

SUNNYCLIFF DEVELOPMENTS LIMITED
FINANCIAL STATEMENTS
31 OCTOBER 2003



HAINES WATTS
Chartered Accountants & Registered Auditors
7 - 11 Station Road
Reading
Berkshire
RG1 1LG

SUNNYCLIFF DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

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SUNNYCLIFF DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 October 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year continued to be that of commercial land and property development.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE PARENT COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

	Ordinary shares in the parent company	
	At 31 October 2003	At 1 November 2002
Mr P A Ascroft	2	2
Mr J Taylor	2	2
	<hr/>	<hr/>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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 to re-appoint Haines Watts as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SUNNYCLIFF DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2003

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
19 Reading Road
Pangbourne
Reading
Berkshire
RG8 8DF

Signed by order of the directors



MR P A ASCROFT
Company Secretary

Approved by the directors on 19/11/2004

SUNNYCLIFF DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 OCTOBER 2003

We have audited the financial statements on pages 5 to 8 which have been prepared in accordance with the *Financial Reporting Standard for Smaller Entities* (effective June 2002), under the historical cost convention and the accounting policies set out on page 7 .

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 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.

SUNNYCLIFF DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 OCTOBER 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



HAINES WATTS
Chartered Accountants
& Registered Auditors

7 - 11 Station Road
Reading
Berkshire
RG1 1LG

28 January 2004

SUNNYCLIFF DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2003

	Note	2003 £	2002 £
TURNOVER		40,320	—
Cost of sales		<u>40,320</u>	<u>18,481</u>
GROSS LOSS		—	(18,481)
Administrative expenses		<u>(5,735)</u>	<u>82,480</u>
OPERATING PROFIT/(LOSS)	2	5,735	(100,961)
Interest receivable		788	1,168
Interest payable and similar charges		<u>(4,706)</u>	<u>(2,787)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,817	(102,580)
Tax on profit/(loss) on ordinary activities		<u>(122)</u>	<u>(39,335)</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		1,939	(63,245)
Balance brought forward		<u>121,663</u>	<u>184,908</u>
Balance carried forward		<u><u>123,602</u></u>	<u><u>121,663</u></u>

The notes on pages 7 to 8 form part of these financial statements.

SUNNYCLIFF DEVELOPMENTS LIMITED

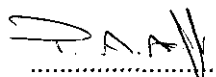
BALANCE SHEET

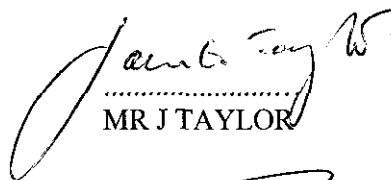
31 OCTOBER 2003


	Note	2003 £	2002 £
CURRENT ASSETS			
Stocks		-	32,500
Debtors	3	100,983	330,662
Cash at bank		213,419	13,540
		<u>314,402</u>	<u>376,702</u>
CREDITORS: Amounts falling due within one year	4	<u>190,798</u>	<u>255,037</u>
NET CURRENT ASSETS		<u>123,604</u>	<u>121,665</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>123,604</u>	<u>121,665</u>
CAPITAL AND RESERVES			
Called-up equity share capital	6	2	2
Profit and loss account		123,602	121,663
SHAREHOLDERS' FUNDS		<u>123,604</u>	<u>121,665</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 19/11/2004 and are signed on their behalf by:


MR P A ASCROFT


MR J TAYLOR



The notes on pages 7 to 8 form part of these financial statements.

SUNNYCLIFF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Cash flow statement

In the opinion of the directors, the company qualifies as a small company and accordingly a cash flow statement is not required.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Work in progress

Work in progress comprises freehold land and property for development. In the case of freehold land, cost means purchase price plus attributable legal fees. In the case of work in progress, cost consists of direct material, direct labour and attributable site overheads.

The freehold land, property for development and work in progress have been valued at the lower of cost and net realisable value. Net realisable value means estimated selling price, less all further costs to completion and all costs to be incurred in marketing and selling.

2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2003	2002
	£	£
Auditors' fees	<u>750</u>	<u>1,500</u>

3. DEBTORS

	2003	2002
	£	£
Trade debtors	—	30,660
Amounts owed by group undertakings	35,409	—
Called up share capital not paid	2	2
Other debtors	<u>65,572</u>	<u>300,000</u>
	<u>100,983</u>	<u>330,662</u>

SUNNYCLIFF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

4. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Trade creditors	6,848	35,111
Amounts owed to group undertakings	—	1,261
Corporation tax	—	29,985
Other taxation	—	2,385
Other creditors	183,950	186,295
	<u>190,798</u>	<u>255,037</u>

5. RELATED PARTY TRANSACTIONS

At the balance sheet date, the company was owed £35,409 (2002: (owed) £1,261) from Median Developments Limited, a related company. During the year the company transferred an interest in land at a cost of £40,320 to Median Developments Limited.

Median Developments Limited is related through common directors and shareholders.

6. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted and called up:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

The amounts of paid-up share capital for the following category of shares differed from the called-up share capital stated above due to unpaid calls and were as follows:

	2003	2002
	£	£
Ordinary shares	<u>2</u>	<u>2</u>

7. ULTIMATE PARENT COMPANY

The ultimate holding company is Archvalue Limited, a company incorporated in England.

The ultimate controlling parties are the directors, Mr P Ascroft and Mr J Taylor, who own 100% of the share capital of Archvalue Limited.