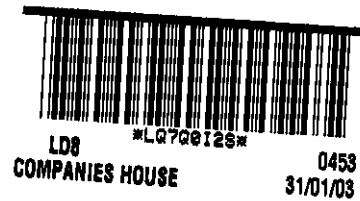


**RIDGEFORD PROPERTIES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2002**



**Horwath Clark Whitehill**

Horwath Clark Whitehill  
*Chartered Accountants*  
25 New Street Square  
London EC4A 3LN, UK  
Tel: +44 (0)20 7353 1577  
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**RIDGEFORD PROPERTIES LIMITED**  
**DIRECTOR'S REPORT**  
**YEAR ENDED 31 MARCH 2002**

---

**DIRECTOR**        C T Murray

The sole director has pleasure in presenting his report and the audited financial statements for the year ended 31 March 2002.

**RESULTS**

The loss after taxation amounted to £1,985,545 (2001: profit £813,568) and was transferred to reserves. The director did not recommend the payment of a dividend.

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the company is that of property managers and developers.

**DIRECTOR AND HIS INTERESTS**

The director has no beneficial interest in the share capital of the company.

**DONATIONS**

During the year the group made donations totalling £5,744 to various charitable organisations.

**AUDITORS**

In accordance with section 385 of the Companies Act 1985 a resolution proposing the reappointment of Horwath Clark Whitehill as auditors to the company will be put to the Annual General Meeting.

By Order of the Board



Secretary

# **RIDGEFORD PROPERTIES LIMITED**

## **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

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Company law requires the director to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of the profit or loss for that period. In preparing those accounts the director is 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 accounts.
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF RIDGEFORD  
PROPERTIES LIMITED**

We have audited the financial statements of Ridgeford Properties Limited for the year ended 31 March 2002 set out on pages 4 to 15. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Horwath Clark Whitehill  
Chartered Accountants  
25 New Street Square  
London EC4A 3LN, UK  
Tel: +44 (0)20 7353 1577  
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DX: 0014 London Chancery Lane  
www.horwathcw.com

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 judgments 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.

**Going concern**

In forming our opinion we have considered the adequacy of the disclosures made in the accounts concerning the possible outcome of renegotiation of the company's term and revolving loans. The accounts have been prepared on a going concern basis, validity of which depends on future funding being available. The accounts do not contain any adjustments that would result from a failure to obtain funding. Details of the circumstances relating to the fundamental uncertainty are described in note 24. Our opinion is not qualified in this respect.

**Unqualified 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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors  
Date 29/1/03

25 New Street Square  
London  
EC4A 3LN

**RIDGEFORD PROPERTIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2002**

	Notes	2002 £	2001 £
<b>TURNOVER</b>	2	<b>211,154</b>	<b>14,729,428</b>
Cost of sales		<u>(1,737,638)</u>	<u>(13,300,712)</u>
<b>GROSS PROFIT</b>		<b>(1,526,484)</b>	<b>1,428,716</b>
Administrative expenses		<u>(637,365)</u>	<u>(339,807)</u>
		<b>(2,163,849)</b>	<b>1,088,909</b>
Other income		<u>-</u>	<u>4,387</u>
<b>OPERATING (LOSS)/PROFIT</b>	3	<b>(2,163,849)</b>	<b>1,093,296</b>
Interest receivable		<b>44,260</b>	<b>23,224</b>
Interest payable		<u>(125,725)</u>	<u>(34,190)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(2,245,314)</b>	<b>1,082,330</b>
Tax on profit on ordinary activities	4	<u><b>259,769</b></u>	<u>(268,762)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	15	<u><b>(1,985,545)</b></u>	<u><b>813,568</b></u>

The profit and loss account contains all the gains and losses of the company recognised in the current and proceeding year and the result in these years represent the only movement in shareholders' funds.

The notes on pages 7 to 16 form part of these financial statements.

