

GALLAGHER BATHGATE LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 2000

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GALLAGHER BATHGATE LIMITED

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GALLAGHER BATHGATE LIMITED

DIRECTOR'S REPORT

The director presents his report and audited accounts for the period to 31 December 2000.

INCORPORATION

The company was incorporated as a private limited company on 29 September 1999 when 2 £1 ordinary shares were issued for a consideration of £2 cash.

ACTIVITIES

The principal activity of the company is that of property development.

RESULTS

The company commenced trading on 29 September 1999.

The results for the financial period are satisfactory as are future prospects.

The loss for the period after tax was £240,000 and this is transferred to reserves.

DIVIDEND

The director does not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

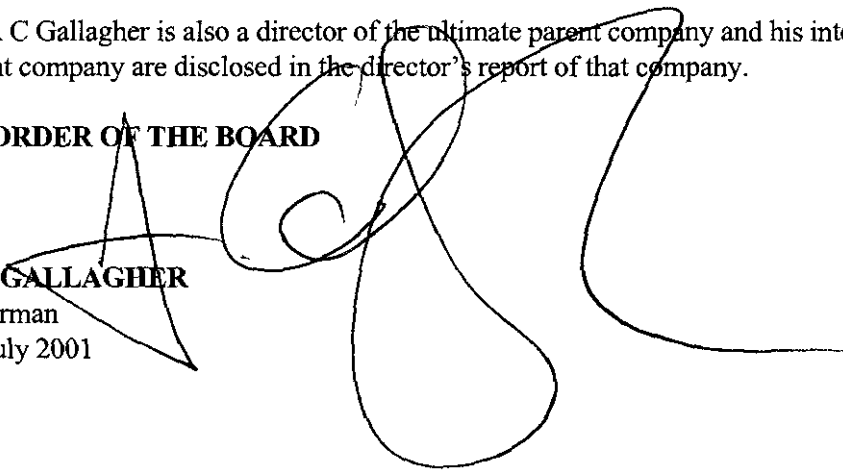
The members of the board who served during the period to 31 December 2000 were:-

A C Gallagher	Chairman	Appointed 29 September 1999
H P D Glaister		Appointed 29 September 1999 Deceased 14 January 2000

Mr A C Gallagher is also a director of the ultimate parent company and his interests in the shares of the ultimate parent company are disclosed in the director's report of that company.

BY ORDER OF THE BOARD

A C GALLAGHER
Chairman
27 July 2001



GALLAGHER BATHGATE LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES FOR THE ACCOUNTS

The director is required by UK company law to prepare accounts for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The director confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the period ended 31 December 2000. The director also confirms that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The director is responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF GALLAGHER BATHGATE LIMITED

We have audited the accounts on pages 3 to 8.

Respective responsibilities of director and auditors

The director is responsible for preparing the Annual Report. As described above, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the director's report is not consistent with the accounts, 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 the director's remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS

Chartered Accountants and Registered Auditors
Birmingham, 27 July 2001

GALLAGHER BATHGATE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2000**

	Notes	15 Months ended 31 December 2000 £000
TURNOVER		33
NET OPERATING EXPENSES	2	<u>(376)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(343)
TAX	3	<u>103</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAX		<u>(240)</u>
RETAINED LOSS AT 31 DECEMBER 2000		<u>(240)</u>

All operations are of a continuing nature.

There were no recognised gains or losses other than the result above.

The loss based on historical cost is no different from the loss above.

GALLAGHER BATHGATE LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	Notes	2000 £000
CURRENT ASSETS		
Work in progress		3,500
Debtors	4	<u>48</u>
		3,548
CREDITORS		
Amounts falling due within one year	5	<u>(3,788)</u>
NET LIABILITIES		<u>(240)</u>
CAPITAL AND RESERVES		
Called up share capital	6	-
Profit and loss account		<u>(240)</u>
EQUITY SHAREHOLDER'S DEFICIT	7	<u>(240)</u>

APPROVED BY THE BOARD ON 27 JULY 2001

A C GALLAGHER
Chairman

GALLAGHER BATHGATE LIMITED

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

ACCOUNTING BASIS

The accounts have been prepared under the historical cost convention in accordance with applicable UK accounting standards.

The accounting policies set out below have been consistently applied.

(a) TURNOVER

Turnover represents the value of goods supplied, work done and services rendered, excluding value added tax.

(b) WORK IN PROGRESS

Work in progress, which includes land held for development, is valued at the lower of cost and net realisable value.

(c) CASH FLOW STATEMENT

The company is a wholly-owned subsidiary of J J Gallagher Limited and is included in the consolidated accounts of A C Gallagher Holdings Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised).

(d) GOING CONCERN

Notwithstanding the fact that at 31 December 2000 the company had net liabilities and made a loss for the period, the accounts have been prepared on a going concern basis as the company has received confirmation of financial support from the parent company and its shareholder.

GALLAGHER BATHGATE LIMITED

NOTES ON THE ACCOUNTS

15 Months to
31 December 2000
£000

2. NET OPERATING EXPENSES

Net operating expenses comprise:

Cost of sales	521
Administration expenses	2
Other operating income	(147)
	<hr/>
	376
	<hr/>

Net operating expenses are stated after charging:

£000

Auditors' remuneration - audit

1

Number

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

1

£000

Staff costs (including directors)

Nil

3. TAXATION

£000

Group relief receivable

103

103

GALLAGHER BATHGATE LIMITED

NOTES ON THE ACCOUNTS

4. DEBTORS 2000 £000

Due within one year:	
Trade debtors	8
Due from group undertakings	40
	<hr/> 48

5. CREDITORS due within one year £000

Trade creditors	155
Amounts due to group undertakings	3,633
	<hr/> 3,788

6. SHARE CAPITAL £

Ordinary shares of £1 each:

Authorised	10,000
	<hr/>
Allotted, called up and fully paid	2
	<hr/>

Two ordinary shares were issued for cash at par on incorporation.

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	£000
Loss on ordinary activities after tax	(240)
Shareholder's funds on incorporation	<hr/> -
Closing shareholder's deficit	<hr/> (240)

GALLAGHER BATHGATE LIMITED

NOTES ON THE ACCOUNTS

8. PARENT COMPANY

Gallagher Bathgate Limited is a wholly owned susidiary of J J Gallagher Limited, (incorporated in England and Wales). Its ultimate parent company is A C Gallagher Holdings Limited, (incorporated in England and Wales).

The ultimate controlling party of the company is Mr A C Gallagher by virtue of his ownership of the majority of the issued share capital in the ultimate parent company.

9. RELATED PARTY TRANSACTIONS

All of the subsidiaries of A C Gallagher Holdings Limited are wholly owned and transactions between group companies are not disclosed. There are no other related party disclosures to be made concerning the period ended 31 December 2000.