

Fernbrook Morrison Limited

**Directors' report and financial
statements**

Registered number 04235547

31 December 2005



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DIRECTORS	Alan Cherry Shaun Cherry AWG Property Director Ltd
SECRETARY	Geoffrey AG Shephard
AUDITORS	KPMG LLP Saltire Court 20 Castle Terrace EDINBURGH EH1 2EG
BANKERS	Bank of Scotland 41 South Gyle Crescent EDINBURGH EH12 9BF
SOLICITORS	MacRoberts 152 Bath Street GLASGOW G2 4TB
REGISTERED OFFICE	Anglian House Ambury Road Huntingdon Cambridgeshire PE29 3NZ

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2005.

Principal activities and business review

The principal activity of the company was that of housing development and selling. The company did not trade during the current year.

Results and dividend

The result for the year was a £nil balance (2004: £nil balance).

The directors do not recommend the payment of a dividend.

Directors and directors' interests


The directors who held office during the year were as follows:

Alan Cherry	
Shaun Cherry	
Lesley Wallace	(resigned 15.03.05)
AWG Property Director Limited	(appointed 15.03.05)

Auditors

Pursuant to the shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board

John Hope 
Director
For and on behalf of
AWG Property Director Ltd

12 October 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

KPMG LLP

Report of the independent auditors to the members of Fernbrook Morrison Limited

We have audited the financial statements of Fernbrook Morrison Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

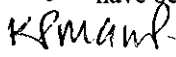
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its result for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.


KPMG LLP
Chartered Accountants
Registered Auditor
18 October 2006

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Profit and loss account
for the year ended 31 December 2005

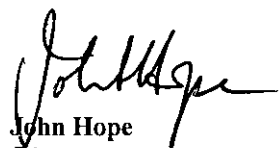
	<i>Notes</i>	2005 £	2004 £
Turnover	<i>2</i>	-	644,926
Cost of sales		-	(644,926)
		<hr/>	<hr/>
Gross profit		-	-
Administration expenses	<i>3,4</i>	-	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities	<i>6</i>	-	-
		<hr/>	<hr/>
Profit for the financial year	<i>11</i>	-	-
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains and losses other than those included in the above results and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet
as at 31 December 2005

	<i>Notes</i>	2005 £	2004 £
Current assets			
Debtors	7	950	100
Bank		-	285,842
		<hr/> 950	<hr/> 285,942
Creditors: amounts falling due within one year	8	(850)	(285,842)
		<hr/>	<hr/>
Total Net Assets		<hr/> 100	<hr/> 100
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	11	-	-
		<hr/>	<hr/>
Equity shareholders' funds	10	<hr/> 100	<hr/> 100
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 12/10/06 and were signed on its behalf by:



John Hope
Director
For and on behalf of
AWG Property Director Ltd



Alan Cherry
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical accounting rules.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting No 1 (revised) on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small companies.

Stock and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the result 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 for deferred taxation is made using the liability method.

Deferred taxation

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Accounting for profits

No profit is included in the financial statements in connection with property sales unless a legally binding contract for sale of the development has been entered into and completion has taken place before or shortly after the year end.

2 Turnover

Turnover represents the value of property development activities, for properties where legal contracts have been completed during the year, wholly within the UK excluding valued added tax.

3 Staff numbers and costs

The company has no directly employed personnel during the year.

4 Directors' emoluments

None of the directors received any remuneration from the company during the year.

Notes (continued)

5 Auditors' Remuneration

	2005 £	2004 £
Auditors' remuneration for the year	850	750

The company's audit fees are borne by the shareholders.

6 Taxation

Analysis of charge in year

	2005 £	2004 £
<i>UK corporation tax</i>	-	-
Current tax on income for the year	-	-
Adjustments in respect of prior period	-	-
Tax on profit/(loss) on ordinary activities	-	-

Factors affecting the tax charge for the current tax year:

The current tax charge for the year is the same as (2004: the same as) the standard rate of corporation tax for small companies in the UK (19%, 2004: 19%).

7 Debtors

	2005 £	2004 £
Called up share capital not paid	100	100
Other debtors	850	-
	950	100

8 Creditors: amounts falling due within one year

	2005 £	2004 £
Accruals and deferred income	850	285,842
	850	285,842

Notes (continued)

9 Share capital

	2005 £	2004 £
<i>Authorised</i>		
'A' Ordinary shares of £1 each	500	500
'B' Ordinary shares of £1 each	500	500
	<hr/> 1,000	<hr/> 1,000
<i>Allotted, called up and unpaid</i>		
'A' Ordinary shares of £1 each	50	50
'B' Ordinary shares of £1 each	50	50
	<hr/> 100	<hr/> 100

Both 'A' and 'B' shares have the same voting rights and rank pari passu as set out in the Memorandum and Articles of Association of the company.

10 Reconciliation of movement in shareholders' funds

	2005 £	2004 £
Opening shareholders' funds	100	100
Result for the year	-	-
	<hr/> 100	<hr/> 100
Closing shareholders' funds	<hr/> 100	<hr/> 100

11 Profit and loss account

	2005 £	2004 £
At beginning of year	-	-
Retained profit/(loss) for the year	-	-
	<hr/> -	<hr/> -
At end of year	<hr/> -	<hr/> -

Notes *(continued)*

12 Related party transactions

Fernbrook Builders Ltd and AWG Residential Investments Ltd jointly control the company, and both own 50% of the share capital. AWG Residential Ltd own AWG Residential Investments Limited.

At the year end, the balances owing to Fernbrook Builders Limited, and AWG Residential Ltd were £nil & £ nil (2004: £154,300 & £128,300) respectively.