

PARKSIDE DEVELOPMENT COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999



PARKSIDE DEVELOPMENT COMPANY LIMITED

COMPANY INFORMATION

Directors

J.C. Botts
A. Haining
S.N. Trusty
M.C.B. Mellish

Secretary

S.N. Trusty

Company number

2466102

Registered office

Tanyard Barns, Woodhill Lane
Shamley Green, Guildford
Surrey
GU5 0SP

Auditors

Moore Stephens
Priory House, Sydenham Road
Guildford
Surrey
GU1 3RX

Bankers

National Westminster Bank Plc
PO Box 221, Connaught House, 65 Aldwych
London
WC2B 4EJ

PARKSIDE DEVELOPMENT COMPANY LIMITED

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PARKSIDE DEVELOPMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999

The directors present their report and financial statements for the year ended 31 March 1999.

Principal activities

The principal activity of the company continued to be that of property developers.

Year 2000

The directors believe that the company has taken all reasonable steps to eliminate any potential risks which may arise from the Year 2000 problem with regard to internal use of computer systems and embedded chips, and has obtained similar assurances in connection with its principal relationships with third parties. The total costs of ensuring Year 2000 compliance have not yet been quantified, but are not expected to be significant.

Directors

The following directors have held office since 1 April 1998:

J.C. Botts
A. Haining
S.N. Trusty
M.C.B. Mellish

Directors' interests

None of the directors held any interest in the equity share capital of the company at any time during the year. J.C. Botts, A. Haining and S.N. Trusty are also directors of the parent company, Balmuir Property Company Limited, and details of their interests are shown in the report of the directors of that company for the year to 31st March 1999. M.C.B. Mellish does not have any interest in the share capital of the parent company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Moore Stephens be reappointed as auditors of the company will be put to the Annual General Meeting.

PARKSIDE DEVELOPMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999

Directors' responsibilities

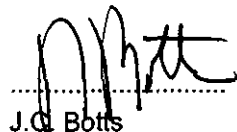
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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.

By order of the board



J.C. Botts

Director

27 April 2000

PARKSIDE DEVELOPMENT COMPANY LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF PARKSIDE DEVELOPMENT COMPANY LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosure made in the financial statements concerning the value of the company's interest in development land. The company's interest in development land is carried at directors' valuation and no independent valuation has been obtained. Details of the circumstances relating to this fundamental uncertainty are described in note 5. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Moore Stephens

27 Nov 2000

Chartered Accountants
Registered Auditor

Priory House, Sydenham Road
Guildford
Surrey
GU1 3RX

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PARKSIDE DEVELOPMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 £	1998 £
Turnover		39,732	210,000
Cost of sales		-	(808,325)
Gross profit/(loss)		39,732	(598,325)
Administrative expenses		(10,574)	(10,596)
Operating profit/(loss)	2	29,158	(608,921)
Exceptional provision against stock	2	-	(285,024)
Exceptional bad debts	2	(103,620)	(605,481)
Loss on ordinary activities before interest		(74,462)	(1,499,426)
Other interest receivable and similar income	3	-	155
Interest payable and similar charges		(11)	(172)
Loss on ordinary activities before taxation		(74,473)	(1,499,443)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	10	(74,473)	(1,499,443)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

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PARKSIDE DEVELOPMENT COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH 1999

	Notes	1999 £	£	1998 £	£
Current assets					
Properties in the course of development	5	202,400		195,000	
Debtors	6	15,831		99,796	
Cash at bank and in hand		10,248		5,594	
		<u>228,479</u>		<u>300,390</u>	
Creditors: amounts falling due within one year	7	<u>(979,226)</u>		<u>(976,664)</u>	
Total assets less current liabilities			(750,747)		(676,274)
Creditors: amounts falling due after more than one year	8		<u>(3,125,270)</u>		<u>(3,125,270)</u>
			<u>(3,876,017)</u>		<u>(3,801,544)</u>
Capital and reserves					
Called up share capital	9		6		6
Profit and loss account	10		<u>(3,876,023)</u>		<u>(3,801,550)</u>
Shareholders' funds - equity interests	11		<u>(3,876,017)</u>		<u>(3,801,544)</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.

The financial statements were approved by the Board on 27 April 2000



S.N. Trusty
Director

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PARKSIDE DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company is dependent upon the continued availability of finance from its parent company in order to continue as a going concern. The directors are satisfied that such finance will continue to be available to the company for the foreseeable future.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents the value of property transactions completed in the year.

1.4 Stock and work in progress

Properties held for development and resale are stated at the lower of cost and net realisable value. Cost represents the expenditure incurred in acquiring and developing properties.

1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method 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.

2	Operating profit/(loss)	1999 £	1998 £
	Operating profit/(loss) is stated after charging:		
	Auditors' remuneration	2,173	2,406

The exceptional provision against stock of £nil (1998 : £285,024) represents a provision against the value of land in the course of development.

The exceptional bad debts of £103,620 (1998 : £605,481) represent provisions made against loans to group companies.

3	Other interest receivable and similar income	1999 £	1998 £
	Bank interest	-	155

4 Taxation

The company has estimated losses of £794,800 (1998 - £840,500) available for carry forward against future trading profits.

There is no charge to United Kingdom Corporation Tax for the year due to losses in the year.

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PARKSIDE DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

5	Properties in the course of development	1999 £	1998 £
	Long term work in progress	202,400	195,000

No external valuation has been obtained to support the carrying value of the company's interest in the property. The directors have considered the realisable value of the property in the medium term and consider that a provision of £552,392 (1998 : £552,392) is appropriate.

6	Debtors	1999 £	1998 £
	Trade debtors	15,000	15,000
	Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	6
	Other debtors	831	84,790
		15,831	99,796

Amounts falling due after more than one year and included in the debtors above are:

	1999 £	1998 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	6

7	Creditors: amounts falling due within one year	1999 £	1998 £
	Trade creditors	155	-
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	953,711	930,444
	Other creditors	25,360	46,220
		979,226	976,664

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PARKSIDE DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

8	Creditors: amounts falling due after more than one year	1999 £	1998 £
	Other creditors	3,125,270	3,125,270
	Analysis of loans		
	Wholly repayable within five years	3,125,270	3,125,270
	Loan maturity analysis		
	Between two and five years	3,125,270	3,125,270

Other creditors of £3,125,270 represents amounts owed to Tradco Limited. Tradco Limited holds 5% of the equity shares of the parent company, Balmuir Property Company Limited. The amounts are unsecured with no date fixed for repayment. No interest is charged on these amounts.

9	Share capital	1999 £	1998 £
	Authorised		
	100 Ordinary equity shares of £ 1 each	100	100
	Allotted, called up and fully paid		
	6 Ordinary equity shares of £ 1 each	6	6

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 1998	(3,801,550)
Retained loss for the year	(74,473)
Balance at 31 March 1999	(3,876,023)

11	Reconciliation of movements in shareholders' funds	1999 £	1998 £
	Loss for the financial year	(74,473)	(1,499,443)
	Opening shareholders' funds	(3,801,544)	(2,302,101)
	Closing shareholders' funds	(3,876,017)	(3,801,544)

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PARKSIDE DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

12 Control

The ultimate parent company is Balmuir Property Company Limited, a company registered in England and Wales. Balmuir Property Company Limited prepares group financial statements.

13 Related party transactions

During the year the company was invoiced £25,425 from Bannamore Limited in respect of consultancy services. This has been included in property in the course of development. S.N. Trusty is a director and shareholder in Bannamore Limited.