Farringford Limited

Directors' report and financial statements

Registered number 3127490

31 March 2004

Contents

Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2004.

Principal activities

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

Business review

During the year the company disposed of its interest in the shopping centre site at Hanley.

Results and dividends

The retained profit for the financial year attributable to shareholders is £105,000 *(2003: £7,000)* and has been transferred to reserves. The directors do not recommend the payment of a dividend *(2003: £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.

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

28 January 2005

KPMG

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 3 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

28/01/ 2005

Profit and loss account

for the year ended 31 March 2004

	Note	**2004** **£000**	2003 £000
Turnover	*1*	**642**	700
Cost of sales		**(242)**	(253)
Gross profit		**400**	447
Other operating income	*2*	**27**	-
Operating profit	*3*	**427**	447
Interest payable	*6*	**(318)**	(437)
Profit on ordinary activities before taxation		**109**	10
Taxation on profit on ordinary activities	*7*	**(4)**	(3)
Retained profit for the financial year	*12*	**105**	7

All amounts relate to discontinued 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 2004

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 2004

	Note	2004 £000	2004 £000	2003 £000	2003 £000
Fixed assets					
Tangible assets	*8*		-		10,280
Current assets					
Debtors	*9*	101		267	
Cash at bank and in hand		86		-	
		187		267	
Creditors: amounts falling due within one year	*10*	(11)		(8,476)	
Net current assets/(liabilities)			176		(8,209)
Total assets less current assets			176		2,071
Creditors: amounts falling due after more than one year	*10*		-		(2,000)
Net assets			176		71
Capital and reserves					
Called up share capital	*11*		-		-
Profit and loss account	*12*		176		71
Equity shareholders' funds	*13*		176		71

Approved by the board of directors on 28 January 2005 and signed on its behalf by:

K Bolton
Director

Cash flow statement

for the year ended 31 March 2004

	Note	2004 £000	2003 £000
Net cash flow from operating activities	*14(i)*	**384**	414
Returns on investment and servicing of finance	*14(iii)*	**(318)**	(423)
Taxation		**(75)**	(7)
Capital expenditure	*14(iii)*	**10,307**	(133)
Net cash flow before financing		**10,298**	(149)
Financing		**(7,000)**	-
Increase/(decrease) in cash		**3,298**	(149)

Reconciliation of net cash flow to movement in net debt

for the year ended 31 March 2004

	Note	2004 £000	2003 £000
Increase/(decrease) in cash		**3,298**	(149)
Cash movement from debt		**7,000**	-
Movement in net debt in the year		**10,298**	(149)
Net debt at beginning of the year		**(10,212)**	(10,063)
Cash /(net debt) at end of year	*14(ii)*	**86**	(10,212)

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.

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.

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. 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.

2 Other operating income

Other operating income forms part of the company's normal trading activities and comprises of profit on disposal of assets of £27,000 (2003:nil)

Notes *(continued)*

3 Operating profit

	2004 £000	2003 £000
Operating profit is stated		
after crediting:		
Property rents receivable	**541**	610
after charging:		
Auditors' remuneration	**6**	3
Depreciation of fixed assets	**-**	1

4 Staff numbers and costs

	2004 £000	2003 £000
Employee costs (including directors):		
Wages and salaries	**44**	59
Social security costs	**5**	5
Other pension costs	**2**	3
	51	67

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

	2004 Number	2003 Number
Management and administration	**3**	5

5 Directors' remuneration

None of the directors received any remuneration from the company during the year *(2003: £nil).*

6 Net interest payable

	2004 £000	2003 £000
On bank loans and overdrafts	**322**	437
Interest receivable on bank deposits	**(4)**	-
	318	437

Notes *(continued)*

7 Taxation on profit on ordinary activities

	2004	2003
	£000	£000
UK corporation tax at 30% *(2003: 30%)* on the profit for the year on ordinary activities	**7**	3
Adjustment in respect of prior year	**(3)**	-
	4	3

	2004	2003
	£000	£000
Profit on ordinary activities before taxation	**109**	10
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% *(2003: 30%)*	**33**	3
Effect of profit on disposal of fixed assets not subject to corporation tax	**(34)**	-
Capital allowance less than depreciation	**7**	-
Other short term timing differences	**1**	-
Adjustment in respect of prior year	**(3)**	-
Current tax charge for the period	**4**	3

Notes *(continued)*

8 Tangible fixed assets

	Freehold properties £000	Computer equipment £000	Total £000
Cost			
At 1 April 2003	10,280	2	10,282
Additions	193	-	193
Disposals	(10,473)	(2)	(10,475)
At 31 March 2004	-	-	-
Depreciation			
At 1 April 2003	-	2	2
Charge in the year	-	-	-
Disposals	-	(2)	(2)
At 31 March 2004	-	-	-
Net book value			
At 31 March 2004	**-**	**-**	**-**
At 1 April 2003	10,280	-	10,280

9 Debtors

	2004 £000	2003 £000
Trade debtors	**11**	190
Other debtors	**1**	-
Prepayments and accrued income	**18**	77
Corporation tax	**71**	-
	101	267

Notes *(continued)*

10 Creditors

	2004	2003
	£000	£000
Amounts falling due within one year:		
Bank overdraft	**-**	3,212
Bank loan	**-**	5,000
Trade creditors	**6**	67
Other taxes and social security	**-**	24
Accruals and deferred income	**5**	173
	11	8,476
Amounts falling due after one year:		
Other loans	**-**	2,000
	-	2,000

11 Called up share capital

	2004	2003
	£	£
Authorised		
100 ordinary shares of £1 each	**100**	100
Allotted and fully paid		
2 ordinary shares of £1 each	**2**	2

12 Reserves

	Profit and loss account £000
At 1 April 2003	71
Profit for the financial year	105
At 31 March 2004	176

Notes *(continued)*

13 Reconciliation of movement in shareholders' funds

	2004	2003
	£000	£000
Profit for the financial year	**105**	7
Shareholders' funds at beginning of year	**71**	64
Shareholders' funds at end of year	**176**	71

14 Cash flow statement

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

	2004	2003
	£000	£000
Operating profit	**427**	447
Depreciation	**-**	1
Profit on disposal of fixed assets	**(27)**	-
Decrease in debtors	**237**	4
Increase in creditors	**(253)**	(38)
Net cash flow from operating activities	**384**	414

ii) Analysis of movement in net debt

	At 1 April 2003	**Cash flow**	**At 31 March 2004**
	£000	£000	£000
Overdraft	(3,212)	3,298	86
Bank Loan	(5,000)	5,000	-
	(8,212)	8,298	86
Debt falling due after one year	(2,000)	2,000	-
	(10,212)	10,298	86

Notes *(continued)*

14 Cash flow statement (continued)

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

	2004 £000	2003 £000
Return on investment and servicing of finance		
Interest paid	**(322)**	(423)
Interest received	**4**	-
	(318)	(423)
Capital expenditure		
Payments to acquire tangible fixed assets	**(193)**	(133)
Proceeds from sale of tangible fixed assets	**10,500**	-
	10,307	(133)

15 Related party transactions

During the year the company was charged fees of £75,000 *(2003: £105,000)* by Delma Developments Limited for management of the properties to be developed. At 31 March 2004 rentals collected by Whittle Jones Group Limited of £24,000 *(2003: £193,000)* were owed to the company. The family interests of Mr TJ Hemmings are shareholders in both the company and Northern Trust Group Limited, the parent undertaking of Whittle Jones Group Limited, Northern Trust Company Limited and Delma Developments Limited.

16 Ultimate controlling party

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