

Trenport Investments Limited
(Registered Number 1265480)

Report and Financial Statements
Year ended 31 December 2002



Trenport Investments Limited

Contents

	Pages
Directors' Report	2
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Principal accounting policies	8
Notes to the financial statements	9 - 14

Trenport Investments Limited

Directors' Report for the year ended 31 December 2002

The Directors present their report and the audited financial statements for the year ended 31 December 2002.

Activities

The Company owns a portfolio of agricultural, residential and commercial properties which it intends to develop for resale.

During the year the Company formed two subsidiary companies, Trenport (Peters Village) Limited and Trenport (East Hall Park) Limited to manage two residential property developments.

A further property was sold to Ranscombe Farm Limited, a fellow subsidiary, at book value.

Review of business and results

The results for the year are set out on page 6. The company made a loss of £481,000 (2001: loss £1,579,000).

The value of properties, including work in progress, owned by the Company and its subsidiaries is carried in the financial statements of the Group at £34.6 million. The Directors believe that in the event that the properties were placed on the open market for sale, that they would fetch in the order of £60.5 million.

A pro-forma balance sheet at 31 December 2002 incorporating this valuation is summarised as follows:

	2002 £'million
Fixed assets	-
Net current assets	63
	63
Bank loans	(24)
Net assets	39
Capital and reserves	23
Shareholders' loans	16
Shareholders' investment	39

Future developments

The Company has an ongoing strategy for the disposal of land which has little or no prospect of securing planning consent for development in the foreseeable future. It will also sell smaller sites from within the portfolio for development as and when approval is obtained from the respective planning authorities. In addition, the Company has a portfolio of larger sites with development potential. Planning applications are being progressed to secure consent for development with the intention that these sites will be sold but with the benefit of services installed to attract higher land values.

Trenport Investments Limited

Directors' Report

for the year ended 31 December 2002 (continued)

Proposed dividend and transfers

The Directors do not recommend the payment of a dividend for the year ended 31 December 2002 (2001: NIL). The loss of £481,000 has been transferred to reserves.

Directors

The directors of the Company during the year ended 31 December 2002, were:

Mr A S Barclay (Chairman)
Mr D V Barclay
Mr R K Mowatt
Mr M Seal
Mr A J T Parson

The Directors do not have any interest required to be disclosed under Schedule 7 of the Companies Act 1985.

Statement of directors' responsibilities

The Directors are required by U.K. company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period.

In preparing those financial statements the Directors are required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent.
- c) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d) Prepare the financial statements on a 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, and for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Trenport Investments Limited

Directors' Report

for the year ended 31 December 2002 (Continued)

Auditors

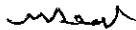
Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 17 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP, as auditors will be proposed at the annual general meeting.

By Order of the Board

For and on behalf of

BROOMFIELD SECRETARIAL SERVICES LIMITED

Company Secretary



Director

26th June 2003

Independent Auditors Report To The Members Of Trenport Investments Limited

We have audited the financial statements on pages 6 to 14, which comprise the profit and loss account and balance sheet and the related notes and which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies on page 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any person to whom this report is shown or in whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual 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 audit 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 at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place, London
WC2N 6RH

27 June 2003

PricewaterhouseCoopers LLP

Trenport Investments Limited

Profit and Loss Account for the year ended 31 December 2002

	<i>Note</i>	2002 £'000	2001 £'000
Turnover	1	5,449	5,165
Cost of sales		(3,944)	(5,508)
Gross profit/(loss)		1,505	(343)
Administration expenses		(332)	(368)
Operating profit/(loss) on ordinary activities before finance charges	2	1,173	(711)
Finance charges	5	(1,654)	(868)
Loss on ordinary activities before taxation		(481)	(1,579)
Tax on profit on ordinary activities	6	-	-
Loss on ordinary activities after taxation		(481)	(1,579)
Profit and loss account at 1 January 2002		(1,579)	-
Profit and loss account at 31 December 2002		(2,060)	(1,579)

All activities are classified as continuing.

The Company has no recognised gains or losses other than the loss for this financial year. Accordingly a statement of total recognised gains and losses has not been prepared.


There is no difference between the loss for the year and its historical cost equivalent.