**RIDGEFORD PROPERTIES LIMITED**  
**BALANCE SHEET**  
**31 MARCH 2002**

	Notes	2002 £	2001 £
<b>FIXED ASSETS</b>			
Tangible assets	7	56,251	38,645
Investments	8	5,952	2
		<u>62,203</u>	<u>38,647</u>
<b>CURRENT ASSETS</b>			
Stock and work in progress	9	11,872,626	7,347,557
Debtors	10	335,991	310,925
Cash at bank and in hand	11	3,048,738	1,152,925
		<u>15,257,355</u>	<u>8,811,407</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(8,688,938)</u>	<u>(1,854,181)</u>
<b>NET CURRENT ASSETS</b>		<u>6,568,417</u>	<u>6,957,226</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,630,620</u>	<u>6,995,873</u>
<b>CREDITORS: amounts falling due after one year</b>	13	<u>(7,512,864)</u>	<u>(5,892,572)</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>(882,244)</u>	<u>1,103,301</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	100	100
Profit and loss account	15	<u>(882,344)</u>	<u>1,103,201</u>
<b>SHAREHOLDERS' FUNDS – All equity</b>	16	<u>(882,244)</u>	<u>1,103,301</u>

Approved by the Board on 29/1/03  
and signed on its behalf by:

 Directors

The notes on pages 7 to 15 from part of these financial statements.

**RIDGEFORD PROPERTIES LIMITED**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 31 MARCH 2002**

	Notes	2002 £	2001 £
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	17	<b>(5,601,620)</b>	<b>6,440,037</b>
Returns on investments and servicing of finance	18	<b>(84,154)</b>	<b>(10,964)</b>
Taxation		<b>(250,571)</b>	<b>(268,809)</b>
Capital expenditure and financial investment	18	<b>(42,242)</b>	<b>(21,023)</b>
<b>CASH (OUTFLOW)/INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		<b>5,978,587</b>	<b>6,139,241</b>
Financing	18	<b>(7,874,400)</b>	<b>(5,960,445)</b>
<b>INCREASE IN CASH IN THE YEAR</b>		<b><u>1,895,813</u></b>	<b><u>178,796</u></b>

The notes on pages 13 and 14 form part of the cash flow statement

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2002**

---

**1. ACCOUNTING POLICIES**

**a) Basis of Accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

**b) Investments**

Investment properties are included in the balance sheet at their open market value.

**c) Depreciation**

Depreciation is provided on all tangible fixed assets in use, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Office equipment	- 25% p.a. straight line
Fixtures and fittings	- 25% p.a. straight line
Motor vehicle	- 25% p.a. straight line

**d) Foreign Currencies**

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

**e) Stock and Work in Progress**

Development land and buildings are stated at the lower of cost, which includes interest, exchange gains and losses on a foreign currency loan and a proportion of administration expenses incurred on specific projects, and net realisable value.

**f) Hire Purchase**

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets. Assets acquired by hire purchase are depreciated over their useful lives. Hire purchase leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**g) Operating Leases**

Rentals application to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

**h) Deferred Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.



**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 MARCH 2002**

**1. ACCOUNTING POLICIES (continued)**

**i) Deep Discount Bonds**

The premium on redemption of deep discount bonds is calculated and charged to the profit and loss account each year on the basis of the company's maximum liability should the bonds be redeemed at the balance sheet date. The bonds are categorised by year of falling due for redemption, in accordance with the earliest redemption dates available to the bondholders.

**j) Exemption From Consolidation**

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These accounts therefore represent information about the company as an individual undertaking and not about its group entities in which the group holds an interest on a long term basis and are jointly controlled by the company and one or more other ventures. In the accounts, joint ventures are accounted for using the gross equity method.

**2. TURNOVER**

Turnover represents the net amount invoiced to customers less trade discounts, excluding value added tax and sales of fixed assets. The turnover is wholly attributable to the company's main activity within the United Kingdom.

