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GREGORY PROPERTY HOLDINGS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2003

Registered number: 04184646

FIRTH PARISH

CHARTERED ACCOUNTANTS

BRADFORD



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GREGORY PROPERTY HOLDINGS LIMITED

FINANCIAL STATEMENTS

for the year ended 31 December 2003

CONTENTS

	Page
Company information	1
Chairman's statement	2
Directors' report	3
Statement of directors' responsibilities	4
Auditors' report	5
Consolidated profit and loss account	6
Statement of total recognised gains and losses	7
Consolidated balance sheet	8
Balance sheet	9
Consolidated cash flow statement	10
Notes	11 - 25

The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix	1
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COMPANY INFORMATION

31 December 2003

CHAIRMAN

G B Gregory

OTHER DIRECTORS

C E Gregory
T R Gurney

SECRETARY

M Robertson

REGISTERED OFFICE

2 The Embankment
Sovereign Street
LEEDS
LS1 5GP

BANKERS

Barclays Bank Plc
P O Box 190
Minerva House
29 East Parade
LEEDS
LS1 5TW

Yorkshire Bank Plc
Leeds Regional Business Centre
4 Victoria Place
Manor Road
LEEDS
LS11 5AE

AUDITORS

Firth Parish
Chartered Accountants
5 Eldon Place
BRADFORD
BD1 3AU

GREGORY PROPERTY HOLDINGS LIMITED**CHAIRMAN'S STATEMENT**

The Group achieved a pre-tax profit of £315K (£40K) for 2003 with turnover higher and increased general activity compared to last year: added to which there has been an increase in Equity Shareholders' funds to £3.275m which together assists the Group in moving further forward in 2004.

Commercial demand improved slightly in 2003, particularly in the retail sector, although there are signs of the office and industrial markets picking up, perhaps to encouraging levels.

We formed a Joint Company with Modus Properties to assemble and develop a retail and residential project in Glossop for which full planning permission has been granted. Legal completion of the land purchase will occur next month followed by a start on site. Tenants include Focus, Next, Argos, KFC and Brantano Shoes.

We have contracted to buy, subject to retail planning consent, a site in Burnley for a Homebase development. The development will be undertaken within a second Modus Joint venture company.

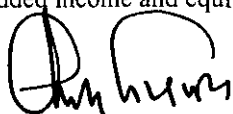
We sold our Joint Venture shares in Miller Gregory (Whitehall) to Miller last year whilst initiating with them a major town centre project in Halifax where preferred developer status has been awarded.

With Keyland our two York ventures have progressed: phase one of Centurion Office Park was built and marketing commenced: whilst at Foss Islands Road the proposed retail park has moved a step forward by our entering into a Conditional Development Agreement with City of York Council and exchanging a Sale Agreement with Wm Morrisons for their first superstore in the city.

Dixon Gregory has secured planning permission for its Teesway Park Stockton on Tees project and sold four acres of serviced land to Pendragon plc.

With regard to Horsforth Office Park Limited it has changed tack and recently obtained residential planning permission in place of carrying out an office park development. The change followed finalisation of land assembly. Miller Homes contracted, in July last year, to purchase the site with legal completion expected a year hence. It follows that part of the profit for this transaction belongs in 2003. A similar result may arise at Morley, Leeds where Chartists Development Co has added to its land contracts and changed policy to switch from retail and residential to wholly residential (subject to planning).

Investment wise we completed, let and sold Sandbeck Way, Wetherby and Stoneferry Trade Park, Hull last year. Conversely, we secured an industrial pre-letting at our Radial One site in Cross Green, Leeds for 34,000 sq ft which will be retained for added income and equity.



G B GREGORY

CHAIRMAN

15 July 2004

DIRECTORS' REPORT

31 December 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal activities

The principal activity of the company is that of a holding company.

The principal activities of the group are property development, property investment, project management, refurbishment and the purchase and sale of land.

Business review

The consolidated balance sheet as detailed on page 8 shows a satisfactory position, shareholders' funds amounting to £3,275,428.

Profit, dividends and appropriations

An ordinary dividend amounting to £100,000 is to be proposed. The balance of the profit for the year is to be transferred to reserves.

