

Farringford Limited

**Directors' report and financial
statements**

Registered number 3127490

31 March 2003



Contents

Directors' report	1
Independent auditor's report to the members of Farringford Limited	3
Profit and loss account	4
Statement of total recognised gains and losses	4
Balance sheet	5
Cash flow statement	6
Reconciliation of net cash flow to movement in net debt	6
Notes to the financial statements	7

Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2003.

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 Hanley. 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 £7,000 (2002: £14,000) and has been transferred to reserves. The directors do not recommend the payment of a dividend (2002: *£nil*).

Fixed assets

The directors do not believe there is any significant difference between the book value and market value of the company's land and buildings.

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

Pursuant to a shareholders' resolution the company is not obliged to re-appoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board



K Bolton
Director

Lynton House
Ackhurst Park
CHORLEY
Lancashire
PR7 1NY

14 July 2003



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

Independent auditor's report to the members of Farringford Limited

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

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 auditor's 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

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 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.

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG LLP

Chartered Accountants

Registered Auditor

Registered number 3127490 / 31 March 2003

14/07/ 2003

Profit and loss account
for the year ended 31 March 2003

	<i>Note</i>	2003 £000	2002 £000
Turnover	<i>1</i>	700	764
Cost of sales		(253)	(287)
Gross profit		<hr/> 447	<hr/> 477
Administrative expenses		-	-
Operating profit	<i>2</i>	<hr/> 447	<hr/> 477
Interest payable	<i>5</i>	(437)	(454)
Profit on ordinary activities before taxation		<hr/> 10	<hr/> 23
Taxation on profit on ordinary activities	<i>6</i>	(3)	(9)
Retained profit for the financial year	<i>11</i>	<hr/> 7 <hr/>	<hr/> 14 <hr/>

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 2003

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

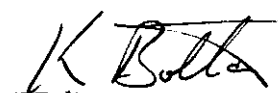
Balance sheet
as at 31 March 2003

	Note	2003 £000	2002 £000
Fixed assets			
Tangible assets	7	10,280	10,148
Current assets			
Debtors	8	267	274
Creditors: amounts falling due within one year	9	(8,476)	(8,358)
Net current liabilities		(8,209)	(8,084)
Total assets less current liabilities		2,071	2,064
Creditors: amounts falling due after more than one year	9	(2,000)	(2,000)
Net assets		71	64
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	71	64
Equity shareholders' funds	12	71	64

Approved by the board of directors on

14 July

2003 and signed on its behalf by:


K Bolton
Director

Cash flow statement
for the year ended 31 March 2003

	<i>Note</i>	2003 £000	2002 £000
Net cash flow from operating activities	13(i)	414	411
Returns on investment and servicing of finance	13(iii)	(423)	(454)
Taxation		(7)	(2)
Capital expenditure	13(iii)	(133)	(259)
Net cash outflow before financing		<u>(149)</u>	<u>(304)</u>
Financing		-	-
Decrease in cash		<u><u>(149)</u></u>	<u><u>(304)</u></u>

Reconciliation of net cash flow to movement in net debt
for the year ended 31 March 2003

	2003 £000	2002 £000
Decrease in cash	(149)	(304)
Movement in net debt in the year	<u>(149)</u>	<u>(304)</u>
Net debt at beginning of the year	(10,063)	(9,759)
Net debt at end of year	<u><u>(10,212)</u></u>	<u><u>(10,063)</u></u>

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) investment properties are revalued annually by the company's senior chartered surveyor on the basis of open market value in accordance with the Royal Institution of Chartered Surveyors Statements of Asset Valuation Practice and Guidance Notes. Any 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%
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Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision without discounting is made for deferred taxation in accordance with FRS 19.

Notes (continued)

2 Operating profit

	2003 £000	2002 £000
<i>Operating profit is stated after crediting:</i>		
Property rents receivable	610	652
<i>after charging:</i>		
Auditors' remuneration	3	3
Depreciation of fixed assets	1	1
	<u> </u>	<u> </u>

3 Staff numbers and costs

	2003 £000	2002 £000
<i>Employee costs (including directors):</i>		
Wages and salaries	59	69
Social security costs	5	5
Other pension costs	3	1
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

The average number of persons employed by the company during the year (including directors) was:

	2003 Number	2002 Number
Management and administration	5	7
	<u> </u>	<u> </u>

4 Directors' remuneration

None of the directors received any remuneration from the company during the year (2002: £nil).

