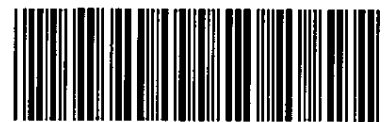


HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Registered Number 960456

**REPORT AND ACCOUNTS FOR THE YEAR
ENDED 31 May 2008**

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HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Directors' Report

The directors submit their report and accounts for the year ended 31st May 2008

Principal activities and business review

The principal activities of the company are the development and management of property and the leasing of motor vehicles for group purposes

The company traded profitably for the year under review and the current indications are that the business should continue at a reasonable level of profitability for the year to 31st May 2009

Directors

The directors have declared a dividend of £40,000 for the year ended 31 May 2008 (2007 £40,000)

The dividend is £20,000 per share (2007 £20,000 per share)

The directors of the company during the year ended 31 May 2008 were

S C Waddington
J H Hayman

Directors' shareholdings

The directors had no interests in the capital of the company during the year

The interests of S C Waddington in the capital of the holding company, John Heathcoat and Company (Holdings) Ltd, can be seen in the accounts of that company

The interests of the other directors in the ordinary share capital of John Heathcoat and Company (Holdings) Ltd are as follows -

	Ordinary Shares of £1	
	31st May 2008	31st May 2007
J H Hayman	10,000	-

Financial risk management

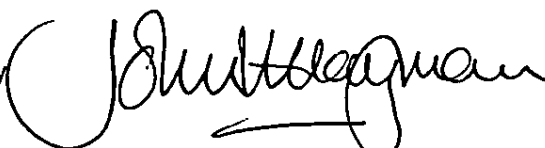
The company's operations expose it to a variety of financial risks that include credit and foreign exchange risks. The company has in place adequate controls to limit the effect of these risks which are managed by the finance department

Auditors

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the annual general meeting

By order of the board
J H Hayman, Secretary
23rd July 2008



HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 May 2008 and that applicable accounting standards have been followed.

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 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.

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

We have audited the financial statements of Heathcoat Property Management Company Limited for the year ended 31 May 2008 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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

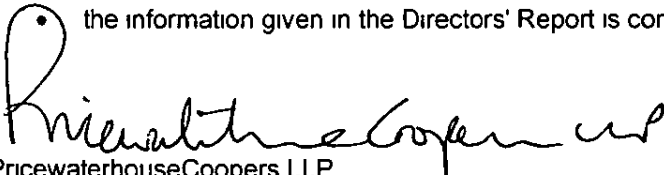
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Plymouth
23rd July 2008

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Profit and Loss Account for the year ended 31st May 2008

	Notes	2008 £000	2007 £000
Turnover	1	181	202
Administrative expenses		<u>116</u>	<u>130</u>
Profit on ordinary activities before taxation	2	65	72
Tax on profit on ordinary activities	3	<u>10</u>	<u>20</u>
Profit on ordinary activities after taxation attributable to members of the Company		55	52
Dividends - paid		40	40
Retained profit for the year		<u>15</u>	<u>12</u>
Statement of retained profits			
At start of year		156	144
Retained profit for the year		<u>15</u>	<u>12</u>
At end of year		<u>171</u>	<u>156</u>

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented

All of the profit for the year was derived from continuing operations

The notes on pages 6-8 form part of these accounts

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Balance Sheet as at 31st May 2008

	Notes	2008 £000	2007 £000
FIXED ASSETS			
Tangible assets	5	137	150
CURRENT ASSETS			
Debtors	6	19	14
Cash at bank and in hand		<u>343</u>	<u>247</u>
		<u>362</u>	<u>261</u>
CURRENT LIABILITIES			
Creditors due within one year	7	(328)	(255)
NET CURRENT ASSETS		<u>34</u>	<u>6</u>
NET ASSETS		<u>171</u>	<u>156</u>
CAPITAL AND RESERVES			
Called up share capital (£2)	8	-	-
Profit and loss account		<u>171</u>	<u>156</u>
EQUITY SHAREHOLDERS' FUNDS	9	<u>171</u>	<u>156</u>

Approved by the board on 23rd July 2008

S C Waddington , Director
J H Hayman, Director



The notes on pages 6 to 8 form part of these accounts

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Notes to the Accounts

1 Principal accounting policies

Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The principal accounting policies are set out below.