Fixed assets

Changes in fixed assets during the period and are set out in the notes to the accounts as follows

Tangible fixed assets	-	note 13
Investment properties	-	note 13
Fixed asset investments	-	note 14

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts.

Directors

The directors of the company during the period and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	Ordinary shares of £1 each	
	31 December 2003	1 January 2003

G B Gregory	-	-
C E Gregory	-	-
T R Gurney	-	-

The interests of the directors in the parent company Norwood Securities Limited are shown in that company's financial statements.

DIRECTORS' REPORT

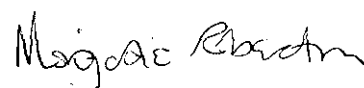
31 December 2003

Auditors

Firth Parish have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board

2 The Embankment
Sovereign Street
LEEDS



15 July 2004

M Robertson
Secretary

GREGORY PROPERTY HOLDINGS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 of the company for that period. In preparing those financial statements we are required to:

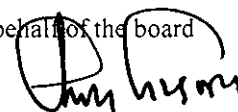
- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

15 July 2004

On behalf of the board



G B Gregory

GREGORY PROPERTY HOLDINGS LIMITED**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF GREGORY PROPERTY HOLDINGS LIMITED**

We have audited the financial statements of Gregory Property Holdings Limited on pages 6 to 25 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body in accordance with Sections 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 the directors and auditors

As described in the statement of directors' responsibilities on page 4 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 opinion

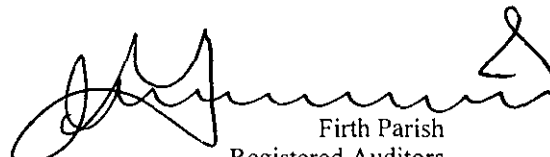
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 affairs of the company and of the group as at 31 December 2003 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BRADFORD
15 July 2004



Firth Parish
Registered Auditors
Chartered Accountants

GREGORY PROPERTY HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	2	4,438,267	1,334,978
Cost of sales		(3,574,180)	(672,356)
Development and land writedowns		(36,017)	(17,160)
Gross profit		828,070	645,462
Administrative expenses		(537,743)	(730,964)
Other operating income		159,057	150,867
Operating profit	3	449,384	65,365
Profit on disposal of joint venture	5	247,370	-
Share in operating (losses)/profits of joint ventures		(68,256)	80,815
Interest receivable	6	37,455	86,781
Interest payable	7	(293,322)	(272,892)
Amounts written off investments properties	8	(57,500)	-
Profit/(loss) on ordinary activities before taxation		315,131	(39,931)
Taxation	9	(15,829)	10,252
Profit/(loss) on ordinary activities after taxation		299,302	(29,679)
Minority interests		(95,777)	-
Profit/(loss) for the year		203,525	(29,679)
Dividends	10	(100,000)	-
Retained profit (loss) for the year		103,525	(29,679)

GREGORY PROPERTY HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2003

	2003 £	2002 £
Profit (Loss) for the financial period	299,302	(29,679)
Unrealised surplus on revaluation of fixed assets	236,935	582,761
Deferred tax on previously recognised gains	(138,570)	-
Total gains recognised in the financial period	<u>397,667</u>	<u>553,082</u>

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31 December 2003

	2003 £	2002 £
Reported profit/(loss) on ordinary activities before taxation	315,131	(39,931)
Realisation of property revaluation gains of previous years	358,026	87,988
Historical cost profit on ordinary activities before taxation	<u>673,157</u>	<u>48,057</u>
Historical cost profit for the year reviewed after taxation, extra ordinary items and dividends	<u>557,328</u>	<u>58,309</u>