Trenport Investments Limited

Balance sheet as at 31 December 2002

		2002		2001	
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	7		7		9
Current assets					
Stocks	8	23,353		36,520	
Debtors: amounts falling due after more than one year	9	12,184		1,112	
Debtors: amounts falling due within one year	10	93		194	
Cash at bank and in hand		2,857		7,566	
			38,487		45,392
Creditors: amounts falling due within one year	11		(3,852)		(5,037)
Net current assets			34,635		40,355
Total assets less current liabilities			34,642		40,364
Creditors: amounts falling due after more than one year	12		(36,197)		(41,438)
Net liabilities			(1,555)		(1,074)
Capital and reserves					
Called up share capital	13		505		505
Profit and loss account	14		(2,060)		(1,579)
Equity shareholders' funds			(1,555)		(1,074)

The financial statements on pages 6 to 14 were approved by the board of directors on **26 JUNE 2003** and were signed on its behalf by:


Director


Director

Trenport Investments Limited

Notes to the Financial Statements for the year ended 31 December 2002

1 Principal Accounting Policies

a) Basis Of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue to trade. The shareholders have indicated that they will continue to make sufficient funds available to ensure that the Company will be able to trade for the foreseeable future. On this basis the Directors consider the going concern basis of preparation as appropriate.

The Company is exempt from the requirement of Financial Reporting Standard No.1 to prepare a cash flow statement, as it is a wholly owned subsidiary of Ellerman Investments Limited whose accounts are publicly available and produce a cash flow.

b) Changes in accounting policies

The Company has adopted FRS 19, 'Deferred tax', in these financial statements. The adoption of this new standard represents a change in accounting policy. The effect of the change in accounting policy has not affected the Company's results for the year or the prior year.

c) Tangible fixed assets

Fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life as follows:

Plant and equipment: 3 to 5 years

d) Deferred taxation

Deferred tax is recognised in respect of all timing differences arising from the different treatment for accounts and tax purposes of transactions or events recognised in the financial statements of the current and previous financial years. Deferred taxation is calculated at the rates at which it is estimated that the tax will arise.

e) Turnover

Turnover, which excluded value added tax, represents sales of agricultural, residential and commercial land and buildings.

f) Stocks

Land held for development and construction work in progress is valued at the lower of cost and net realisable value. Other stock includes land and buildings held for resale and is valued at the lower of cost and net realisable value. Cost includes appropriate overheads.

g) Financing costs

Arrangements and other issue costs incurred as a result of entering into loan and other facilities are expensed over the length of the related loan or facility.

Trenport Investments Limited

Notes to the Financial Statements for the year ended 31 December 2002

2 Operating loss on ordinary activities before finance charges

	2002 £'000	2001 £'000
The operating loss is stated after charging:		
Auditors' remuneration for audit services	8	8
Depreciation	2	-

3 Directors' emoluments

The directors were paid by other group companies for their services to the group as a whole and no specific allocation of their remuneration has been made in respect of this Company.

4 Employee Information

The average number of persons employed by the Company (excluding Executive Directors) during the period is analysed below:

	2002 £'000	2001 £'000
Administration	2	1

The aggregate payroll costs were as follows:

	2002 £'000	2001 £'000
Wages and salaries	68	46
Social security costs	7	5
	75	51

Trenport Investments Limited

Notes to the Financial Statements for the year ended 31 December 2002

5 Finance Charges

	2002 £'000	2001 £'000
Interest payable on loans:		
Wholly repayable within five years not by instalments	1,754	981
Bank interest receivable	(100)	(113)
	<u>1,654</u>	<u>868</u>

6 Taxation on Ordinary Activities

The results for the period did not give rise to any liability for corporation tax (2001: Nil).

