Farringford Limited

Directors' report and financial statements

Registered number 3127490

31 March 2001

Contents

Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2001.

Principal activities

The principal activities of the company during the year were property investment and management.

Business review

The company continued to make progress on the development of the site at Banbury. The directors are satisfied with the trading results for the year.

Results and dividends

The retained profit for the financial year attributable to shareholders is £12,000 *(2000: £38,000)* and has been transferred to reserves. The directors do not recommend the payment of a dividend *(2000: £nil)*.

Directors

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

K Revitt
K Bolton

No rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors' report *(continued)*

Auditors

KPMG were appointed auditors of the company during the year.

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the Annual General Meeting.

By order of the board

K Bolton
Director

Lynton House
Ackhurst Park
CHORLEY
Lancashire
PR7 1NY

28 January 2002

Edward VII Quay
Navigation Way
Ashton-on-Ribble
PRESTON
Lancashire PR2 2YF

Report of the auditors to the members of Farringford Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

Basis of audit 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.

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

28 January 2002

Profit and loss account

for the year ended 31 March 2001

	Note	2001 £000	2000 £000
Turnover	*1*	**830**	521
Cost of sales		**(313)**	(198)
Gross profit		**517**	323
Administrative expenses		**-**	-
Operating profit	*2*	**517**	323
Net interest payable	*4*	**(505)**	(268)
Profit on ordinary activities before taxation		**12**	55
Taxation on profit on ordinary activities	*5*	**-**	(17)
Retained profit for the financial year	*10*	**12**	38

All amounts relate to continuing activities.

There was no material difference between the reported profits and the historical cost profits of the company.

Statement of total recognised gains and losses

for the year ended 31 March 2001

The profit and loss account includes the only gains and losses of the company for the current and prior year.

Balance sheet

as at 31 March 2001

	Note	2001 £000	2001 £000	2000 £000	2000 £000
Fixed assets					
Tangible assets	*6*		**9,890**		8,646
Current assets					
Debtors	*7*	**228**		265	
Creditors: amounts falling due within one year	*8*	**(3,068)**		(1,873)	
Net current liabilities			**(2,840)**		(1,608)
Total assets less current liabilities			**7,050**		7,038
Creditors: amounts falling due after more than one year	*8*		**(7,000)**		(7,000)
Net assets			**50**		38
Capital and reserves					
Called up share capital	*9*		**-**		-
Profit and loss account	*10*		**50**		38
Equity shareholders' funds	*11*		**50**		38

Approved by the board of directors on 28 January 2002 and signed on its behalf by:

K Bolton
Director

Cash flow statement

for the year ended 31 March 2001

	Note	2001 £000	2000 £000
Net cash flow from operating activities	*12(i)*	**398**	572
Returns on investment and servicing of finance	*12(iii)*	**(505)**	(268)
Taxation		**(4)**	-
Capital expenditure	*12(iii)*	**(1,306)**	(8,646)
Net cash outflow before financing		**(1,417)**	(8,342)
Financing	*12(iii)*	**-**	7,000
Decrease in cash		**(1,417)**	(1,342)

Reconciliation of net cash flow to movement in net debt

for the year ended 31 March 2001

	Note	2001 £000	2000 £000
Decrease in cash		**(1,417)**	(1,342)
Cash inflow from increase in debt	*12(ii)*	**-**	(7,000)
Movement in net debt in the year		**(1,417)**	(8,342)
Net debt at beginning of the year		**(8,342)**	-
Net debt at end of year		**(9,759)**	(8,342)

Notes to the financial statements

1 Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. All turnover arises in the United Kingdom.

Tangible fixed assets and depreciation

In accordance with Statement of Standard Accounting Practice Number 19 (as amended)

(i) the investment property is revalued annually by the company's senior chartered surveyor at open market values determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors. Surplus or deficit arising is taken to the revaluation reserve. Any permanent diminution is taken to the profit and loss account for the year; and

(ii) no depreciation or amortisation is provided in respect of the freehold investment property.

This treatment of the company's investment property may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, this property is not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

The cost of other tangible fixed assets less their estimated residual value is written off on a straight line basis over their useful lives, as follows:

Computer equipment 33%

Taxation

The charge for taxation is based on the profit for the year and takes into account the taxation deferred because of timing differences between the treatment of certain items for taxation and accounts purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

Notes *(continued)*

2 Operating profit

	2001	2000
	£000	£000
Operating profit is stated		
after crediting:		
Property rents receivable	**697**	435
after charging:		
Auditors' remuneration	**5**	4

3 Staff numbers and costs

The only persons employed by the company during the year were the directors, none of whom received any remuneration *(2000: £nil)*.