GREGORY PROPERTY HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

at 31 December 2003

	Note	2003		2002	
		£	£	£	£
Fixed assets					
Negative goodwill	12	-	-	(116,913)	
Tangible assets	13	5,399,137		7,862,496	
Investments	14	-	-	501	
Investment in joint venture:					
Share of gross assets		2,977,487	1,962,119		
Share of gross liabilities		(3,080,507)	(1,614,969)		
		(103,020)		347,150	
		5,296,117		8,093,234	
Current assets					
Developments in progress	15	1,005,556	2,799,471		
Debtors	16	4,738,834	157,516		
Cash at bank and in hand		943,816	664,688		
		6,688,206	3,621,675		
Creditors: amounts falling due within one year	17	(6,101,425)	(4,504,415)		
Net current assets/(liabilities)		586,781		(882,740)	
Total assets less current liabilities		5,882,898		7,210,494	
Creditors: amounts falling due after more than one year	18	(2,468,900)	(4,135,744)		
Provisions for liabilities and charges	19	(138,570)	-		
		3,275,428	3,074,750		
Capital and reserves					
Called-up share capital	20	50,001	50,001		
Share premium account	21	2,193,990	2,193,990		
Revaluation reserve	22	395,247	1,083,129		
Profit and loss account	23	637,350	(252,422)		
Minority interest		(1,160)	52		
Equity shareholders' funds	24	3,275,428	3,074,750		

The financial statements on pages 6 to 24 were approved by the board of directors on 15 July 2004.

G B Gregory

Director

GREGORY PROPERTY HOLDINGS LIMITED

BALANCE SHEET

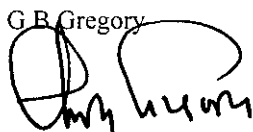
at 31 December 2003

	Note	£	2003 £	£	2002 £
Fixed assets					
Investments	14		781,638		885,045
Current assets					
Debtors	16	1,642,166		1,095,271	
Cash at bank and in hand		364,890		271,964	
			<u>2,007,056</u>	<u>1,367,235</u>	
Creditors: amounts falling due within one year	17	(389,987)		(11,819)	
			<u>1,617,069</u>	<u>1,355,416</u>	
Net current assets			2,398,707		2,240,461
Creditors: amounts falling due after more than one year	18		-		(300,000)
Net assets			<u>2,398,707</u>		<u>1,940,461</u>
Capital and reserves					
Called-up share capital	19		50,001		50,001
Share premium account	21		2,193,990		2,193,990
Profit and loss account	23		154,716		(303,530)
Equity shareholders' funds	24		<u>2,398,707</u>		<u>1,940,461</u>

The financial statements on pages 6 to 24 were approved by the board of directors on 15 July 2004.

G B Gregory

Director




GREGORY PROPERTY HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

for the period ended 31 December 2003

	2003	2002
	£	£
Net cash inflow (outflow) from operating activities	2,934,698	(752,368)
Returns on investments and servicing of finance		
Interest received	37,455	86,781
Interest paid	(293,322)	(272,892)
Net cash (outflow) from returns on investments and servicing of finance	(255,867)	(186,111)
Taxation		
Corporation tax received	94,689	90,094
Capital expenditure		
Payments to acquire tangible fixed assets	(1,128,396)	(1,932,622)
Receipts from sales of tangible fixed assets	3,737,447	302,650
Acquisitions and disposals	2,609,051	(1,629,972)
Sale of interest in joint venture	573,833	-
Purchases of interests in joint ventures	(999)	(1,001)
Equity dividends paid	-	-
Net cash inflow/(outflow) before financing	86,009	(2,479,358)
Financing		
Debt due within one year		
Increase in short term borrowings	2,450,000	1,230,811
Repayment of secured loan	(1,955,911)	(1,129,485)
Debt due after more than one year		
Increase in long term borrowings	-	3,819,024
Repayment of secured loan	(150,000)	(245,000)
Capital element of finance lease repayment	(32,360)	(35,397)
Net cash inflow from financing	311,729	3,639,953
Increase in cash	397,738	1,160,595

See note 26 for the notes to this statement.

GREGORY PROPERTY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2003

1 Accounting policies**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except for investment properties which are stated at valuation. Profits or losses arising on the disposal of items stated at valuation are determined by reference to the difference between the valuation and the sale proceeds.

Basis of consolidation

The consolidated financial statements combine the financial statements of Gregory Property Holdings Limited and its subsidiaries Gregory Properties Limited, Gregory Property Developments Limited, Gregory Property Investments Limited, Gregory Property Developments (Colburn) Limited, Freemarket Limited, Horsforth Office Park Limited and Chartists Development Co Limited.

The consolidated financial statements include the Company's share of its joint ventures, Keyland Gregory Limited, Keyland Gregory (Retail) Limited, Dixon Gregory Limited, Modus Gregory Limited and Miller Gregory (Whitehall) Limited.

