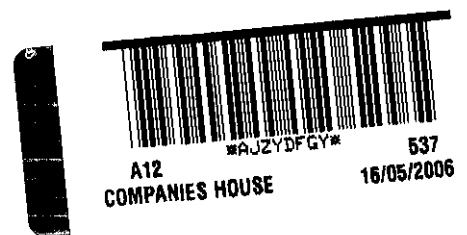


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Report of the Directors and  
Financial Statements for the Year Ended 31 July 2005  
for  
L T Deeprose Limited



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for the Year Ended 31 July 2005

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L T Deeprose Limited

Company Information  
for the Year Ended 31 July 2005

**DIRECTORS:**

L T Deeprose  
A. Cox  
I Marston

**SECRETARY:**

V B Goodwin

**REGISTERED OFFICE:**

Midleton Industrial Estate  
Guildford  
Surrey  
GU2 8YA

**REGISTERED NUMBER:**

585437

**AUDITORS:**

AWM Accountancy & Taxation Ltd  
Centaur House  
Ancells Business Park  
Ancells Road  
Fleet  
Hampshire  
GU51 2UJ

L T Deeprise Limited

Report of the Directors  
for the Year Ended 31 July 2005

The directors present their report with the financial statements of the company for the year ended 31 July 2005.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of building contractors.

**REVIEW OF BUSINESS**

During the financial year to July 2005 the company continued its process of change towards a more development based organisation, while maintaining a presence in contracting by securing selected negotiated operations.

Turnover has increased to nearly £10.5m (a 10% increase on 2004), and overheads have been reduced both in percentage and actual cost terms.

The loss for the year is mainly due to slower than expected sales at our development at Rosemead Gardens in Crawley.

We have started the current year with a strong contracting order book, including contracts flowing from our Partnering Agreement with Drum Housing Association. Our development activities will focus primarily on three sites in Guildford, where we have secured detailed planning consent, including the "flagship" development at The Willows, where reservations have already been secured even before any works have commenced on site.

The restructuring and strengthening of the management team continues, including the appointment of Martin Baylis as Commercial Director, and Andrew Gemmell as a Non Executive Director to help the company as it continues its process of change.

Our thanks to our clients for their continued support, to our sub-contractors and suppliers for their considerable efforts throughout the year; and of course to everyone within Deeprise whose skill, hard work and dedication enables us to look forward with real enthusiasm to a secure and prosperous future.

**DIRECTORS**

The directors during the year under review were:

L T Deeprise  
A Cox  
I Marston

The beneficial interests of the directors holding office on the 31<sup>st</sup> July in the issued share capital of the company were as follows:

<b>Ordinary Share Capital £1 shares</b>	<b>31.07.05</b>	<b>1.08.04</b>
L T Deeprise	7,975	7,975
A Cox	-	-
I Marston	-	-

**STATEMENT OF 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.

**DONATIONS**

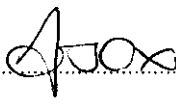
No charitable donations were made during the year.

**AUDITORS**

The auditors, AWM Accountancy & Taxation Ltd, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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:**

.....  
  
A Cox - Director

Date: 30<sup>th</sup> November 2005

Report of the Independent Auditors to the Shareholders of  
L T Deeprise Limited

We have audited the financial statements of L T Deeprise Limited for the year ended 31 July 2005 on pages five to nineteen. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described on page three the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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 July 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



AWM Accountancy & Taxation Ltd  
Registered Auditors  
Chartered Accountants  
Centaur House  
Ancells Business Park  
Ancells Road  
Fleet  
Hampshire  
GU51 2UJ

