



**GKR GROUP LIMITED**  
**REPORT OF THE DIRECTORS**  
**PERIOD ENDED 31 MARCH 2004**

The directors have pleasure in presenting their report and the audited accounts for the period ended 31 March 2004.

**BUSINESS ACTIVITIES**

The company's principal activity was that of a holding company of a non trading group.

**REVIEW OF THE BUSINESS**

The company and its subsidiaries did not trade during the period.

The company changed its year end to 31 March 2004 and therefore presents financial statements for the 9 month period to 31 March 2004.

**LIKELY FUTURE DEVELOPMENTS**

The company and its subsidiaries are likely to remain dormant in the foreseeable future.

**DIRECTORS**

The directors who served during the period and their interests in the share capital of the company were:

	<b>10p ordinary shares</b>	
	<b>2004</b>	<b>2003</b>
J.A. Hyde (resigned 19/12/03)	-	-
A.P. Marsden (resigned 19/12/03)	-	-
G Clery-Melin (resigned 19/12/03)	-	-
M. J. Brassington (resigned 19/12/03)	-	-
S.F. Lawrence (appointed 19/12/03)	-	-
M.G. Ground (appointed 19/12/03)	-	-

Directors' interests in the share capital of the ultimate holding company, Whitehead Mann are as follows:-

	<b>5p ordinary shares</b>	
	<b>2004</b>	<b>2003</b>
J.A. Hyde (resigned 19/12/03)	-	nil
A.P. Marsden (resigned 19/12/03)	-	245,000
G Clery-Melin (resigned 19/12/03)	-	320,000
M. J. Brassington (resigned 19/12/03)	-	5,500
S.F. Lawrence (appointed 19/12/03)	30,000	30,000
M.G. Ground (appointed 19/12/03)	-	-

**GKR GROUP LIMITED****REPORT OF THE DIRECTORS - CONTINUED****PERIOD ENDED 31 MARCH 2004****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also 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 accounts 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.

**AUDITORS**

A resolution will be proposed at the forthcoming annual general meeting to reappoint the auditors, Ryecroft Glenton.

Approved by the board of directors on  
and signed on their behalf by:



M.G. Ground  
Secretary

10 January 2005

**INDEPENDENT AUDITORS' REPORT****TO THE SHAREHOLDERS OF GKR GROUP LIMITED**

We have audited the financial statements of GKR Group Limited on pages 4 to 8 for the period ended 31 March 2004. 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 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'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 in the Statement of Directors' Responsibilities 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.

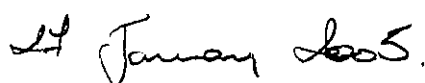
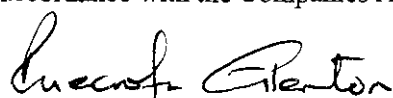
**Basis of opinion**

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 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 affairs of the company and of the group as at 31 March 2004 and of the result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**RYECROFT GLENTON**  
Chartered Accountants  
**Registered Auditors**

32 Portland Terrace  
Newcastle upon Tyne  
**NE2 1QP**

**GKR GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**PERIOD ENDED 31 MARCH 2004**

		2004 £'000	2003 £'000
	Notes		
<b>TURNOVER</b>		-	-
Cost of sales		-	-
<b>GROSS PROFIT</b>		-	-
Administrative expenses		-	-
<b>OPERATING DEFICIT</b>	2	-	-
Provisions no longer required		-	-
Other interest receivable and similar income		-	-
Interest payable and similar charges	4	-	(18)
<b>(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		-	(18)
Taxation		-	-
<b>(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE PERIOD</b>	8	-	(18)

The group has no recognised gains or losses other than the result for the period.

There is no difference between the (deficit) on ordinary activities before taxation and the retained (deficit) for the period stated above and their historical cost equivalents.

There were no material acquisitions and no operations were discontinued during the period.

All operations ceased on the 30 June 2000 and the company has not traded since that date.

The notes on pages 6 to 8 form part of these accounts.

## GKR GROUP LIMITED

## BALANCE SHEETS AT 31 MARCH 2004

	Notes	Group		Company	
		2004 £'000	2003 £'000	2004 £'000	2003 £'000
<b>FIXED ASSETS</b>					
Investments	4	-	-	519	519
<b>CURRENT ASSETS</b>					
Debtors	5	1,655	1,987	1,050	1,063
<b>CREDITORS</b>					
Amounts due within one year	6	-	332	-	13
<b>NET CURRENT ASSETS</b>		1,655	1,655	1,050	1,050
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,655	1,655	1,569	1,569
		<u>1,655</u>	<u>1,655</u>	<u>1,569</u>	<u>1,569</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	7	286	286	286	286
Share premium account		26	26	26	26
Revaluation reserve		-	-	152	152
Capital reserve arising on consolidation		129	129	-	-
Capital redemption reserve		1	1	1	1
Profit and loss account	8	1,213	1,213	1,104	1,104
<b>SHAREHOLDERS' FUNDS</b>	9	<u>1,655</u>	<u>1,655</u>	<u>1,569</u>	<u>1,569</u>

The notes on pages 6 to 8 form part of these accounts.