The financial statements of the holding company and its subsidiaries have been made up to the same accounting date.

Uniform accounting policies are followed throughout the group.

The principles of acquisition accounting have been adopted.

The loss shown in the consolidated profit and loss account excludes all unrealised profits arising from trading between members of the group.

Goodwill on consolidation

Goodwill arising on consolidation is amortised over its estimated useful life. Negative goodwill arising on the acquisition of Gregory Properties Limited and its subsidiary undertakings was being amortised on a straight line basis over its useful life of seven years. Following the disposal of the interest in Miller Gregory (Whitehall) Limited this policy was reviewed and the balance brought forward of £116,913 has been released in full in the year.

Tangible fixed assets and depreciation

Investment properties are valued annually and shown in the financial statements at valuation. Net surpluses are credited to the revaluation reserve. No provision is made for depreciation in accordance with Statement of Standard Accounting Practice No 19. However, this is contrary to the Companies Act 1985, which specifically requires that depreciation is provided for on any fixed asset which has a limited useful economic life. The reason for this departure is that the policy of depreciating fixed assets does not show a true and fair view of assets held for investment purposes, where the current value, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Section 226 of the Companies Act 1985 requires the true and fair criterion to override any specific provisions of the Act. The effect of the departure is to overstate profit by £47,834 (2002: £69,404).

With the exception of investment properties, depreciation has been provided on all tangible assets using the following annual rates:

Motor vehicles	25% reducing balance
Fixtures and fittings	15-20% reducing balance

Fixtures, fittings and motor vehicles are depreciated at rates which, in the opinion of the directors, will reduce the value of each asset to the net realisable value at the end of its useful life.

Leases and hire-purchase contracts

Tangible fixed assets acquired under finance leases and hire-purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Investments

Unlisted fixed asset investments are stated at cost less provision for any permanent diminution in value.

GREGORY PROPERTY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2003

1 Accounting policies continued**Developments in progress**

Developments in progress are stated at the lower of cost or net realisable value plus an estimated amount of profit recognised when the overall profitability of the development can be reasonably foreseen.

Long-term contract work-in-progress is shown at cost after deducting foreseeable losses and payments on account.

Profit taken on long term contracts is determined on the basis of the proportion of expected contract profit calculated at the contract stage reached at the balance sheet date.

Gross profit includes attributable profit recoverable on contracts incomplete at the balance-sheet date. Amounts recoverable are also included within debtors.

Finance costs capitalised

Finance costs that are directly attributable to the construction of a tangible fixed asset or a development in progress are capitalised as part of the cost of these assets.

Deferred taxation

Deferred tax is provided in full respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Pension costs

The group operates a defined contribution money purchase pension scheme.

Contributions to the pension scheme are charged to the profit and loss account as they arise.

Government grants

Government grants received in relation to development properties are offset against the costs of those developments.

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, entirely within the United Kingdom, stated net of value added tax.

As permitted by section 230 of the Companies Act 1985, as amended, Gregory Property Holdings Limited has not presented its own profit and loss account.

Turnover arising from the joint venture is as follows:

	2003 £	2002 £
Turnover: group and share of joint venture	4,758,267	6,196,981
Less: share of joint venture's turnover	(320,000)	(4,862,003)
	<hr/>	<hr/>
Group turnover	4,438,267	1,334,978
	<hr/>	<hr/>

GREGORY PROPERTY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2003

3 Operating profit

	2003 £	2002 £
Operating profit is stated after crediting		
Net rental income	429,913	405,853
Amortisation of negative goodwill	116,913	21,257
Profit on disposal of investment properties	159,057	150,867
	<hr/>	<hr/>
and after charging:		
Staff costs (note 4)	313,316	372,841
Auditors' remuneration	27,500	20,000
Loss on disposal of motor vehicles	-	1,123
Depreciation of tangible fixed assets (note 11)		
owned assets	12,851	17,234
leased assets	20,892	20,189
Operating lease rentals	54,442	50,989
	<hr/>	<hr/>

