton Hampshire SO15 0AP

COXLEASE HOLDINGS LIMITED

CONTENTS

	Page
Directors' report	1
Independent auditors' report	2 - 3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

COXLEASE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2004

The directors present their report and financial statements for the year ended 31 August 2004.

Principal activities

The principal activities of the company throughout the year were property investment and acting as a holding company.

Directors

The following directors have held office since 1 September 2003:

J. Colclough
S.F. Clifffen

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 August 2004	1 September 2003
J. Colclough	5,000	5,000
S.F. Clifffen	45,000	45,000

Auditors

HLB AV Audit Plc were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Directors' responsibilities

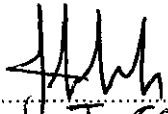
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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


J. COLCLOUGH
22/4/05

COXLEASE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COXLEASE HOLDINGS LIMITED

We have audited the financial statements of Coxlease Holdings Limited on pages 4 to 10 for the year ended 31 August 2004. 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 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.

COXLEASE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF COXLEASE HOLDINGS LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB AV Audit Plc.

HLB AV Audit Plc

22/4/05
.....

Registered Auditor

Charter Court
Third Avenue
Southampton
Hampshire
SO15 0AP

COXLEASE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2004

	Notes	2004 £	2003 £
Turnover		90,000	37,500
Administrative expenses		(24,824)	(11,035)
Operating profit	2	65,176	26,465
Investment income	3	683,577	2,417,785
Other interest receivable and similar income	3	199	48
Amounts written off investments	4	4,715	(2,125,000)
Interest payable and similar charges		(80,231)	(90,130)
Profit on ordinary activities before taxation		673,436	229,168
Tax on profit on ordinary activities		-	-
Profit on ordinary activities after taxation	11	673,436	229,168

COXLEASE HOLDINGS LIMITED

BALANCE SHEET AS AT 31 AUGUST 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	5	903,900		922,500	
Investments	6	1,368,635		1,358,635	
		<u>2,272,535</u>		<u>2,281,135</u>	
Current assets					
Debtors	7	-		37,500	
Cash at bank and in hand		10,990		1,359	
		<u>10,990</u>		<u>38,859</u>	
Creditors: amounts falling due within one year	8	<u>(255,933)</u>		<u>(765,834)</u>	
Net current liabilities		<u>(244,943)</u>		<u>(726,975)</u>	
Total assets less current liabilities		2,027,592		1,554,160	
Creditors: amounts falling due after more than one year	9	<u>(1,074,988)</u>		<u>(1,274,992)</u>	
		<u>952,604</u>		<u>279,168</u>	
Capital and reserves					
Called up share capital	10	50,000		50,000	
Profit and loss account	11	902,604		229,168	
Shareholders' funds		<u>952,604</u>		<u>279,168</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 22/04/05


S.F. Clifffen
Director

COXLEASE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% per annum of cost or revalued amount
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1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating profit

	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation of tangible assets	18,600	7,500

3 Investment income

	2004 £	2003 £
Income from shares in group undertakings	683,577	2,417,785
Bank interest	199	48
	683,776	2,417,833

4 Amounts written off investments

	2004 £	2003 £
Amounts written off fixed asset investments:		
- permanent diminution in value	(4,715)	2,125,000

COXLEASE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

5 Tangible fixed assets

	Land and buildings
	£
Cost	
At 1 September 2003 & at 31 August 2004	930,000
Depreciation	
At 1 September 2003	7,500
Charge for the year	18,600
At 31 August 2004	26,100
Net book value	
At 31 August 2004	903,900
At 31 August 2003	922,500

COXLEASE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

6 Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
At 1 September 2003	3,483,635
Additions	60,000
Disposals	(2,175,000)
	<hr/>
At 31 August 2004	1,368,635
	<hr/>
Provisions for diminution in value	
At 1 September 2003	2,125,000
On disposals	(2,175,000)
Charge for the year	50,000
	<hr/>
At 31 August 2004	-
	<hr/>
Net book value	
At 31 August 2004	1,368,635
	<hr/>
At 31 August 2003	1,358,635
	<hr/>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Coxlease School Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2004 £	Profit for the year 2004 £
Coxlease School Limited	281,656	386,873
	<hr/>	<hr/>

High Coxlease Limited, a subsidiary undertaking held at 31 August 2003, was dissolved during the year.

COXLEASE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

7 Debtors	2004	2003
	£	£
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	37,500
8 Creditors: amounts falling due within one year	2004	2003
	£	£
Bank loans and overdrafts	200,004	200,004
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	511,085
Other creditors	55,929	54,745
	255,933	765,834
9 Creditors: amounts falling due after more than one year	2004	2003
	£	£
Bank loans	1,074,988	1,274,992
Analysis of loans		
Wholly repayable within five years	1,274,992	1,474,996
Included in current liabilities	(200,004)	(200,004)
	1,074,988	1,274,992
10 Share capital	2004	2003
	£	£
Authorised		
50,000 Ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

COXLEASE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2003	229,168
Retained profit for the year	673,436
Balance at 31 August 2004	<u>902,604</u>

12 Contingent liabilities

On 30 August 2002, High Coxlease Ltd entered into an agreement with Lloyds TSB Bank plc, providing security on a loan and an overdraft facility totalling £2,175,000 to Coxlease Holdings Ltd to finance the purchase of shares in High Coxlease Ltd.

The security takes the form of a first legal charge, an unlimited debenture and a guarantee and set-off agreement.

13 Control

The company is controlled by S Clifflen by virtue of his shareholding.

14 Related party transactions

During the year the company purchased the directors' shareholding in its subsidiary undertaking, Coxlease School Limited, for £60,000.

At the end of the year the company owed High Coxlease Ltd £nil (2003: £9,471) and Coxlease School Ltd £nil (2003: £501,614). There was also a sum of £nil (2003: £37,500) due from Coxlease School Ltd to this company.