30<sup>th</sup> November 2005

L T Deeprise Limited

Profit and Loss Account  
for the Year Ended 31 July 2005

		<u>31.7.05</u>	<u>31.7.04</u>
	Notes	£	£
<b>TURNOVER</b>		10,379,753	9,409,066
Cost of sales		<u>9,516,898</u>	<u>8,552,230</u>
<b>GROSS PROFIT</b>		862,855	856,836
Administrative expenses		<u>1,023,834</u>	<u>998,528</u>
		(160,979)	(141,692)
Other operating income		<u>24,447</u>	<u>23,872</u>
<b>OPERATING PROFIT/(LOSS)</b>	3	(136,352)	(117,820)
Interest receivable and similar income		<u>282</u>	<u>90</u>
		(136,250)	(117,730)
Interest payable and similar charges		<u>9,325</u>	<u>6,924</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(145,576)	(124,654)
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>		(145,575)	(124,654)
Retained profit brought forward		<u>-</u>	<u>929,943</u>
		663,564	805,289
Purchase of own shares		-	(3,750)
From revaluation reserve		<u>7,600</u>	<u>7,600</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><u>£671,164</u></u>	<u><u>£809,139</u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

The notes form part of these financial statements

L T. Deeprise Limited

Statement of Total Recognised Gains and Losses  
for the Year Ended 31 July 2005

	<u>31.7.05</u>	<u>31.7.04</u>
	£	£
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	(145,575)	(124,654)
Revaluation in the year	_____	_____
<b>TOTAL RECOGNISED GAINS AND LOSSES</b>		
<b>RELATING TO THE YEAR</b>	<u>£(145,575)</u>	<u>£(124,654)</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

The notes form part of these financial statements



L T Deeprose Limited

Balance Sheet

31 July 2005

		<u>31.7.05</u>		<u>31.7.04</u>	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	6		904,435		926,118
Investments	7		<u>-</u>		<u>-</u>
			<u>904,435</u>		<u>926,118</u>
<b>CURRENT ASSETS:</b>					
Stocks		1,546,654		2,924,978	
Debtors - within one year	9	5,165,433		2,374,129	
Debtors - more than one year	9	87,038		264,369	
Cash at bank and in hand		<u>37</u>		<u>15</u>	
		6,799,162		5,563,491	
<b>CREDITORS:</b> Amounts falling due within one year	10	<u>6,317,355</u>		<u>4,940,680</u>	
<b>NET CURRENT ASSETS:</b>			<u>481,807</u>		<u>622,811</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			1,386,242		1,548,929
<b>CREDITORS:</b> Amounts falling due after more than one year	11		<u>101,095</u>		<u>118,207</u>
			<u>£1,285,147</u>		<u>£1,430,722</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	15		9,975		9,975
Revaluation reserve	16		603,983		611,583
Other reserves	17		25		25
Profit and loss account			<u>671,164</u>		<u>809,139</u>
<b>SHAREHOLDERS' FUNDS:</b>			<u>£1,285,147</u>		<u>£1,430,722</u>

**ON BEHALF OF THE BOARD:**

.....  
A Cox - Director

Approved by the Board on 30<sup>th</sup> November 2005

The notes form part of these financial statements

L T Deeprise Limited

Cash Flow Statement  
for the Year Ended 31 July 2005

		31.7.05		31.7.04	
	Notes	£	£	£	£
Net cash outflow from operating activities	1		(1,272,422)		(2,890,528)
Returns on investments and servicing of finance	2		(9,044)		(6,834)
Taxation			-		-
Capital expenditure	2		(39,322)		(25,711)
Financing	2		-		(3,750)
Decrease in cash in the period			<u>£(1,320,788)</u>		<u>£(2,926,823)</u>

**Reconciliation of net cash flow  
to movement in net funds**

	3		
Decrease in cash in the period		(1,320,788)	(2,926,823)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(17,166)</u>	<u>14,899</u>
Change in net funds resulting from cash flows		<u>(1,303,622)</u>	<u>(2,911,924)</u>
Movement in net funds in the period		(1,303,622)	(2,911,924)
Net funds at 1 August		<u>(3,429,415)</u>	<u>(517,491)</u>
Net (debt)/funds at 31 July		<u>£(4,733,037)</u>	<u>£(3,429,415)</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 31 July 2005