4 Directors and employees

	2003 £	2002 £
Staff costs including directors' emoluments		
Wages and salaries	273,149	327,842
Social security costs	35,167	39,999
Pension costs	5,000	5,000
	<hr/>	<hr/>
	313,316	372,841
	<hr/>	<hr/>

Average monthly number employed including executive directors

	Number	Number
Management	6	6
Administration staff	3	3
	<hr/>	<hr/>
	9	9
	<hr/>	<hr/>

	2003 £	2002 £
Directors		
Emoluments	192,045	250,784
Company contributions to money purchase pension scheme	5,000	5,000
	<hr/>	<hr/>
	197,045	255,784
	<hr/>	<hr/>

During the period one (2002: one) director accrued retirement benefits under a money purchase pension scheme. Emoluments disclosed above included the following amounts paid to the highest director:

	2003 £	2002 £
Emoluments	123,391	190,815
Company contributions to money purchase pension scheme	5,000	5,000
	<hr/>	<hr/>
	128,391	195,815
	<hr/>	<hr/>

NOTES ON FINANCIAL STATEMENTS

31 December 2003

5 Profit on disposal of joint venture

During the year the company disposed of its 50% interest in Miller Gregory (Whitehall) Limited.

Included in the group accounts is nil (2002: £118,633) being the groups share of post tax profits.

6 Interest receivable

2003
£

2002
£

Bank interest

37,455

86,781

7 Interest payable

2003
£

2002

Bank interest

27,505

172,624

Other interest

9,184

(3,749)

Hire purchase interest

3,637

3,712

Loan interest

252,996

100,305

293,322

272,892

8 Amounts written off investment properties

2003
£

2002
£

Permanent diminution in value

57,500

-

GREGORY PROPERTY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2003

9	Taxation	2003 £	2002 £
	Domestic current year taxation:		
	UK Corporation tax	65,700	(13,186)
	Adjustment in respect of prior years	(49,871)	2,934
		<hr/>	<hr/>
	Current tax charge	15,829	(10,252)
	Deferred tax		
	Deferred tax charge current year	-	-
		<hr/>	<hr/>
		15,829	(10,252)
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit/(Loss) on ordinary activities before taxation	315,131	(39,931)
		<hr/>	<hr/>
	Profit on ordinary activities multiplied by standard rate of UK Corporation Tax of 30% (2002: 30%)	94,539	(11,979)
	Effects of:		
	Non deductible expenses	7,292	2,947
	Depreciation add back	(75,225)	(25,714)
	Capital allowances	(21,436)	(33,358)
	Losses utilized in year	(7,760)	(10,636)
	Chargeable disposals	99,570	14,113
	Losses made available for carry forward	35,280	60,335
	Enhanced deductions	(53,084)	-
	Adjustments to previous periods	(49,871)	2,934
	Share of joint ventures tax	-	(13,186)
	Other tax adjustments	(13,476)	4,292
		<hr/>	<hr/>
	Current Tax Charge	15,829	(10,252)
		<hr/>	<hr/>

An effective corporation tax rate of 25.72% (2002: 19.25%) has been used as directors consider that this is the rate applicable to the group taking into account its level of profits.

10	Dividends	2003 £	2002 £
	Ordinary dividends proposed	100,000	-
		<hr/>	<hr/>
		100,000	-
		<hr/>	<hr/>

GREGORY PROPERTY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2003

11 Directors' interests and related party transactions

The group had transactions with D C A Bramall, a loan note holder to the company and with companies in which D C A Bramall is a director as follows:-

The company paid interest on loan notes of £22,990 (2002: £20,614) to D C A Bramall.

A loan from D C A Bramall with a balance of £630,000 as at 31 December 2002 was repaid during the year.

Bramall Properties Limited

The group sold a property to Bramall Properties Limited for £990,00. Bramall Properties Limited provided further funding of £33,286 (2002: £61,000). An amount of £30,560 (2002: £nil) was received by the group for serviced provided to Bramall Properties Limited.

Guernsey Investments Limited

The group received loans totaling £2,508,00 (2002: £750,000) from Guernsey Investments Limited.

The amount due to Guernsey Investments Limited at the year end was £3,421,017 (2002: £750,000).

Other related party transactions are as follows:

The group received a loan of £450,000 from Thane Developments Limited, S J Brimblecombe is a director of Chartists Development Company Limited and Thane Developments Limited. The balance was outstanding at the year end.