The tax assessed for the period is higher than the standard rate applied in the UK (30%). The differences are explained below:

	2002 £'000	2001 £'000
Loss on ordinary activities before tax	(481)	(1,579)
Loss on ordinary activities multiplied by standard rate in the UK of 30% (2001: 30%)	(144)	(474)
Effects of:		
Expenses not deductible for tax purposes	4	(1)
Group relief surrendered not paid	140	-
Utilisation of losses	-	473
Total tax charge per profit & loss	<u>-</u>	<u>-</u>

7 Tangible Fixed Assets

	Plant and equipment £'000
Cost or valuation	
At 1 January and 31 December 2002	9
Depreciation	
At 1 January 2002	-
Charge for period	2
At 31 December 2002	<u>2</u>
Net book value	
At 31 December 2002	<u>7</u>
At 31 December 2001	<u>9</u>

Trenport Investments Limited

Notes to the Financial Statements for the year ended 31 December 2002

8 Stocks

	2002 £'000	2001 £'000
Land held for development	20,723	33,177
Construction work in progress	1,141	953
Other stock held for resale	1,489	2,390
	23,353	36,520

9 Debtors: amounts falling due within one year

	2002 £'000	2001 £'000
Trade debtors	91	82
Other debtors	2	112
	93	194

There are no fixed terms for repayment of the amounts owed by the holding company, fellow subsidiary and subsidiaries and they are interest free.

10 Debtors: amounts falling due after more than one year

	2002 £'000	2001 £'000
Amount owed by UK holding company	505	1,112
Amount owed by fellow subsidiary	350	-
Amounts owed by subsidiaries	11,329	-
	12,184	1,112

Trenport Investments Limited

Notes to the Financial Statements for the year ended 31 December 2002

11 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Bank loans (see note 11)	3,343	4,458
Taxation and social security	242	136
Accruals and deferred income	267	443
	3,852	5,037

12 Deferred Tax

No deferred tax asset or liability has been recognised at 31 December 2002 (2001: £nil). Deferred tax assets (as disclosed in the table below) would have been recognised if the Company was expecting to make profits in the near future.

	2002 £'000	2001 £'000
Analysis of unrecognised deferred tax assets:		
Accelerated capital allowances	-	(1)
Unutilised tax losses	474	474
Capital gains	123	123
Total unrecognised deferred tax assets	597	596

13 Creditors: amounts falling due after more than one year

	2002 £'000	2001 £'000
Bank loans	20,197	25,438
Amount owed to group undertaking	16,000	16,000
	36,197	41,438

The bank loans are secured by legal charges over the assets of the Company and the loans bear interest at a rate of LIBOR plus 1.5% and LIBOR plus 3.5% and are repayable by 2004.

Amounts owed to group undertaking is unsecured, interest free and repayable on demand.

Trenport Investments Limited

Notes to the Financial Statements for the year ended 31 December 2002

14 Share Capital

	2002 and 2001 £
Authorised, allotted, called up and fully paid	
500,000 ordinary shares of 1p each	5,000
500,000 deferred shares of £1 each	500,000
	<u>505,000</u>

The holders of ordinary shares are entitled to all distributable income. On the return of capital in a winding up or otherwise the surplus assets shall firstly be used to repay the nominal value of ordinary shares and then the nominal value of the deferred shares. Any surplus shall then be payable to the holders of ordinary shares.

The holders of deferred shares have no voting rights other than for the reduction of capital or if the Company is to be wound up or sold or if their existing rights or privileges are to be affected.

15 Profit and loss account

	2002 £'000
At 1 January	(1,579)
Loss for the financial year	(481)
At 31 December	<u>(2,060)</u>

16 Reconciliation of movement in shareholders' Funds

	2002 £'000	2001 £'000
Loss on ordinary activities after taxation	(481)	(1,579)
Opening shareholders' funds	(1,074)	505
Closing shareholders' funds	<u>(1,555)</u>	<u>(1,074)</u>

17 Related party transactions

The Company has taken advantage of the exemptions available in Financial Reporting Standard 8, "Related Party Transactions" not to disclose related party transactions and balances with wholly owned subsidiaries.

Trenport Investments Limited

Notes to the Financial Statements for the year ended 31 December 2002

18 Ultimate parent undertaking

The Company is controlled by its holding company, Ellerman Investments Limited, a company registered in England and Wales. The directors regard B.I. Limited, a company incorporated in Bermuda and ultimately controlled by Sir David Barclay and Sir Frederick Barclay, as the ultimate holding company. The holding company's financial statements are available at 3rd floor 20, St. James's Street, London SW1A 1ES.