1. **RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	31.7.05 £	31.7.04 £
Operating loss	(136,250)	(117,820)
Depreciation charges	56,609	46,670
(Profit)/loss on sale of fixed assets	4,396	(508)
(Increase)/decrease in stocks	1,378,324	(2,002,224)
(Increase) in debtors	(2,613,973)	(1,298,336)
Increase/(Decrease) in creditors	<u>38,472</u>	<u>(481,690)</u>
<b>Net cash outflow from operating activities</b>	<b>(1,272,422)</b>	<b>(2,890,528)</b>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.7.05 £	31.7.04 £
<b>Returns on investments and servicing of finance</b>		
Interest received	282	90
Interest element of hire purchase and finance lease rentals payments	<u>(9,326)</u>	<u>(6,924)</u>
Net cash inflow for returns on investments and servicing of finance	<u>9,044</u>	<u>(6,834)</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(44,623)	(40,263)
Sale of tangible fixed assets	<u>5,301</u>	<u>14,552</u>
Net cash inflow for capital expenditure	(39,322)	(25,711)
<b>Financing</b>		
Purchase of own shares	<u>-</u>	<u>3,750</u>

The notes form part of these financial statements

L T Deeprose Limited

Notes to the Cash Flow Statement  
for the Year Ended 31 July 2005

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.04 £	Cash flow £	At 31.7.05 £
Net cash:			
Cash at bank and in hand	15	22	37
Bank overdraft	(3,383,200)	(1,320,810)	(4,704,010)
	(3,383,185)	(1,320,788)	(4,703,973)
Debt:			
Hire purchase and finance leases	(46,230)	17,166	(29,064)
	(46,230)	(17,166)	(29,064)
Total	(3,429,415)	(1,303,622)	(4,733,037)
<b>Analysed in Balance Sheet</b>			
Cash at bank and in hand	15		37
Bank overdraft	(3,383,200)		(4,704,010)
Hire purchase and finance leases			
within one year	(34,666)		(29,064)
after one year	(11,564)		-
	(3,429,415)		(4,733,037)

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31 July 2005

1. **ACCOUNTING POLICIES**

**Accounting convention**

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

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax. House sales are recognised on exchange of contracts provided that these are unconditional and that final completion occurs no later than the month after the year end.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold property	- 1% on cost
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

Fixed Asset investments are recorded in the accounts at the lower of the cost and net realisable value.

**Stocks**

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

Long-term contracts are valued at cost, plus attributable profits where these are considered to be reasonably certain, less provisions for foreseeable losses.

**Deferred tax**

Provision is made at current rates for taxation deferred in respect of all material timing differences except that, in the opinion of the directors, there is a reasonable probability that the liability will not arise in the foreseeable future.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

**Pensions**

The company operates a pension scheme for the benefit of certain employees. The funds of the scheme are administered by trustees. Independent actuaries complete valuations at least every three years and in accordance with their recommendations annual contributions are paid to the scheme so as to secure the benefits set out in the rules and the periodic augmentation of current pensions. The costs of pension plans are charged to the profit and loss account so as to spread the costs over employees' working lives within the company.

The scheme is of a defined benefit nature and has been accounted for under the provisions of SSAP 24. The transitional disclosures required by FRS 19 and have been provided in note 18 to the accounts.

**Operating leases**

The costs of operating leases are charged to the profit and loss account as they are incurred.