The group received a loan of £40,000 from Dixon Motors Developments Limited. P W H Dixon is a director of Dixon Gregory Limited and Dixon Motors Developments Limited. The balance was outstanding at the year end.

12 Negative goodwill

	£
Cost:	
At 1 January 2003 and 31 December 2003	(148,798)
Amortisation:	
At 1 January 2003	31,885
Credit in the period	116,913
At 31 December 2003	148,798
Net book value:	
31 December 2003	-
31 December 2002	(116,913)
The negative goodwill arose on consolidation.	

GREGORY PROPERTY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2003

13 Tangible fixed assets

Group	Motor vehicles £	Fixtures and fittings £	Investment properties £	Total £
Cost or valuation				
At 1 January 2003	135,920	79,773	7,705,056	7,920,749
Additions	-	1,392	1,127,004	1,128,396
Disposals	-	-	(3,737,447)	(3,737,447)
Revaluations	-	-	179,435	179,435
31 December 2003	135,920	81,165	5,274,048	5,491,133
Depreciation				
At 1 January 2003	39,629	18,624	-	58,253
Charge for year	24,073	9,670	-	33,743
Disposals	-	-	-	-
31 December 2003	63,702	28,294	-	91,996
Net book amount				
31 December 2003	72,218	52,871	5,274,048	5,399,137
31 December 2002	96,291	61,149	7,705,056	7,862,496

The net book amount of fixed assets includes £32,885 (2002: £83,567) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

The historical costs of investment properties at 31 December 2003 amounted to £4,783,404 (2002: £6,940,401).

Investment properties include £522,047 (2002: £889,086) relating to investment properties under construction. Interest costs of £32,877 (2002: £32,734) have been capitalised.

Investment properties have been valued on the basis of current market value at 31 December 2003. Valuations have been carried out as follows:

Regent House, Harrogate valued by King Sturge & Co, Chartered Surveyors on 15 January 2004.

Hornbeam Park, Harrogate valued by King Sturge & Co, Chartered Surveyors on 2 February 2004.

Knowsthorpe Lane, Leeds and New Inn Court, Otley are included at the directors' valuation.

GREGORY PROPERTY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2003

14	Fixed asset investments	Group 2003 £	Company 2003 £
	Investments in group companies at cost:		
	1 January 2003	501	885,045
	Consolidated in 2003	(501)	-
	Additions	-	499
	Disposals	-	(25,000)
	Permanent diminution in value	-	(78,906)
		-	781,638

	Nature of business	Class of share held	% of ordinary shares held
Subsidiary undertakings:			
Gregory Properties Limited	Project Management	£1 Ordinary	100
Gregory Property Developments Limited	Property Development	£1 Ordinary	100
Gregory Property Investments Limited	Property Investment	£1 Ordinary	100
Horsforth Office Park Limited	Property Development	£1 'A' Ordinary	74
Chartists Development Co Limited	Property Development	£1 'A' Ordinary	74
Joint ventures:			
Keyland Gregory Limited	Property Development	£1 Ordinary	50
Miller Gregory (Whitehall) Limited (disposal in year)	Property Development	£1 'B' Ordinary	50
Keyland Gregory (Retail) Limited	Property Development	£1 Ordinary	50
Modus Gregory Limited	Property Development	£1 Ordinary	50
Dixon Gregory Limited (acquisition in year)	Property Development	£1 Ordinary	50

NOTES ON FINANCIAL STATEMENTS

31 December 2003

14 Fixed asset investments (continued)**Subsidiary undertakings (continued)**

Gregory Property (Developments) Limited, a property development company, holds 100% of the issued ordinary share capital in Gregory Property (Colburn) Limited also a property development company.

Gregory Property Investments Limited, a property investment company, holds 100% of the issued ordinary share capital in Freemarket Limited, also a property investment company.

Details of the group's share of the assets and liabilities of joint ventures are detailed below:

	At 31 December 2003 £	At 31 December 2002 £
Share of:		
Current assets	2,977,487	1,962,119
Liabilities within one year	(230,717)	(651,876)
Liabilities due after one year	(2,849,790)	(963,093)

15 Developments in progress

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
There are 6 (2002: 5) developments in progress valued at:	1,005,556	-	2,799,471	-

Developments in progress include capitalised interest of £63,275 (2002: £45,150).