Turnover

Turnover represents amounts receivable from rent, leasing of motor vehicles and rates charges and is net of Value Added Tax, and is all generated in the UK.

Operating Leases

Operating lease income is accounted for on a straight line basis with any rental increases recognised during the period to which they relate.

Tangible fixed assets

Tangible fixed assets are shown in these accounts at historical cost less depreciation. Depreciation of motor vehicles is provided at 25% of cost so as to write off the assets over their estimated useful lives.

Deferred taxation

Deferred taxation is provided at the appropriate rates on all timing differences using the liability method.

Cash flow statement

The company is a wholly owned subsidiary of John Heathcoat & Co (Holdings) Limited and the cash flows of the company are included in the consolidated cash flow statement of John Heathcoat & Co (Holdings) Limited. Consequently, the company is exempt, under the terms of Financial Reporting Standard 1, from publishing a cash flow statement and has taken advantage of this exemption.

2 Profit on ordinary activities before taxation is stated after charging/(crediting)

	2008 £000	2007 £000
Auditors' remuneration - audit services	2	2
Depreciation of owned assets	86	101
Profit on sale of fixed assets	(3)	(6)

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Notes to the Accounts (continued)

3 Taxation	2008 £000	2007 £000
Profit on ordinary activities before tax	<u>65</u>	<u>72</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax (30%)	20	22
<i>Effects of</i>		
Capital allowances for the period greater than depreciation	4	5
Adjustment re prior year	(6)	-
Small companies rate	(8)	(7)
Current tax charge for period	<u>10</u>	<u>20</u>

There are no known material factors that may affect future tax charges

4 Emoluments

The company has no employees. The directors do not receive any emoluments in respect of their services to the company.

5 Tangible Fixed Assets

	Motor vehicles £000
Cost at 1 June 2007	470
Capital Expenditure	73
Disposals	(29)
Cost at 31 May 2008	<u>514</u>
Depreciation at 1 June 2007	320
Disposals	(29)
Charge for the year	<u>86</u>
Depreciation at 31 May 2008	<u>377</u>
Net Book Value at 31 May 2008	<u>137</u>
Net Book Value at 31 May 2007	<u>150</u>

These assets are all held for rental purposes under operating leases

HEATHCOAT PROPERTY MANAGEMENT COMPANY LIMITED

Notes to the Accounts (continued)

	2008 £000	2007 £000
6 Debtors		
Amounts owed by group companies	1	3
Value Added Tax	4	-
Other debtors	<u>14</u>	<u>11</u>
	<u>19</u>	<u>14</u>
7 Creditors due within one year		
Amounts owed to group companies	321	237
Corporation Tax	4	7
Value Added Tax	-	8
Other creditors	<u>3</u>	<u>3</u>
	<u>328</u>	<u>255</u>
8 Called up share capital		
Authorised	£	£
100 ordinary shares at £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 ordinary shares at £1 each	<u>2</u>	<u>2</u>
9 Reconciliation of movements in equity shareholders' funds	2008 £000	2007 £000
Profit for the year	15	12
Opening shareholders' funds	<u>156</u>	<u>144</u>
Closing shareholders' funds	<u>171</u>	<u>156</u>

10 Related parties

The company is a wholly owned subsidiary of John Heathcoat & Company (Holdings) Limited and as such has taken advantage of exemptions under FRS 8 Related Party Disclosures. Consequently, intra-group transactions are not disclosed.

11 Ultimate Holding Company

The company's ultimate holding company is John Heathcoat & Company (Holdings) Limited which is registered in England and Wales. Copies of the parent's consolidated financial statements may be obtained from the Secretary, John Heathcoat & Company (Holdings) Limited, Westexe, Tiverton, Devon EX16 5LL.