5 Interest payable

	2003 £000	2002 £000
On bank loans and overdrafts	437	454
	<u> </u>	<u> </u>

Notes (continued)

6 Taxation on profit on ordinary activities

	2003 £000	2002 £000
UK corporation tax at 30% (2002: 30%) on the profit for the year on ordinary activities	3	7
Adjustment in respect of prior year	-	2
	<u>3</u>	<u>9</u>
	<u>2003 £000</u>	<u>2002 £000</u>
Profit on ordinary activities before taxation	10	23
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	3	7
Current tax charge for the period	<u>3</u>	<u>7</u>

7 Tangible fixed assets

	Freehold properties £000	Computer equipment £000	Total £000
Cost			
At 1 April 2002	10,147	2	10,149
Additions	133	-	133
At 31 March 2003	<u>10,280</u>	<u>2</u>	<u>10,282</u>
Depreciation			
At 1 April 2002	-	1	1
Charge in the year	-	1	1
At 31 March 2003	<u>-</u>	<u>2</u>	<u>2</u>
Net book value			
At 31 March 2003	<u>10,280</u>	<u>-</u>	<u>10,280</u>
At 1 April 2002	<u>10,147</u>	<u>1</u>	<u>10,148</u>

Included within freehold properties are investment properties with a book value of £10,280,000 (2002: £10,147,000). These properties were valued at 31 March 2003 by the Company's senior chartered surveyor on the basis of open market value in accordance with the Royal Institution of Chartered Surveyors Statements of Asset Valuation Practice and Guidance Notes.

Notes (continued)

8 Debtors

	2003 £000	2002 £000
Trade debtors	190	213
Other debtors	-	6
Prepayments and accrued income	77	55
	<u>267</u>	<u>274</u>

9 Creditors

	2003 £000	2002 £000
<i>Amounts falling due within one year:</i>		
Bank overdraft	3,212	3,063
Bank loan	5,000	5,000
Trade creditors	67	65
Corporation tax	-	7
Other taxes and social security	24	29
Accruals and deferred income	173	194
	<u>8,476</u>	<u>8,358</u>
<i>Amounts falling due after one year:</i>		
Bank loans	-	-
Other loans	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

The bank loan is repayable in full in March 2004 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.

10 Called up share capital

	2003 £	2002 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted and fully paid</i>		
2 ordinary shares of £1 each	2	2

Notes (continued)

11 Reserves

	Profit and loss account £000
At 1 April 2002	64
Profit for the financial year	7
At 31 March 2003	<u>71</u>

12 Reconciliation of movement in shareholders' funds

	2003 £000	2002 £000
Profit for the financial year	7	14
Shareholders' funds at beginning of year	64	50
Shareholders' funds at end of year	<u>71</u>	<u>64</u>

13 Cash flow statement

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

	2003 £000	2002 £000
Operating profit	447	477
Depreciation	1	1
Decrease/(increase) in debtors	4	(46)
Increase/(decrease) in creditors	(38)	(21)
Net cash flow from operating activities	<u>414</u>	<u>411</u>

ii) Analysis of movement in net debt

	At 1 April 2002 £000	Cash flow £000	At 31 March 2003 £000
Overdraft	(3,063)	(149)	(3,212)
Bank Loan	(5,000)	-	(5,000)
	<u>(8,063)</u>	<u>(149)</u>	<u>(8,212)</u>
Debt falling due after one year	(2,000)	-	(2,000)
	<u>(10,063)</u>	<u>(149)</u>	<u>(10,212)</u>

Notes (continued)

13 Cash flow statement (continued)

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

	2003 £000	2002 £000
Return on investment and servicing of finance		
Interest paid	423	454
	<hr/>	<hr/>
Capital expenditure		
Payments to acquire tangible fixed assets	183	259
	<hr/>	<hr/>

14 Related party transactions

The family interests of Mr TJ Hemmings, who are shareholders in Farringford Limited, have provided a loan of £2,000,000 (2002: £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 £105,000 (2002: £120,000) by Delma Developments Limited for management of the properties to be developed. At 31 March 2003 rentals collected by Whittle Jones Group Limited of £193,000 (2002: £120,000) 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, Northern Trust Company Limited and Delma Developments Limited.

15 Ultimate controlling party

The ultimate controlling party are the family interests of Mr TJ Hemmings.