4 Net interest payable

	2001	2000
	£000	£000
Interest payable:		
On bank loans and overdrafts	**505**	272
Interest receivable:		
On bank balances	**-**	(4)
	505	268

5 Taxation on profit on ordinary activities

	2001	2000
	£000	£000
UK corporation tax at 30% *(2000: 30%)* on the profit for the year on ordinary activities	**-**	17

Notes (continued)

6 Tangible fixed assets

	Freehold property £000	Computer equipment £000	Total £000
Cost			
At 1 April 2000	8,646	-	8,646
Additions	1,242	2	1,244
At 31 March 2001	9,888	2	9,890
Depreciation			
At 1 April 2000 and 31 March 2001	-	-	-
Net book value			
At 31 March 2001	**9,888**	**2**	**9,890**
At 1 April 2000	8,646	-	8,646

Included within land and buildings is an investment property with a book value of £9,888,000 *(2000: £8,646,000)*. This property was valued at 31 March 2001 by the Company's senior chartered surveyor on the basis of open market value in accordance with the RICS statements of Asset Valuation Practice and Guidance notes

7 Debtors

	2001 £000	2000 £000
Trade debtors	**209**	244
Other debtors	-	2
Prepayments and accrued income	**19**	19
	228	265

Notes *(continued)*

8 Creditors

	2001	2000
	£000	£000
Amounts falling due within one year:		
Bank overdraft	**2,759**	1,342
Trade creditors	**57**	219
Accruals and deferred income	**239**	295
Corporation tax	**13**	17
	3,068	1,873
Amounts falling due after one year:		
Bank loans	**5,000**	5,000
Other loans	**2,000**	2,000
	7,000	7,000

The bank loan is repayable in full in January 2003 and bears interest at base rate plus 1.25%. Other loans have no fixed repayment terms and are interest free. Other loans are subordinated to the bank borrowings of the company.

9 Called up share capital

	2001	2000
	£	£
Authorised		
100 ordinary shares of £1 each	**100**	100
Allotted and fully paid		
2 ordinary shares of £1 each	**2**	2

10 Reserves

	Profit and loss account £000
At 1 April 2000	38
Profit for the financial year	12
At 31 March 2001	50

Notes *(continued)*

11 Reconciliation of movement in shareholders' funds

	2001 £000	2000 £000
Profit for the financial year	**12**	38
Shareholders' funds at beginning of year	**38**	-
Shareholders' funds at end of year	**50**	38

12 Cash flow statement

i) Reconciliation of operating profit to net cash flow from operating activities

	2001 £000	2000 £000
Operating profit	**517**	323
Depreciation	**-**	-
Decrease/(increase) in debtors	**37**	(266)
(Decrease)/increase in creditors	**(156)**	515
Net cash flow from operating activities	**398**	572

ii) Analysis of movement in net debt

	At 1 April 2000 £000	Cash flow £000	At 31 March 2001 £000
Cash at bank and in hand	-	-	-
Overdraft	(1,342)	(1,417)	(2,759)
	(1,342)	(1,417)	(2,759)
Debt falling due within one year	-	-	-
Debt falling due after one year	(7,000)	-	(7,000)
	(8,342)	(1,417)	(9,759)

Notes *(continued)*

12 Cash flow statement *(continued)*

iii) Analysis of cash flows for headings netted in the cash flow statement

	2001 £000	2000 £000
Return on investment and servicing of finance		
Interest paid	505	272
Interest received	-	(4)
	505	268
Capital expenditure		
Payments to acquire tangible fixed assets	1,306	8,646
Financing		
New term loan repayable August 2001	-	5,000
New subordinated other loan	-	2,000
	-	7,000

13 Related party transactions

The family interests of Mr TJ Hemmings, who are shareholders in Farringford Limited, have provided a loan of £2,000,000 *(2000: £2,000,000)* to the company. The loan is interest free and has no fixed repayment terms.

During the year the company was charged fees of £100,000 *(2000: £nil)* by Delma Developments Limited and £20,000 *(2000: £80,000)* by Northern Trust Limited for management of the properties to be developed. At 31 March 2001 rentals collected by Whittle Jones Group Limited of £223,000 *(2000: £243,000)* were owed to the company. The family interests of Mr TJ Hemmings are shareholders in both the company and TJH Group Limited, the parent undertaking of Whittle Jones Group Limited and Northern Trust Company Limited.