The notes form part of these financial statements

**2. STAFF COSTS**

	31.7.05	31.7.04
	£	£
Wages and salaries	846,037	879,650
Social security costs	94,760	102,838
Other pension costs	36,888	33,001
	<u>977,685</u>	<u>1,015,489</u>

The average monthly number of employees during the year was as follows:

	31.7.05	31.7.04
Management	4	3
Admin	5	6
Production and sales	17	23
	<u>26</u>	<u>32</u>

**3. OPERATING LOSS**

The operating profit is stated after charging/(crediting):

	31.7.05	31.7.04
	£	£
Hire of plant and machinery	130,531	165,318
Depreciation - owned assets	18,909	24,582
Depreciation - assets on hire purchase contracts	37,700	21,818
Profit on disposal of fixed assets	4,396	(508)
Auditors' remuneration	<u>8,000</u>	<u>7,100</u>
Directors' emoluments and other benefits etc	<u>183,868</u>	<u>132,053</u>

The number of directors to whom retirement benefits were accruing was as follows:

	1	1
Defined benefit schemes	<u>1</u>	<u>1</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	31.7.05	31.7.04
	£	£
Hire purchase	<u>9,326</u>	<u>6,924</u>

**5. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 July 2005 nor for the year ended 31 July 2004 due to trading losses which are available to carry forward to future periods.

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31 July 2005

## 6. TANGIBLE FIXED ASSETS

	Long Leasehold property	Plant and machinery	Totals
	£	£	£
<b>COST OR VALUATION:</b>			
At 1 August 2004	760,000	776,144	1,536,144
Additions	-	44,623	44,623
Disposals	-	(63,256)	(63,256)
At 31 July 2005	<u>760,000</u>	<u>757,511</u>	<u>1,517,511</u>
<b>DEPRECIATION:</b>			
At 1 August 2004	22,800	587,226	610,026
Charge for year	7,600	49,009	56,609
Eliminated on disposals	-	(53,559)	(53,559)
At 31 July 2005	<u>30,400</u>	<u>582,676</u>	<u>613,076</u>
<b>NET BOOK VALUE:</b>			
At 31 July 2005	<u>729,600</u>	<u>174,835</u>	<u>904,435</u>
At 31 July 2004	<u>737,200</u>	<u>188,918</u>	<u>926,118</u>

Cost or valuation at 31 July 2005 is represented by:

	Long Leasehold property	Plant and machinery	Totals
	£	£	£
Valuation in 1997	275,924	-	275,924
Valuation in 2001	260,000	-	260,000
Cost	<u>224,076</u>	<u>757,511</u>	<u>981,587</u>
	<u>760,000</u>	<u>757,511</u>	<u>1,517,511</u>

If leasehold land and buildings had not been revalued they would have been included at the following historical cost:

	31.7.05	31.7.04
	£	£
Cost	<u>224,076</u>	<u>224,076</u>
Aggregate depreciation	<u>24,586</u>	<u>22,345</u>

Leasehold land and buildings were surveyed on an open market basis on 31 July 1997 by Wadham and Isherwood, Surveyors.

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31 July 2005

6. **TANGIBLE FIXED ASSETS -- continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and Machinery
	£
<b>COST</b>	
At 1 August 2004	203,099
Additions	41,817
Transferred to ownership	<u>(162,995)</u>
At 31 July 2005	<u>81,921</u>
<b>DEPRECIATION:</b>	
At 1 August 2004	75,686
Charge for year	37,700
Transferred to ownership	<u>(92,906)</u>
At 31 July 2005	<u>20,480</u>
<b>NET BOOK VALUE:</b>	
At 31 July 2005	<u>61,441</u>
At 31 July 2004	<u>127,413</u>

7. **FIXED ASSET INVESTMENTS**

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Lantern (Real Estate) Limited  
Incorporated in England and Wales  
Nature of Business: Dormant  
Class of shares : Ordinary  
Holding 100%

This investment was written off during the 1997 financial year.

