

Company Registration No: 1885199

ADAMHILL LIMITED

Report and Financial Statements

31 December 2004



REPORT AND FINANCIAL STATEMENTS 2004

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REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M H Marx
C J Barwick

SECRETARY

S A Lanes

REGISTERED OFFICE

Portland House
Stag Place
London SW1E 5DS

BANKERS

Barclays Bank PLC
50 Pall Mall
London SW1A 1QB

SOLICITORS

Linklaters
1 Silk Street
London EC2Y 8HQ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY, FUTURE PROSPECTS AND REVIEW OF DEVELOPMENTS

The principal activity of the company during the year and for the foreseeable future is the collection of licence fees and commissions. The directors do not foresee any change to the future activities of the company.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend (2003: £nil).

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office throughout the year were as follows:

M H Marx
C J Barwick
P H Feldman (resigned 19 May 2005)

None of the directors had any interests in the shares of the company or any other group company during the year except as noted below.

The interests of M H Marx and C J Barwick at 31 December 2004 and 31 December 2003 in the 50p ordinary shares of Development Securities PLC, the ultimate parent company, and options granted to them under that company's share option scheme are disclosed in the 2004 Annual Report and Financial Statements of that company.

P H Feldman is entitled to the following options granted by Development Securities PLC.

<i>Date of Grant</i>	<i>Number</i>	<i>Exercise Dates</i>	<i>Price</i>
30 April 2001 (1)	10,094	30 April 2004 to 29 April 2011	397.0p
20 May 2004 (2)	3,261	1 July 2007 to 31 December 2007	289.0p

- (1) Granted under the Executive Share Option Scheme 1995, with a performance condition that the net assets per ordinary share of the Development Securities PLC group are equal to or in excess of the average growth in the All Properties Capital Growth Index during the same period over three consecutive financial years.
- (2) Granted under the Savings Related Option Scheme 1995.

None of the options above have been exercised or have lapsed during the year. The mid-market price of the shares at 31 December 2004 was 440.5 pence and the range during 2004 was 335.8 pence to 440.5 pence.

PAYMENT POLICY

Amounts due to suppliers are settled promptly by Development Securities PLC on behalf of the company within their terms of payment, except in cases of dispute. The number of creditor days outstanding for Development Securities PLC at 31 December 2004 was one day (2003: three days).

DIRECTORS' REPORT (continued)

AUDITORS

A resolution concerning the reappointment of Deloitte & Touche LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'S A Lanes', written in a cursive style.

S A Lanes
Secretary
31 October 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of its profit or loss for that year. 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;
- state whether applicable United Kingdom accounting standards have been followed; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADAMHILL LIMITED

We have audited the financial statements of Adamhill Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders' funds and the related notes 1 to 13. These financial statements have been prepared under 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 in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 circumstances of the company, 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
31 October 2005

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2004

	Note	2004 £	2003 £
TURNOVER	1	1,252,360	1,264,413
Administrative expenses		<u>(1,155,339)</u>	<u>(1,372,542)</u>
OPERATING PROFIT/(LOSS)	2	97,021	(108,129)
Profit/(loss) on disposal of fixed assets		<u>1,073</u>	<u>(151,028)</u>
PROFIT/(LOSS) BEFORE AND AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR	10	<u>98,094</u>	<u>(259,157)</u>

All turnover, profits and losses derive from continuing operations. There were no recognised gains or losses or movements in shareholders' funds in the current or previous year except as shown in the profit and loss account. Consequently no statement of total recognised gains and losses has been presented.

BALANCE SHEET
31 December 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	5	569,274	231,805
Investments	6	<u>100</u>	<u>100</u>
		<u>569,374</u>	<u>231,905</u>
CURRENT ASSETS			
Stocks		15,052	33,162
Debtors	7	2,440,179	1,945,240
Cash at bank and in hand		<u>59,306</u>	<u>46,967</u>
		2,514,537	2,025,369
CREDITORS: amounts falling due within one year	8	<u>(2,533,769)</u>	<u>(1,805,226)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(19,232)</u>	<u>220,143</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>550,142</u>	<u>452,048</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,000,100	1,000,100
Profit and loss account – deficit	10	<u>(449,958)</u>	<u>(548,052)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>550,142</u>	<u>452,048</u>

These financial statements were approved by the Board of Directors on 31 October 2005.

Signed on behalf of the Board of Directors


M H Marx
Director

RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS
Year ended 31 December 2004

	2004 £	2003 £
Retained profit/(loss) on ordinary activities after taxation	<u>98,094</u>	<u>(259,157)</u>
Net movement in equity shareholders' funds	98,094	(259,157)
Equity shareholders' funds at 1 January	<u>452,048</u>	<u>711,205</u>
Equity shareholders' funds at 31 December	<u><u>550,142</u></u>	<u><u>452,048</u></u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

1 ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention. The accounting policies adopted are consistent with the previous year.