**3. OPERATING LOSS**

Operating loss is stated after charging:	<b>2002</b>	<b>2001</b>
	£	£
Depreciation	13,193	16,983
Auditors' remuneration	6,000	6,000
Write down of investment	15,000	-
Write down of development stock	<u>1,649,984</u>	<u>-</u>

**4. TAX ON LOSS ON ORDINARY ACTIVITIES**

Based on the (loss)/profit for the year:		
Corporation tax at 30%	(250,571)	259,769
(Over)/under provision from previous year	<u>(9,198)</u>	<u>8,993</u>
	<u>(259,769)</u>	<u>268,762</u>

After utilising current year tax losses against the 2001 taxable profit there are approximately £1,075,000 of tax losses which may be utilised against future trading profits.

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 MARCH 2002**

**5. STAFF COSTS**

	2002 £	2001 £
Staff costs, including director's remuneration, were as follows:		
Wages and salaries	278,801	128,365
Pension costs	9,730	11,801
Social security costs	32,062	12,366
	<u>320,593</u>	<u>152,532</u>

The average monthly number of employees, including directors during the year was as follows:

	No.	No.
Administration	<u>5</u>	<u>5</u>

**6. DIRECTOR'S REMUNERATION**

	2002 £	2001 £
Aggregate emoluments	<u>199,693</u>	<u>51,041</u>

CT Murray was the only director who served during the year and the director's remuneration relates solely to him.

**7. TANGIBLE FIXED ASSETS**

	Horse Stock	Office Equipment £	Fixtures and Fittings £	Motor Vehicle £	Total £
<b>Cost</b>					
At 1 April 2001	7,800	26,415	3,725	29,995	67,935
Additions	-	9,932	-	45,710	55,642
Transfer to investments/disposals	(7,800)	-	-	(29,995)	(37,795)
<b>At 31 March 2002</b>	<u>-</u>	<u>36,347</u>	<u>3,725</u>	<u>45,710</u>	<u>85,782</u>
<b>Depreciation</b>					
At 1 April 2001	1,950	12,846	3,492	11,002	29,290
Charge for the year	-	7,922	136	5,135	13,193
Transfer to investments/disposals	(1,950)	-	-	(11,002)	(12,952)
<b>At 31 March 2002</b>	<u>-</u>	<u>20,768</u>	<u>3,628</u>	<u>5,135</u>	<u>29,531</u>
<b>Net book value</b>					
At 31 March 2002	<u>-</u>	<u>15,579</u>	<u>97</u>	<u>40,575</u>	<u>56,251</u>
At 31 March 2001	<u>5,850</u>	<u>13,569</u>	<u>233</u>	<u>18,993</u>	<u>38,645</u>

Assets held under hire purchase agreement included above:

Net book value:	
31 March 2002	<u>40,575</u>
Depreciation for the year	<u>5,135</u>

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 MARCH 2002**

8. INVESTMENTS	2002 £	2001 £
Shares in subsidiary undertakings	102	2
Race horse	<u>5,850</u>	<u>-</u>
	<u>5,952</u>	<u>2</u>

**a) Investment in subsidiary undertaking**

The investment in the subsidiary undertakings represents shares in the following wholly owned subsidiaries:

**Ridgeford Properties Management Limited**

The investment in Ridgeford Properties Management Limited, a company registered in England and Wales, comprises 2 ordinary shares of £1 each. The company is not listed and its main activity is that of property management.

The following information relates to Ridgeford Properties Management Limited:

Aggregate amount of capital and reserves	74,080	57,478
Profit for the financial year	<u>16,602</u>	<u>57,476</u>

**Ridgeford Properties (Tokenhouse Yard) Limited**

A company registered in England and Wales, comprising 100 ordinary shares of £1. The company is not listed and was dormant during the year. The date of incorporation was 23 October 2001. The company acts as nominee for a joint venture and holds 50% of the issued share capital of Tokenhouse Yard Limited and Tokenhouse Yard (trustee no. two) Limited which act as corporate trustees in respect of the legal title to property. Ridgeford Properties (Tokenhouse Yard) Limited and its two associated companies do not trade in their own right but act as nominee and trustees respectively for Ridgeford Properties Limited.