NOTES ON FINANCIAL STATEMENTS

31 December 2003

16 Debtors	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Trade debtors	188,737	-	95,690	-
Amounts receivable on long term contracts	3,709,600	-	-	-
Amounts owed by group undertakings	-	1,640,943	-	1,088,658
Other debtors	775,078	-	20,536	-
Prepayments and accrued income	62,605	1,223	36,654	6,613
Director's current account	2,814	-	4,636	-
	<u>4,738,834</u>	<u>1,642,166</u>	<u>157,516</u>	<u>1,095,271</u>

Debtors include an overdrawn loan account for G B Gregory of £2,814 (2002: £4,636). The opening balance was the maximum balance during the year.

17 Creditors: amounts falling due within one year	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Bank loans	183,211	-	1,981,335	-
Bank overdrafts	543,713	-	662,323	-
Trade creditors	282,268	-	566,430	-
Unsecured loan notes 2001-2004	150,000	150,000	-	-
Amounts due to group undertakings	-	93,523	-	11,318
Other creditors	4,003,081	8,234	846,778	501
Corporation tax	53,567	38,230	-	-
Other taxes and social security costs	-	-	30,195	-
Proposed dividend	100,000	100,000	-	-
Accruals and deferred income	777,225	-	385,691	-
Obligations under finance leases and hire purchase contracts	8,360	-	31,663	-
	<u>6,101,425</u>	<u>389,987</u>	<u>4,504,415</u>	<u>11,819</u>

The unsecured loan notes 2001-2004 are repayable on 4 July 2004 and incur interest at 7.5% fixed.

GREGORY PROPERTY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2003

18 Creditors: amounts falling due
after more than one year

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Bank loans	2,461,237	-	2,619,024	-
Unsecured loan notes 2001 – 2004	-	-	300,000	300,000
Other loans	-	-	1,200,000	-
Obligations under finance leases and hire purchase contracts	7,663	-	16,720	-
	<u>2,468,900</u>	<u>-</u>	<u>4,135,744</u>	<u>300,000</u>
Bank loans are repayable as follows:				
In one year or less	183,211	-	170,335	-
Between one and two years	195,911	-	248,036	-
Between two and five years	717,702	-	628,727	-
In more than five years	1,547,624	-	1,742,261	-
	<u>2,644,448</u>	<u>-</u>	<u>2,789,359</u>	<u>-</u>

These bank loans are repayable in quarterly instalments and incur interest of 1.5% above LIBOR.

The bank loans and overdrafts are secured on the assets of the group companies as follows:

Security

Yorkshire Bank PLC

Property at Regent House, Harrogate
Land at Hornbeam Park, Harrogate

Borrowings from Barclays Bank Plc and Yorkshire Bank Plc are also secured by a cross guarantee between the companies in the group.

GREGORY PROPERTY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2003

18 Creditors: amounts falling due after more than one year (continued)	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Other loans are repayable as follows:				
Wholly repayable between one and two years not repayable by instalments	-	-	1,200,000	-
Wholly repayable between two and five years not repayable by instalments	-	-	300,000	300,000
Obligations under finance leases and hire purchase contracts are repayable in monthly instalments as follows:				
In one year or less	8,360	-	31,663	-
In the second to fifth year	7,663	-	16,720	-
	16,023	-	48,383	-

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

19 Provisions for liabilities and charges

		Deferred Tax Liability £
Revaluation reserve		138,570
Balance at 31 December 2003		138,570
The deferred tax liability is made up as follows:-		
	2003 £	2002 £
Surplus on revaluation of investment properties	138,570	-

20 Called-up share capital

	2003 Number of shares	2003 £	2002 Number of shares	2002 £
Authorised				
Ordinary shares of £1 each	50,001	50,001	50,001	50,001
Allotted called-up and fully-paid				
Ordinary shares of £1 each	50,001	50,001	50,001	50,001

21 Share premium account

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
1 January 2003 and 31 December 2003	2,193,990	2,193,990	2,193,990	2,193,990