Approved by the board of directors on  
and signed on their behalf by:



**M.G. GROUND** - **DIRECTOR**

10 January 2005

**GKR GROUP LIMITED**  
**NOTES TO THE ACCOUNTS**  
**PERIOD ENDED 31 MARCH 2004**

**1. ACCOUNTING POLICIES**

**Accounting convention and accounting standards**

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

**Basis of consolidation**

The consolidated accounts incorporate the accounts of GKR Group Limited and its wholly owned trading subsidiaries to 31 March 2004 except where standard accounting practice requires that a subsidiary should be excluded from consolidation. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

The parent company has elected under section 230 of the Companies Act 1985 not to present its own profit and loss account.

**Goodwill**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the net assets acquired. Goodwill arising on the acquisition of subsidiaries and associates is written off immediately against reserves. Any negative consolidation difference (negative goodwill) is credited directly to the capital reserve arising on consolidation.

**Deferred taxation**

Provision is made at appropriate rates for taxation deferred in respect of all material timing differences 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.

**Pension schemes**

The Groups deferred contribution money purchase pension schemes are now operated by Whitehead Mann. The assets of the schemes are held separately from those of the group in independently administered pension funds.

**Cash flow statement**

The directors have relied on the exemptions contained under FRS1 with regard to the wholly owned subsidiary undertakings and have not prepared a cash flow statement in line with this exemption.

**2. OPERATING SURPLUS/(DEFICIT)**

	2004	2003
	£'000	£'000
The operating surplus/(deficit) is stated after charging:		
Staff costs	<u>          -          </u>	<u>          -          </u>

## GKR GROUP LIMITED

## NOTES TO THE ACCOUNTS - CONTINUED

PERIOD ENDED 30 JUNE 2004

3. INTEREST PAYABLE AND SIMILAR CHARGES	2004 £'000	2003 £'000
Other interest	-	18
	<u>-</u>	<u>18</u>

## 4. FIXED ASSET INVESTMENTS

## Interests in group undertakings:

Name of undertaking	Country of incorporation or registration	Class of shares held	Proportion of the nominal value of the allotted shares of that class	
			31 March 2004 %	30 June 2003 %
GKR & Associates Limited	England and Wales	Ordinary 10p	100	100
GKR St James Limited	England and Wales	Ordinary £1	100	100
* Cork Street Securities Limited (dormant)	England and Wales	Ordinary £1	100	100
* GKR Holdings Limited (dormant)	England and Wales	Ordinary £1	100	100

\* These non-trading subsidiary undertakings have been excluded from consolidation on the grounds that the amounts, when taken together, are not material for the purposes of giving a true and fair view.

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 £
Cork Street Securities Limited	<u>100</u>	<u>-</u>
GKR Holdings Limited	<u>100</u>	<u>-</u>

## 5. DEBTORS

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Amounts owed by group undertakings	<u>1,655</u>	<u>1,987</u>	<u>1,050</u>	<u>1,063</u>
	<u>1,655</u>	<u>1,987</u>	<u>1,050</u>	<u>1,063</u>

All amounts owed fall due within one year.



## GKR GROUP LIMITED

## NOTES TO THE ACCOUNTS - CONTINUED

PERIOD ENDED 31 MARCH 2004

6. CREDITORS: Amounts falling due within one year	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Other taxation and social security	-	314	-	-
Corporation tax payable	-	18	-	13
	<u>-</u>	<u>332</u>	<u>-</u>	<u>13</u>
7. SHARE CAPITAL	Group		Group	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
<b>Authorised:</b>				
20,000,020 'A' ordinary shares of 10p each		<u>2,000</u>		<u>2,000</u>
<b>Allotted, called up and fully paid:</b>				
2,864,007 'A' ordinary shares of 10p each		<u>286</u>		<u>286</u>
8. PROFIT AND LOSS ACCOUNT	Group		Group	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
At 1 July 2003		1,213		1,231
Retained (deficit) for the financial period		<u>-</u>		<u>(18)</u>
At 31 March 2004		<u>1,213</u>		<u>1,213</u>
9. SHAREHOLDERS' FUNDS	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
(Deficit) on ordinary activities after taxation representing a net (Decrease) to shareholders' funds	-	(18)	-	-
Opening shareholders' funds	<u>1,655</u>	<u>1,673</u>	<u>1,569</u>	<u>1,569</u>
Closing shareholders' funds	<u>1,655</u>	<u>1,655</u>	<u>1,569</u>	<u>1,569</u>
10. ULTIMATE HOLDING COMPANY				

The ultimate holding company's Whitehead Mann Group Plc, a company incorporated in England and Wales.