8. **STOCKS**

	31.7.05 £	31.7.04 £
Stocks	<u>1,546,654</u>	<u>2,924,978</u>

The notes form part of these financial statements



Notes to the Financial Statements  
for the Year Ended 31 July 2005

<b>9. DEBTORS</b>	<b>31.7.05</b>	<b>31.7.04</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Trade debtors	511,944	323,486
Long term contracts	4,494,000	1,862,850
Prepayments	31,511	30,022
Other debtors	127,978	157,773
	<u>5,165,433</u>	<u>2,374,129</u>
Amounts falling due after more than one year:		
Recoverable long term contract	-	264,369
Trade debtors	87,038	-
	<u>87,038</u>	<u>-</u>
Aggregate amounts	<u>87,038</u>	<u>264,369</u>
<b>10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>31.7.05</b>	<b>31.7.04</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	4,704,010	3,383,200
Hire purchase contracts and finance leases	29,064	34,666
Trade creditors	1,541,091	1,429,460
Owed to group undertaking	3,000	3,000
Social security & other taxes	40,190	37,291
Accrued expenses	-	53,063
	<u>6,317,355</u>	<u>4,940,680</u>

Hire purchase creditors are secured on the assets.

The bank holds the deeds/charge certificates (as appropriate) of properties over which it has a first legal mortgage. There is also an unscheduled mortgage debenture dated 9 June 1975 incorporating a fixed and floating charge over all current and future assets of the company.

A first legal mortgage dated 18 March 1974 over freehold property known as Land and Buildings at Site 3 Midleton Industrial Estate, Midleton Road, Guildford

A first legal mortgage dated 31 October 2003 over freehold property known as Rosewood Court, 46 High Road, Byfleet.

A first legal mortgage dated 8 June 2004 over freehold property known as The Beeches, Richmond Court, Crawley.

A first legal mortgage over freehold property known as 216 Epsom Road, Merrow, Guildford.

A first legal mortgage dated 17 September 2004 over freehold property known as Weybourne House, 101 Portsmouth Road, Guildford.

A first legal mortgage dated 28 February 2005 over freehold property known as two pieces of land to the South East of Tycross Road, Godalming.

Included within trade creditors is £3,387 (2004:£1,894) due to Deeprise Engineering Limited a company related by joint control. The amount owed to group undertaking relates to Lantern (Real Estate) Limited.

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31 July 2005

**11 CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	31.7.05	31.7.04
	£	£
Trade creditors	101,095	106,643
Hire purchase contracts and finance leases	-	11,564
	<u>-</u>	<u>118,207</u>

**12. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	31.7.05	31.7.04
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	829,475	655,699
Bank loans	<u>3,874,535</u>	<u>2,727,500</u>

**13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

	1.7.05	31.7.04
	£	£
Gross obligations repayable		
Within one year	29,064	34,666
Between one and five years	-	11,564
	<u>-</u>	<u>11,564</u>
Net obligations repayable		
Within one year	29,064	34,666
Between one and five years	-	11,564
	<u>-</u>	<u>11,564</u>
	<u>29,064</u>	<u>46,230</u>
	<u>29,064</u>	<u>46,230</u>

**14. OPERATING LEASES**

The following payments are committed to be paid within one year:

Expiring:

	Land and Buildings		Other	
	31.7.05	31.7.05	31.7.04	31.7.04
	£	£	£	£
Between one and five years	-	-	5,843	953
In more than five years	<u>10,570</u>	<u>10,570</u>	-	-
	<u>10,570</u>	<u>10,570</u>	<u>5,843</u>	<u>953</u>

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31 July 2005

## 15. CALLED UP SHARE CAPITAL

Authorised Number:	Number allotted, issued and fully paid: Class:	Nominal value:	31.7.05	31.7.04
			£	£
10,000	Ordinary Share Capital	£1	<u>9,975</u>	<u>9,975</u>

In March 2004 the company made a purchase of 25 shares from a minority shareholder and introduced a further class of B Ordinary non voting shares.