The following information relates to Ridgeford Properties (Tokenhouse Yard) Limited at 31 March 2002:

	2002 £
Aggregate amount of capital and reserves	100
Profit for the financial year	<u>-</u>

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 MARCH 2002**

9. STOCK AND WORK IN PROGRESS	2002 £	2001 £
Development land and buildings	<u>11,872,626</u>	<u>7,347,557</u>

Development land and buildings includes attributable interest, which amounts to £640,475 (2001: £165,546).

**10. DEBTORS**

Trade debtors	4,619	13,075
Amounts owed by group undertakings	17,281	34,140
Other debtors	63,520	258,486
Prepayments	-	5,224
Corporation tax recoverable	<u>250,571</u>	<u>-</u>
	<u>335,991</u>	<u>310,925</u>

**11. CASH IN BANK AND IN HAND**

Included within the cash balances are deposits of £2,850,000 which are held by the company's bankers as additional security in respect of development loans.

**12. CREDITORS - amounts falling due within one year**

	2002 £	2001 £
Bank loans (secured on property)	1,733,532	-
Loan from group undertakings	707,405	-
Other loans (secured on property)	5,357,910	1,546,289
Trade creditors	272,228	4,334
Obligations under hire purchase agreements	6,429	4,879
Other taxes and social security costs	81,284	28,741
Corporation tax	-	259,769
Other creditors	525,150	5,169
Accruals and deferred income	<u>5,000</u>	<u>5,000</u>
	<u>8,688,938</u>	<u>1,854,181</u>

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 MARCH 2002**

<b>13. CREDITORS:</b> amounts falling due after one year	<b>2002</b> £	<b>2001</b> £
Secured deep discount bond	4,790,982	4,426,228
Bank loans (secured on property and cash deposits)	2,695,000	1,450,048
Obligations under hire purchase agreements	<u>26,882</u>	<u>16,296</u>
	<u><b>7,512,864</b></u>	<u><b>5,892,572</b></u>

The redemption date for the deep discount bond (which is secured on property) is 1 June 2003 for the sum of £5,216,864.

The bank loans above are repayable within one to two years of the balance sheet date.

The obligations under hire purchase agreements repayable between one and two years amount to £6,446. Those falling due after more than two years amount to £20,436, of which £5,091 is repayable after more than five years.

**14. CALLED UP SHARE CAPITAL**

**Authorised**

100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
--------------------------------	------------	------------

**Allotted, called up and fully paid**

100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
--------------------------------	------------	------------

**15. PROFIT AND LOSS ACCOUNT**

	<b>2002</b> £
At 1 April 2001	1,103,201
Loss for the year	<u>(1,985,545)</u>
At 31 March 2002	<u><b>(882,344)</b></u>

**16. SHAREHOLDERS FUNDS**

At 1 April 2001	1,103,301
Loss for the year	<u>(1,985,545)</u>
At 31 March 2002	<u><b>(882,244)</b></u>

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 MARCH 2002**

**17. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2002 £	2001 £
Operating loss/profit	(2,163,849)	1,093,296
Hire purchase interest	2,689	-
Depreciation of tangible fixed assets	13,193	16,983
Loss on disposal of tangible fixed assets	5,493	-
Decrease/(increase) in debtors	225,505	214,911
(Increase)/decrease in stocks	(4,525,069)	5,454,502
Increase/(decrease) in creditors	840,418	(339,655)
<b>Net cash (outflow)/inflow from operating activities</b>	<b><u>(5,601,620)</u></b>	<b><u>6,440,037</u></b>

