

COMPANY NO. 4240534

STERLING TEESLAND (TEESDALE) LIMITED
(Formerly trading as Broomco (2595) Limited)

REPORT AND FINANCIAL STATEMENTS

PERIOD FROM 25 JUNE 2001 TO 28 FEBRUARY 2002



STERLING TEESLAND (TEESDALE) LIMITED
(Formerly trading as Broomco (2595) Limited)

COMPANY INFORMATION

DIRECTORS:	M Hancock P F Oliver M Croxon M Armstrong
SECRETARY:	S M Brook
REGISTERED OFFICE:	Europa House 20 Esplanade SCARBOROUGH YO11 2AQ
AUDITORS:	PricewaterhouseCoopers Benson House 33 Wellington Street LEEDS LS1 4JP
BANKERS:	Bank of Scotland The Mound EDINBURGH EH1 1YZ
SOLICITORS:	Pinsent Curtis Biddle 1 Park Row LEEDS LS1 5AB

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STERLING TEESLAND (TEESDALE) LIMITED
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REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the period from 25 June 2001 to 28 February 2002.

INCORPORATION

The company was incorporated on 25 June 2001.

CHANGE OF NAME

On 29 October 2001, the company changed its name from Broomco (2595) Limited.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company is the development and refurbishment of commercial and industrial property. Both the level of business for the period and the financial position were as anticipated, and the directors expect that the financial position of the company will be maintained during 2002.

RESULTS AND DIVIDENDS

The results of the company for the period ended 28 February 2002 are set out in the profit and loss account on page 3. The directors do not recommend the payment of any dividend.

DIRECTORS AND THEIR INTERESTS

The directors who have held office for the whole of the period under review, unless otherwise stated, are as follows:

DLA Nominees Limited - appointed 25/6/01, resigned 17/10/01

DLA Secretary Services - appointed 25/6/01, resigned 17/10/01

M Hancock - appointed 17/10/01

P F Oliver - appointed 17/10/01

M Croxon - appointed 1/11/01

M Armstrong - appointed 31/12/01

R S Murray - appointed 1/11/01, resigned 31/12/01

According to the register maintained as required under the Companies Act 1985 none of the directors had any interest in the share capital of the company.

There were no other interests notifiable under Section 324 of the Companies Act 1985.

STATEMENT OF 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 of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements have been made in preparing the financial statements for the period ended 28 February 2002 and that applicable accounting standards have been followed.

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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

On 24 January 2002, Ernst & Young LLP resigned as the company's auditors and PricewaterhouseCoopers were appointed with effect from that date. A resolution to re-appoint PricewaterhouseCoopers as the Company's auditors will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

S M Brook
Secretary

16 August 2002



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
STERLING TEESLAND (TEESDALE) LIMITED**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board.

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 is not disclosed.


Basis of 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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 28 February 2002 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
Leeds
16 August 2002

STERLING TEESLAND (TEESDALE) LIMITED
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PROFIT & LOSS ACCOUNT

Period From 25 June 2001 to 28 February 2002

	Notes	2002 £
Administrative expenses		<u>(3,564)</u>
OPERATING LOSS	3	<u>(3,564)</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(3,564)</u></u>

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

The above results derive from continuing operations, throughout the period.

Other than the loss for the financial year, there have been no recognised gains and losses.

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BALANCE SHEET
At 28 February 2002

	Notes	2002 £
CURRENT ASSETS		
Stocks and work in progress	6	1,738,032
Debtors	7	242,198
		<u>1,980,230</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(1,982,794)
NET LIABILITIES		<u>(2,564)</u>
CAPITAL AND RESERVES		
Called up share capital	9	1,000
Profit & loss account	10	<u>(3,564)</u>
EQUITY SHAREHOLDERS' DEFICIT	10	<u>(2,564)</u>

The financial statements on pages 3 to 6 were approved by the Board on 16 August 2002 and signed on its behalf by:



M E Hancock
Director



M Croxon
Director

STERLING TEESLAND (TEESDALE) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

Period From 25 June 2001 to 28 February 2002

1 GOING CONCERN BASIS

The financial statements have been prepared on the going concern basis of accounting because the joint venture partners have agreed to provide adequate funds for the company to meet its liabilities as they fall due.

