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Report and Accounts
Groundworks UK Limited
31st December 2004



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Report of the Directors

Principal Activity

The principal activity of the company is the wholesaling of wine.

The company made a loss for the year of £80,528 (2003 : Loss £130,280) At the end of the financial year the company was unable to agree the balance owing to the major creditor. The balance owing is still in dispute at the date of signature of the accounts and the ability of the company to settle the amount is dependant on obtaining further orders from the customer concerned. In view of this situation the director is unable comment on the future viability of the company.

Directors and their Interests

The directors of the Company during the year were as follows:-

S.R Straker

O.J Winkler - Resigned on 14 March 2004

Mr S.R Straker holds 70% of the called up share capital of the company. Mr O.J Winkler did not at any time hold a direct interest in the company.

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 year. In preparing those financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates 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.

Small Company Disclosure

The above report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies

15 Windsor Park
50 Windsor Avenue
London
SW19 2TJ

BY ORDER OF THE BOARD



S.R STRAKER
DIRECTOR

Groundworks UK Limited

Profit and Loss Account for the year ended 31st December 2004

	<u>Notes</u>	2004 £	2003 £
TURNOVER		359,901	704,907
Cost of Sales		<u>342,814</u>	<u>696,589</u>
GROSS PROFIT		17,087	8,318
Operating Expenses		<u>97,632</u>	<u>138,576</u>
OPERATING PROFIT/(LOSS)		(80,545)	(130,258)
Interest Receivable		<u>17</u>	<u>26</u>
		(80,528)	(130,232)
Interest Payable		<u>-</u>	<u>6,048</u>
PROFIT /(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(80,528)	(136,280)
Taxation	3	-	-
PROFIT/(LOSS) FOR FINANCIAL YEAR	8	<u>(80,528)</u>	<u>(136,280)</u>

All turnover and costs relate to continuing operations.

The Company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 4 to 6 form part of these financial statements.

Groundworks UK Limited

Balance Sheet at 31st December 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
CURRENT ASSETS			
Debtors	4	27,782	43,074
Bank balance		132	1,200
		<u>27,914</u>	<u>44,274</u>
CREDITORS			
Amounts falling due within one year	5	<u>253,473</u>	<u>228,305</u>
NET CURRENT LIABILITIES		225,559	184,031
LONG TERM LOAN	6	<u>304,792</u>	<u>265,792</u>
NET LIABILITIES		<u>(530,351)</u>	<u>(449,823)</u>
CAPITAL AND RESERVES			
Called up share capital	7	60,000	60,000
Profit and Loss account	8	<u>(590,351)</u>	<u>(509,823)</u>
		<u>(530,351)</u>	<u>(449,823)</u>

The directors have:-

- Taken advantage of the Companies Act 1985 in not having these accounts audited under section 249A(1) (Total exemption)
- Confirmed that no notices have been deposited under Section 249B(2) of the Companies Act 1985
- Acknowledged their responsibilities for ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985.
- Acknowledge their responsibilities for preparing accounts which give a true and fair view of the Company and of its loss for the year then ended in accordance with the requirements of Section 226 of the Companies Act 1985 and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to this Company.
- The Directors acknowledge their responsibilities for preparing the accounts in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small companies.


S.R Straker
Director

Approved by the Board on the
The notes on page 4 to 6 form part of these financial statements

Groundworks UK Limited

Notes to the Financial Statements for the year ended 31st December 2004

1 ACCOUNTING POLICIES

Basis of Accounting

The Financial statements have been prepared under the historical cost convention

Turnover

Turnover represents the invoice value of goods sold during the year.

Going Concern

The financial statements are prepared on the going concern basis, the validity of which is dependent upon the continuing support of the shareholders and the settlement of the disputed debt to the company's major creditor.

Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the date of the transactions.

All differences are taken to the profit and loss.

Cash Flow

The accounts do not include a cash flow statement because the Company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

2 DIRECTORS RENUMERATION

Neither of the directors received any emoluments from the Company.

3 TAXATION

No taxation has been provided for as the company operated at a loss for the year.

4 DEBTORS

	2004	2003
	£	£
Trade Debtors	-	57
Group Company	27,782	27,782
Other debtors	-	15,235
	<u>27,782</u>	<u>43,074</u>

Repayment of the advance to the group is dependent on the future profitability of the Group Company concerned

5 CREDITORS

	2004	2003
	£	£
Interest accrued on sums due to shareholders and associates	-	51,689
Other accruals	5,015	5,015
Trade creditors	248,458	159,092
Bank overdraft	-	12,509
	<u>253,473</u>	<u>228,305</u>

Groundworks UK Limited

Notes to the Financial statements continued.

6 LONG TERM LOAN

Loans have been provided by or on behalf of the shareholders. No interest has been provided on them since 31st December 1998 and no date has been set for their repayment. It is unlikely that any part of the loans will be repaid in the foreseeable future and the loans have therefore been classified as long term.

7 SHARE CAPITAL

	2004 £	2003 £
Authorised: Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>
Allotted, called up and fully paid: Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>

The share capital of the Company relates to equity interests.

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Profit & Loss account	Total share- holders funds
2004	£	£	£
Balance at 1st January 2004	60,000	(509,823)	(449,823)
Loss for the year	<u>-</u>	<u>(80,528)</u>	<u>(80,528)</u>
Balance at 31st December 2004	<u>60,000</u>	<u>(590,351)</u>	<u>(530,351)</u>