## 16. REVALUATION RESERVE

	31.7.05	31.7.04
	£	£
Brought forward	611,583	619,186
Transfer to P & L reserves	<u>(7,600)</u>	<u>(7,600)</u>
	<u>603,983</u>	<u>611,583</u>

## 17. OTHER RESERVES

	31.7.05	31.7.04
	£	£
Brought forward	25	-
Purchase of own shares	<u>-</u>	<u>25</u>
	<u>25</u>	<u>25</u>

## 18. PENSION COMMITMENTS

**Defined benefit scheme**

The company operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 1st September 2004. The major assumptions used by the actuary were:

	31.7.05	31.7.04
Discount rate	5.0%	5.6%
Retail price inflation	2.6%	2.9%
Salary increase rate	3.0%	4.9%
Pensions increases (at Limited Price Indexation)	2.5%	2.9%
Deferred pension revaluation	2.6%	2.9%

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31.7.05	Value at 31.7.05 (£000s)	Long-term rate of return expected at 31.7.04	Value at 31.7.04 (£000s)
Equities	7.4%	1,165	8.1%	1,345
Bonds	4.5%	101	5.2%	140
Other	4.5%	<u>113</u>	5.2%	<u>105</u>
Total		<u>1,379</u>		<u>1,590</u>

The notes form part of these financial statements

18. **PENSION COMMITMENTS - continued**

**Liability and Funded Status**

	31.7.05	31.7.04
	£	£
Total market value of assets	1,379	1,590
Value of liabilities	(1,655)	(1,863)
Surplus/(Deficit)	(276)	(273)

**Analysis of the amount that will be included within operating profit under FRS 17**

	31.7.05
	£000s
Current service cost	77
Past service cost	-
Settlements or curtailments	-
Total operating charge	<u>71</u>
Employee contribution to be set off	15

**Analysis of the amount that will be included as other finance income under FRS 17**

	31.7.05
	£000s
Expected return on assets	112
Interest on liabilities	(104)
Net return	<u>8</u>

**Analysis of amount that will be included within the statement of total recognised gains and losses under FRS 17**

	31.7.05
	£000s
Actual return less expected return on assets	219
Experience gains/losses on liabilities	(152)
Change in assumptions	(31)
Actuarial gain	36

**Movement in deficit during the year**

	31.7.05
	£000s
Surplus/(deficit) at beginning of the year	(273)
Movement in year:	
Current service cost	(77)
Contributions	30
Net return from other finance income	8
Actuarial gain or loss	36
Surplus/(Deficit) at end of year	<u>(276)</u>

The notes form part of these financial statements

18. **PENSION COMMITMENTS - continued**

<b>History of experience gains and losses</b>	31.7.05
Difference between the expected and actual return on scheme assets:	
amount (£000s)	219
percentage of scheme assets	(16%)
Experience gains and losses on scheme liabilities:	
amount (£000s)	(152)
percentage of the present value of the scheme liabilities	9%
Total actuarial gain or loss:	
amount (£000s)	36
percentage of the present value of the scheme liabilities	11%

19. **RELATED PARTY DISCLOSURES**

During the year charges from Deeprise Engineering Limited, related by virtue of joint control, were as follows:-

	31.7.05	31.7.04
	£	£
Rent	24,000	24,000
Vehicle Maintenance	16,147	12,194
	<u>40,147</u>	<u>36,194</u>

The balance outstanding at the end of the year was £3,387 (2004 £1,894 ).

20. **ULTIMATE CONTROL**

The ultimate control of the company is with Mr L T Deeprise who is the majority shareholder.

21. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.7.05	31.7.04
	£	£
(Loss)/Profit for the financial year	(145,575)	(124,654)
Purchase of own shares	-	3,750
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(145,575)</b>	<b>(128,407)</b>
Opening shareholders' funds	<u>1,430,722</u>	<u>1,559,129</u>
<b>Closing shareholders' funds</b>	<b><u>1,285,147</u></b>	<b><u>1,430,722</u></b>
Equity interests	<u>1,285,147</u>	<u>1,430,722</u>

The notes form part of these financial statements