

TWEED PREMIER 1 LIMITED

Report and Financial Statements

30 June 2003

Deloitte & Touche LLP
Cardiff



REPORT AND FINANCIAL STATEMENTS 2003

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Note of historical cost profits and losses	6
Balance sheet	7
Reconciliation of movement in shareholders' funds	8
Notes to the accounts	9

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A J Radley
R K Bond

SECRETARY

R K Bond

REGISTERED OFFICE

Cromwell House
1-3 Fitzalan Place
Cardiff
CF24 0ED

SOLICITORS

Wilkin Chapman Epton Blades
Cooper & Hay

AUDITORS

Deloitte & Touche LLP
Cardiff

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the six months ended 30 June 2003.

ACTIVITIES

The company's principal activity is investment in property.

FUTURE PROSPECTS

The directors are confident that the company will continue to trade profitably in the foreseeable future.

RESULTS AND DIVIDENDS

The results for the period are set out in detail on page 5. No interim dividend was paid (2002 - £2,450,000). No final dividend is proposed (2002 - £nil).

DIRECTORS AND THEIR INTERESTS

The current directors are shown on page 1. R S Bamber, R Collins and R J Hodge all resigned on 15 January 2003.

No director serving at the period-end had beneficial interests in the shares of the company during the period.

The parent company is Hodge Horizon Limited and the ultimate parent company is R J Hodge Limited.

No director had beneficial interests in the shares of any undertaking within the R J Hodge Limited group during the period other than R J Hodge whose shares in R J Hodge Limited are shown in the accounts of that company.

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to reappoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

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


R K Bond
Secretary

Date. 14/04/04

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 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; 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 TWEED PREMIER 1 LIMITED

We have audited the financial statements of Tweed Premier 1 Limited for the six months ended 30 June 2003 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet, the reconciliation of movement in shareholders' funds and the related notes 1 to 12. 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 the 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 period and consider the implications for our report if we become aware of any apparent misstatements.

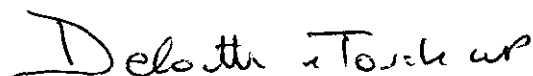
Basis of audit opinion

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 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 the company's affairs as at 30 June 2003 and of its profit for the six months then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cardiff

Date... 5 April 2004

PROFIT AND LOSS ACCOUNT
Six months ended 30 June 2003

	Note	Six months ended 30 June 2003 £	Year ended 31 December 2002 £
TURNOVER: continuing operations		820,377	1,345,274
Cost of sales		(184,154)	(596,328)
Gross profit		636,223	748,946
Administrative expenses		(105,087)	(55,405)
OPERATING PROFIT: continuing operations	2	531,136	693,541
Profit on disposal of fixed assets		298,487	1,056,496
Interest receivable and similar income		455	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		830,078	1,750,037
Tax on profit on ordinary activities	4	1,356	(166,877)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		831,434	1,583,160
Dividends	5	-	(2,450,000)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES	9	831,434	(866,840)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Six months ended 30 June 2003

	Six months ended 30 June 2003 £	Year ended 31 December 2002 £
Profit for the financial period	831,434	1,583,160
Surplus arising on revaluation of fixed assets	-	4,723,678
Total recognised gains and losses in the period	<u>831,434</u>	<u>6,306,838</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Six months ended 30 June 2003

	Six months ended 30 June 2003 £	Year ended 31 December 2002 £
Profit on ordinary activities before taxation	831,434	1,750,037
Realisation of property valuation gains of prior periods	(2,235)	-
Historical cost profit on ordinary activities before taxation	<u>829,199</u>	<u>1,750,037</u>
Historical cost profit/(loss) for the period retained after taxation and dividends	<u>831,434</u>	<u>(866,840)</u>

BALANCE SHEET
30 June 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	6	<u>25,728,893</u>	<u>27,280,089</u>
CURRENT ASSETS			
Debtors	7	<u>71,310</u>	<u>68,626</u>
CREDITORS: amounts falling due within one year			
Amount due to group undertaking		15,248,153	17,512,530
Other creditors		3,400	-
Corporation tax		72,492	147,694
Accruals and deferred income		-	43,767
		<u>15,324,045</u>	<u>17,703,991</u>
NET CURRENT LIABILITIES		<u>(15,252,735)</u>	<u>(17,635,365)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,476,158</u>	<u>9,644,724</u>
SHARE CAPITAL AND RESERVES			
Called up share capital	8	2,500,002	2,500,002
Share premium account	9	2,306,771	2,306,771
Revaluation reserve	9	4,725,913	4,723,678
Profit and loss account	9	943,472	114,273
EQUITY SHAREHOLDERS' FUNDS		<u>10,476,158</u>	<u>9,644,724</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors


A J Radley
Director


R K Bond
Director

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Six months ended 30 June 2003

	Six months ended 30 June 2003 £	Year ended 31 December 2002 £
Profit for the period	831,434	1,583,160
Dividends paid and proposed	-	(2,450,000)
	<hr/>	<hr/>
Other recognised gains and losses relating to the period	831,434	(866,840)
	-	4,723,678
	<hr/>	<hr/>
Net addition to shareholders' funds	831,434	3,856,838
Opening shareholders' funds	9,644,724	5,787,886
	<hr/>	<hr/>
As at 30 June 2003	10,476,158	9,644,724
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

Six months ended 30 June 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

Tangible fixed assets

The company's freehold land and buildings are treated as investment properties, as defined by Statement of Standard Accounting Practice No. 19, and are therefore revalued annually by the directors. Accordingly, they are not depreciated. Depreciation is only one amongst many factors reflected in the annual valuation of properties and, accordingly, the amount of depreciation, which might otherwise have been shown, cannot be separately identified or quantified. The directors consider that this policy results in the accounts giving a true and fair view.