**18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2002 £	2001 £
<b>Returns on investments and servicing of finance</b>		
Interest received	44,260	23,224
Interest paid	(128,414)	(34,188)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b><u>(84,154)</u></b>	<b><u>(10,964)</u></b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(55,642)	(21,023)
Purchase of fixed asset investments	(5,950)	-
Sale of tangible fixed assets	19,350	-
<b>Net cash outflow from capital expenditure</b>	<b><u>42,242</u></b>	<b><u>(21,023)</u></b>
<b>Financing</b>		
Draw down of loans	8,167,308	-
Repayment of loans	(287,308)	(5,959,658)
Capital element of finance lease rentals	(5,600)	(786)
<b>Net cash inflow/(outflow) from financing</b>	<b><u>7,874,400</u></b>	<b><u>(5,960,444)</u></b>

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2002**

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	2002 £	2001 £
Increase in cash in the year	1,895,813	178,796
(Increase)/decrease in debt and lease financing	<u>(7,874,400)</u>	<u>5,960,444</u>
<b>Movement in net debt in the period</b>	<b>(5,978,587)</b>	<b>6,139,240</b>
Net debt at 1 April 2001	<u>(6,290,815)</u>	<u>(12,430,055)</u>
<b>Net debt at 31 March 2002</b>	<b><u>(12,269,402)</u></b>	<b><u>(6,290,815)</u></b>

**20. ANALYSIS OF NET DEBT**

	1 April 2001 £	Cash flows £	Other non- cash adjustments £	Exchange movement £	31 March 2002 £
<b>Net cash</b>					
Cash at bank and in hand	<u>1,152,925</u>	<u>1,895,813</u>	<u>-</u>	<u>-</u>	<u>3,048,738</u>
<b>Debt:</b>					
Hire purchase leases	(21,175)	5,600	(17,736)	-	(33,311)
Debt due within one year	(1,546,289)	(6,198,716)	-	(53,842)	(7,798,847)
Debt due after one year	<u>(5,876,276)</u>	<u>(1,609,706)</u>	<u>-</u>	<u>-</u>	<u>(7,485,982)</u>
	<u>(7,443,740)</u>	<u>(7,802,822)</u>	<u>(17,736)</u>	<u>(53,842)</u>	<u>(15,318,140)</u>
<b>Net debt</b>	<u>(6,290,815)</u>	<u>(5,907,009)</u>	<u>(17,736)</u>	<u>(53,842)</u>	<u>(12,269,402)</u>

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2002**

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**21. RELATED PARTY TRANSACTIONS**

During the year the group entered into transactions, in the ordinary course of business, with other related parties as follows:

**Ridgeford Properties Management Limited (wholly owned subsidiary)**

The company incurred costs of £64,833 which were recharged to Ridgeford Properties Management Limited. At the year end that company owed Ridgeford Properties Limited £17,280 (2001, £34,140).

**Ridgeford Properties (Tokenhouse Yard) Limited (nominee, wholly owned subsidiary)**

The company incurred costs as nominee for Ridgeford Properties Limited of £3,864,364 (2001, £nil).

**City Gate International Limited (parent company)**

Loans from that company including interest thereon were outstanding at the year end in the sum of £707,405 (2001 £789,975).

**22. ULTIMATE PARENT COMPANY**

On 7 August 2001 Ridgeford Properties Limited became a wholly owned subsidiary of City Gate International Limited. This company is registered in Canada.

The director considers City Gate International Limited to be the Company's ultimate and immediate parent company.

**23. CONTINGENT LIABILITIES**

The company is party to a guarantee for the bank borrowings of a venture in which it is engaged. Should the other parties to the guarantee be unable to satisfy their amount owing to the bank then Ridgeford Properties Limited would be exposed at 31 March 2002 to a further £2,695,000 of bank borrowings which are not included within these accounts.

**24. GOING CONCERN AND DEVELOPMENT FUNDING**

The company has a deficiency of assets and relies significantly on short term revolving loans or term loans expiring at the end of the development period to fund its development.

The company therefore has to frequently renegotiate its loan facilities or extend them if the construction or sale of the development project is delayed. The company is confident that it can continue to renegotiate its development loans so that it can successfully complete all its current development projects. However until such loans are renegotiated there can be no certainty of this fact. The Directors are satisfied that the company can trade profitably in the future and thus the deficiency in shareholders' funds will be extinguished.