Farringford Limited

Directors' report and financial statements

Registered number 3127490

31 March 2002

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Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2002.

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 £14,000 *(2001: £12,000)* and has been transferred to reserves. The directors do not recommend the payment of a dividend *(2001: £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

Pursuant to a shareholders' resolution the company is not obliged to re-appoint its auditors annually.

Following the year end the business of KPMG was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 17 October 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising.

By order of the board

K Bolton
Director

Lynton House
Ackhurst Park
CHORLEY
Lancashire
PR7 1NY

29 January 2003

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 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 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 2002 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

29/01/ 2003

Profit and loss account

for the year ended 31 March 2002

	Note	**2002**	2001
		£000	£000
Turnover	*1*	**764**	830
Cost of sales		**(287)**	(313)
Gross profit		**477**	517
Administrative expenses		**-**	-
Operating profit	*2*	**477**	517
Interest payable	*4*	**(454)**	(505)
Profit on ordinary activities before taxation		**23**	12
Taxation on profit on ordinary activities	*5*	**(9)**	-
Retained profit for the financial year	*10*	**14**	12

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 2002

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 2002

	Note	2002 £000	2002 £000	2001 £000	2001 £000
Fixed assets					
Tangible assets	*6*		**10,148**		9,890
Current assets					
Debtors	*7*	**274**		228	
Creditors: amounts falling due within one year	*8*	**(8,358)**		(3,068)	
Net current liabilities			**(8,084)**		(2,840)
Total assets less current liabilities			**2,064**		7,050
Creditors: amounts falling due after more than one year	*8*		**(2,000)**		(7,000)
Net assets			**64**		50
Capital and reserves					
Called up share capital	*9*		**-**		-
Profit and loss account	*10*		**64**		50
Equity shareholders' funds	*11*		**64**		50

Approved by the board of directors on 29 January 2003 and signed on its behalf by:

K Bolton
Director

Cash flow statement

for the year ended 31 March 2002

	Note	2002 £000	2001 £000
Net cash flow from operating activities	*12(i)*	**411**	398
Returns on investment and servicing of finance	*12(iii)*	**(454)**	(505)
Taxation		**(2)**	(4)
Capital expenditure	*12(iii)*	**(259)**	(1,306)
Net cash outflow before financing		**(304)**	(1,417)
Financing		**-**	-
Decrease in cash		**(304)**	(1,417)

Reconciliation of net cash flow to movement in net debt

for the year ended 31 March 2002

	Note	2002 £000	2001 £000
Decrease in cash		**(304)**	(1,417)
Cash inflow from increase in debt	*12(ii)*	**-**	-
Movement in net debt in the year		**(304)**	(1,417)
Net debt at beginning of the year		**(9,759)**	(8,342)
Net debt at end of year		**(10,063)**	(9,759)

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. The directors have adopted the requirements of Financial Reporting Standard Number 19 ("FRS 19"): Deferred Taxation, during the current year. This has not had any material impact on the company and it has not been necessary for the comparative figures to be restated. Additional disclosure has been provided where appropriate.

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 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

	2002	2001
	£000	£000
Operating profit is stated		
after crediting:		
Property rents receivable	**652**	697
after charging:		
Auditors' remuneration	**3**	5
Depreciation of fixed assets	**1**	-

3 Staff numbers and costs

The only persons employed by the company during the year were the directors, none of whom received any remuneration *(2001: £nil)*.

4 Interest payable

	2002	2001
	£000	£000
On bank loans and overdrafts	**454**	505

5 Taxation on profit on ordinary activities

	2002	2001
	£000	£000
UK corporation tax at 30% *(2001: 30%)* on the profit for the year on ordinary activities	**7**	-
Adjustment in respect of prior year	**2**	-
	9	-

	2002	2001
	£000	£000
Profit on ordinary activities before taxation	**23**	12
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% *(2001: 30%)*	7	4
Effects of:		
Losses brought forward	-	(4)
Current tax charge for the period	7	-

Notes *(continued)*

6 Tangible fixed assets

	Freehold property £000	Computer equipment £000	Total £000
Cost			
At 1 April 2001	9,888	2	9,890
Additions	259	-	259
At 31 March 2002	10,147	2	10,149
Depreciation			
At 1 April 2001	-	-	-
Charge in the year	-	1	1
At 31 March 2002	-	1	1
Net book value			
At 31 March 2002	**10,147**	**1**	**10,148**
At 1 April 2001	9,888	2	9,890

Included within freehold property is an investment property with a book value of £10,147,000 *(2001: £9,888,000)*. This property was valued at 31 March 2002 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

	2002 £000	2001 £000
Trade debtors	**213**	209
Other debtors	**6**	-
Prepayments and accrued income	**55**	19
	274	228

Notes *(continued)*

8 Creditors

	2002	2001
	£000	£000
Amounts falling due within one year:		
Bank overdraft	**3,063**	2,759
Bank loan	**5,000**	-
Trade creditors	**65**	57
Corporation tax	**7**	-
Other taxes and social security	**29**	13
Accruals and deferred income	**194**	239
	8,358	3,068
Amounts falling due after one year:		
Bank loans	**-**	5,000
Other loans	**2,000**	2,000
	2,000	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

	2002	2001
	£	£
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 2001	50
Profit for the financial year	14
At 31 March 2002	64

Notes *(continued)*

11 Reconciliation of movement in shareholders' funds

	2002 £000	2001 £000
Profit for the financial year	14	12
Shareholders' funds at beginning of year	50	38
Shareholders' funds at end of year	64	50

12 Cash flow statement

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

	2002 £000	2001 £000
Operating profit	477	517
Depreciation	1	-
(Increase)/decrease in debtors	(46)	37
Decrease in creditors	(21)	(156)
Net cash flow from operating activities	411	398

ii) Analysis of movement in net debt

	At 1 April 2001 £000	Cash flow £000	Other changes £000	At 31 March 2002 £000
Overdraft	(2,759)	(304)	-	(3,063)
Bank Loan	-	-	(5,000)	(5,000)
	(2,759)	(304)	(5,000)	(8,063)
Debt falling due after one year	(7,000)	-	5,000	(2,000)
	(9,759)	(304)	-	(10,063)

Notes *(continued)*

12 Cash flow statement *(continued)*

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

	2002 £000	2001 £000
Return on investment and servicing of finance		
Interest paid	**454**	505
Capital expenditure		
Payments to acquire tangible fixed assets	**259**	1,306

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 *(2001: £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 £120,000 *(2001: £100,000)* by Delma Developments Limited and £nil *(2001: £20,000)* by Northern Trust Limited for management of the properties to be developed. At 31 March 2002 rentals collected by Whittle Jones Group Limited of £241,000 *(2001: £223,000)* 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.