2 ACCOUNTING POLICIES

- (a) Accounting convention
The financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards in the United Kingdom.
- (b) Stocks and work in progress:
Development work in progress is stated at the lower of cost or net realisable value.
Cost is based on the cost of the land and the costs incurred to date including any demolition costs and interest paid in respect of borrowings to finance the relevant development.
- (c) Interest cost
Interest which can fairly be attributed to properties held for, or in the course of, development is considered to be part of the cost. Interest is calculated by reference to specific borrowings where relevant and otherwise by reference to the average rate paid on funding the assets employed by the company. Interest is attributed for the period until substantially all activities necessary to bring the development into use have been completed.
- (d) Deferred taxation
Deferred taxation is provided on all timing differences that have originated but have not reversed by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted by the balance sheet date.
- (e) Cash flow statement
The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence, it is exempt from the requirements to publish a cash flow statement.

3 OPERATING LOSS

This is stated after charging:- £

Auditors' remuneration - audit fees	3,000
Auditors' remuneration - non-audit fees	500
	<u>3,500</u>

The company had no employees during the year
None of the Directors received any remuneration in the year

4 INTEREST PAYABLE

Interest payable on bank overdraft	4,546
Interest payable on amounts owed to joint venture partners	1,508
Less: Amounts transferred to development work in progress	(6,054)
	<u>-</u>

5 TAXATION

There is no tax charge for the period.
The deferred tax asset for losses incurred of £1,069 has not yet been recognised as we cannot at this stage be certain of the ultimate profitability of the project and it would not be appropriate to recognise the deferred tax asset.

Loss on ordinary activities before taxation	£ 3,564
Loss on ordinary activities multiplied by the rate of corporation tax in the UK of 30%	<u>1,069</u>
Actual tax charge for the period	<u>-</u>
The difference is represented by: Unprovided losses carries forward but not recognised	<u>1,069</u>

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NOTES TO THE FINANCIAL STATEMENTS
Period From 25 June 2001 to 28 February 2002

6	STOCKS AND WORK IN PROGRESS	£		
	Development work in progress	1,738,032		
	Interest included within development work in progress amounts to £6,054.			
7	DEBTORS	£		
	Unpaid share capital	1,000		
	Other taxation and social security	241,198		
		242,198		
8	CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	2002		
		£		
	Bank overdraft (secured on property)	503,836		
	Trade creditors	454,704		
	Amounts owed to joint venture partners (note 11)	661,508		
	Other creditors	80,230		
	Accruals and deferred income	282,516		
		1,982,794		
9	CALLED UP SHARE CAPITAL			
	Authorised:	£		
	Ordinary shares of £1 each			
	"A" shares	500		
	"B" Shares	500		
		1,000		
	Allotted, called up and unpaid	£		
	Ordinary shares of £1 each issued on incorporation			
	"A" shares	500		
	"B" Shares	500		
		1,000		
10	RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS			
	Share Capital	Profit & Loss Account	Total	
	£	£	£	
	On incorporation	1,000	-	1,000
	Loss for the period	-	(3,564)	(3,564)
	At 28 February 2002	1,000	(3,564)	(2,564)

11 RELATED AND CONTROLLING PARTIES

The company is owned 50% by Sterling Capitol Securities plc and 50% by Teesland Group plc.

A subsidiary of Teesland Group plc during the year has invoiced the company £79,530 for project management services. At the year-end £nil was outstanding.

The amounts owed to joint venture parties consists of a loan of £330,000 from Teesland Group plc with accrued interest of £754, a loan from Sterling Capitol Securities plc of £330,000 with accrued interest of £754.