Deferred taxation

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 the financial statements.

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.

Rental income

Rentals receivable are taken into account on an accruals basis.

2. OPERATING PROFIT

	Six months ended 30 June 2003 £	Year ended 31 December 2002 £
Operating profit is stated after charging		
Audit fees	2,115	2,115

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company has no employees and none of the directors received any emoluments from the company.

NOTES TO THE ACCOUNTS

Six months ended 30 June 2003

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Six months ended 30 June 2003 £	Year ended 31 December 2002 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the period at 30% (2002 - 30%)	-	(147,694)
Adjustment in respect of prior periods	1,356	877
	<u>1,356</u>	<u>(146,817)</u>
 Deferred tax – timing differences	 -	 (20,060)
	<u>1,356</u>	<u>(166,877)</u>

The standard rate of tax for the period, based on the UK standard rate of corporation tax, is 30%. The actual tax charge of the current and the previous period differs from the standard rate for the reasons set out in the following reconciliation:

	£	£
Profit on ordinary activities before tax	830,078	1,750,037
Tax on profit on ordinary activities before tax at 30%	(249,023)	(525,011)
Factors affecting charge for the period		
Expenses not deductible for tax purposes	(3,000)	(1,201)
Movement in short-term timing differences	-	21,421
Chargeable gains	-	316,949
Profit on disposal of non-qualifying assets	89,547	-
Group relief	138,139	-
Wear-and-tear allowance	24,337	40,148
Prior period adjustments	1,356	877
Current tax charge for the period	<u>1,356</u>	<u>(146,817)</u>

5. DIVIDENDS

No interim dividend was paid per ordinary share in the period (2002 - £2,450,000).

NOTES TO THE ACCOUNTS
Six months ended 30 June 2003

6. TANGIBLE FIXED ASSETS

	Investment properties £
Cost or valuation	
At 1 January 2003	27,280,089
Disposals	<u>(1,551,196)</u>
At 30 June 2003	<u>25,728,893</u>
Depreciation	
At 1 January 2003 and 30 June 2003	<u>-</u>
Net book value	
At 30 June 2003	<u>25,728,893</u>
At 31 December 2002	<u>27,280,089</u>
 Comparable amounts determined according to the historical cost convention	
	£
Cost	21,002,980
Accumulated depreciation	<u>-</u>
Net book value	
At 30 June 2003	<u>21,002,980</u>
At 31 December 2002	<u>22,556,411</u>
 Analysis of properties	2003 2002
	£ £
Net book value	
Freehold	24,378,920 25,717,856
Long leasehold	<u>1,349,973 1,562,233</u>
	<u>25,728,893 27,280,089</u>

The properties are treated as investment properties under SSAP 19. The properties were valued by the directors at open market value on 31 December 2002 based on a vacant property valuation performed by FPD Savills, Chartered Surveyors, on 22 November 2002. The surplus arising on revaluation was taken to the revaluation reserve.

The directors consider that there was no material change in the valuation as at 30 June 2003.

NOTES TO THE ACCOUNTS
Six months ended 30 June 2003

7. DEBTORS

	2003 £	2002 £
Trade debtors	7,201	25,739
Prepayments and accrued income	64,109	7,672
Other debtors	-	35,215
	<u>71,310</u>	<u>68,626</u>

8. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
50p ordinary shares	2,500,002	2,500,002
£1 redeemable preference shares	50,000	50,000
	<u>2,550,002</u>	<u>2,550,002</u>
	£	£
Allotted, called up and fully paid		
50p ordinary shares	<u>2,500,002</u>	<u>2,500,002</u>

9. MOVEMENTS ON RESERVES

	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 January 2003	2,306,771	4,723,678	114,273	7,144,722
Profit for the period	-	-	831,434	831,434
Transfer of realised valuation reserve	-	2,235	(2,235)	-
	<u>2,306,771</u>	<u>4,725,913</u>	<u>943,472</u>	<u>7,976,156</u>

10. CASH FLOW STATEMENT

The company has taken advantage of the exemption available under Financial Reporting Standard 1 not to prepare a cash flow statement as it is over 90% owned by Hodge Horizon Limited.

11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with related parties that are part of the Hodge Horizon Limited group.

12. PARENT UNDERTAKINGS

The company's immediate parent undertaking is Hodge Horizon Limited, with its ultimate parent undertaking being R J Hodge Limited.