Taxation

Current tax, including UK corporation tax and foreign tax where applicable, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

All turnover, comprising licence fees and commissions receivable stated net of Value Added Tax, derives from the company's principal activity carried out in the United Kingdom.

Investments in subsidiaries

The shares in subsidiaries shown as fixed assets in the balance sheet of the company are included at cost, less any deficits arising from impairment, which are charged to the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rate in order to write off each asset over its estimated useful life:

Fixtures and fittings: 5% straight line on cost

Stock

Stock is stated at the lower of cost and net realisable value.

2 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2004 £	2003 £
Depreciation	<u>59,927</u>	<u>59,224</u>

The auditors' remuneration, for audit and other services, for the current and preceding financial years has been borne by the ultimate parent company, Development Securities PLC.

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

3 STAFF COSTS (including directors)

	2004	2003
	£	£
Wages and salaries	281,352	249,590
Social security costs	<u>43,100</u>	<u>30,527</u>
	<u>324,452</u>	<u>280,117</u>

Directors' remuneration for the current and preceding year has been borne by Development Securities PLC.

The average monthly number of employees during the year was:	No.	No.
Office, management and sales	<u>16</u>	<u>15</u>

4 TAXATION

There is no tax charge in the current year (2003: £nil).

Factors affecting the tax charge for the current year

	2004	2003
	£	£
Profit/(loss) on ordinary activities before tax	<u>98,094</u>	<u>(259,157)</u>
Tax at 30% thereon	29,428	(77,747)
Effect of:		
Timing differences	(19,860)	42,264
Permanent differences	5,418	3,966
Group relief (claimed)/surrendered for nil consideration	<u>(14,986)</u>	<u>31,517</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect the tax charge in future periods

A deferred tax liability has not been recognised in respect of timing differences relating to accelerated capital allowances. The amount of the liability not recognised is £23,341 (2003: £3,481).

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

5 TANGIBLE FIXED ASSETS

	Fixtures and fittings £
Cost:	
At 1 January 2004	607,515
Additions	<u>397,396</u>
At 31 December 2004	<u>1,004,911</u>
Depreciation:	
At 1 January 2004	375,710
Charge for the year	<u>59,927</u>
At 31 December 2004	<u>435,637</u>
Net book value:	
At 31 December 2004	<u>569,274</u>
At 31 December 2003	<u>231,805</u>

6 INVESTMENTS

	2004 £	2003 £
At cost at 1 January and 31 December	<u>100</u>	<u>100</u>

The above represents a direct 100% equity holding in Pricebusters Limited, a company operating in the United Kingdom and registered in England and Wales, whose principal activity was the operation of a roller skating rink.

7 DEBTORS

	2004 £	2003 £
Amounts owed by fellow subsidiary undertakings	2,410,753	1,861,268
Other debtors	9,283	76,259
Prepayments	<u>20,143</u>	<u>7,713</u>
	<u>2,440,179</u>	<u>1,945,240</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	26,003	-
Amounts owed to parent company	1,970,935	1,118,986
Amounts owed to fellow subsidiary undertakings	519,767	519,767
Other taxation and social security	4,997	8,090
Other creditors	-	6,935
Accruals and deferred income	<u>12,067</u>	<u>151,448</u>
	<u>2,533,769</u>	<u>1,805,226</u>

9 CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised, called up, allotted and fully paid:		
1,000,100 ordinary shares of £1 each	<u>1,000,100</u>	<u>1,000,100</u>

10 PROFIT AND LOSS ACCOUNT

	£
At 1 January 2004	(548,052)
Retained profit for the year	<u>98,094</u>
At 31 December 2004	<u>(449,958)</u>

11 CONSOLIDATED FINANCIAL STATEMENTS

The financial statements present information about the company as an individual undertaking and consolidated financial statements are not prepared as the company is itself a wholly owned subsidiary of a company registered in England and Wales, and which prepares publicly available consolidated financial statements.

12 ULTIMATE AND IMMEDIATE CONTROLLING PARTIES

The ultimate parent and controlling company and parent company of the largest group of which the company is a member and for which consolidated accounts are produced is Development Securities PLC. The immediate parent company is Development Securities (No 1) Limited. The parent company of the smallest group of which Adamhill Limited is a member and for which consolidated accounts are produced is Development Securities (Investments) PLC. All of these companies are registered in England and Wales and incorporated in Great Britain. Copies of the Annual Report and Financial Statements of Development Securities PLC, Development Securities (No 1) Limited and Development Securities (Investments) PLC can be obtained from Portland House, Stag Place, London SW1E 5DS.

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

13 RELATED PARTY DISCLOSURE

The company is a wholly owned subsidiary undertaking and, in accordance with the exemption provided by Financial Reporting Standard No. 8, "Related Party Disclosures", transactions with other undertakings within the Development Securities PLC group have not been disclosed within these financial statements.