NOTES ON FINANCIAL STATEMENTS

31 December 2003

22	Revaluation reserve	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
	1 January 2003	1,083,129	-	515,368	-
	Revaluation in period	98,365	-	582,761	-
	Transfer from profit and loss account	(786,247)	-	(15,000)	-
		<hr/>	<hr/>	<hr/>	<hr/>
	31 December 2003	395,247	-	1,083,129	-
		<hr/>	<hr/>	<hr/>	<hr/>
	The balance relates to the revaluations of investment properties.				
23	Profit and loss account	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
	1 January 2003	(252,422)	(303,530)	(237,743)	-
	Profit/(loss) for the period	103,525	458,246	(29,679)	(303,530)
	Transfer from revaluation reserve	786,247	-	15,000	-
		<hr/>	<hr/>	<hr/>	<hr/>
	31 December 2003	637,350	154,716	(252,422)	(303,530)
		<hr/>	<hr/>	<hr/>	<hr/>
24	Reconciliation of movements in shareholders' funds	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
	Profit/(Loss) on ordinary activities after taxation	299,302	558,246	(29,679)	(303,530)
	Dividends	(100,000)	(100,000)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
	Profit/(Loss) for the period	199,302	458,246	(29,679)	(303,530)
	Unrealised surplus on revaluation of properties	98,365	-	582,761	-
		<hr/>	<hr/>	<hr/>	<hr/>
	Net addition to (reduction in) shareholders' funds	297,667	458,246	553,082	(303,530)
	Opening shareholders' funds	3,074,750	1,940,461	2,521,616	2,243,991
	Minority interests	(96,989)	-	52	-
		<hr/>	<hr/>	<hr/>	<hr/>
	Closing shareholders' funds	3,275,428	2,398,707	3,074,750	1,940,461
		<hr/>	<hr/>	<hr/>	<hr/>

GREGORY PROPERTY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2003

25 Deferred taxation

A deferred tax asset of £74,710 in respect of unrelieved tax losses at the balance sheet date has not been recognised. This asset can only be recovered against future suitable taxable profits.

26 Notes to the cash flow statement

Reconciliation of operating loss to operating cash flows

	2003 £	2002 £
Operating profit	449,384	65,365
Amortisation of negative goodwill	(116,913)	(21,257)
Depreciation charges	33,743	37,423
Loss on disposal of fixed assets	-	1,123
Decrease/(increase) in developments in progress	1,793,915	(2,234,435)
(Increase)/decrease in debtors	(4,581,318)	45,851
(Decrease)/increase in creditors	(513,509)	1,353,510
	<hr/>	<hr/>
Net cash inflow (outflow) from operating activities	2,934,698	(752,368)

Analysis of changes in net debt

	At 1 January 2003 £	Cash flows £	Other non-cash changes £	At 31 December 2003 £
Cash in hand, at bank	664,688	279,128	-	943,816
Overdrafts	(662,323)	118,610	-	(543,713)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,365	397,738	-	400,103
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due within 1 year	(1,981,335)	(2,001,876)	-	(3,983,211)
Debt due after 1 year	(4,119,024)	1,657,787	-	(2,461,237)
Finance leases	(48,383)	37,360	-	(16,023)
	<hr/>	<hr/>	<hr/>	<hr/>
	(6,148,742)	(311,729)	-	(6,460,471)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(6,146,377)	86,009	-	(6,060,368)
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES ON FINANCIAL STATEMENTS

31 December 2003

27 Notes to cash flow statement (continued)

Reconciliation of net cash flow to movement in net debt

	2003 £	2002 £
Increase in cash in the period	397,738	1,160,595
Cash inflow from (increase) in debt	(311,729)	(3,639,953)
Change in net debt resulting from cash flows	86,009	(2,479,358)
New finance leases	-	(27,780)
Movement in net debt resulting in the period	86,009	(2,507,138)

28 Operating lease

	Land and buildings £	Other £
Rents payable in the next year under non cancellable operating leases:		
Leases which expire		
In the second to fifth year	48,012	-
After five years	-	48,012
	48,012	48,012

29 Ultimate parent undertaking and control

The company's ultimate parent undertaking at the balance sheet date was Norwood Securities Limited.

The ultimate controlling party is G B Gregory, together with family members.